

# *Table of Contents*

	<b>Introduction</b>	
	HCV Management Training . . . . .	1-1
	Credentialing . . . . .	1-2
	Online Resources . . . . .	1-2
	Learning Outcomes . . . . .	1-3
	Action Plan Notes . . . . .	1-3
	Planning Next Steps . . . . .	1-9
<b>CHAPTER 1</b>	<b>HUD’s Regulatory Environment and Policy Development</b>	
<b>Section 1</b>	<b>HUD’s Regulatory Environment . . . . .</b>	<b>1-1</b>
	What Success Looks Like . . . . .	1-1
	Knowledge for Success . . . . .	1-1
	HUD’s Website . . . . .	1-2
	PIH One-Stop Tool A-Z . . . . .	1-3
	HUD’s Regulatory Environment . . . . .	1-4
	NMA HUD References . . . . .	1-4
	HUD Regulations . . . . .	1-5
	HUD Notices . . . . .	1-5
	HUD User Manuals . . . . .	1-6
	HUD Forms . . . . .	1-6
	Monitoring For Success . . . . .	1-8
	Learning Activity 1-1: Operational Obstacles . . . . .	1-8
<b>Section 2</b>	<b>The Administrative Plan . . . . .</b>	<b>1-9</b>
	What Success Looks Like . . . . .	1-9
	Knowledge for Success . . . . .	1-9
	Administrative Plan . . . . .	1-9
	General Suggestions on Developing Policy . . . . .	1-10
	Mandatory vs. Discretionary References . . . . .	1-11
	Administrative Plan Required Content . . . . .	1-12
	Learning Activity 1-2: Key Policy Areas . . . . .	1-15
	Administrative Plan Policy Development . . . . .	1-24
	Training on Policies . . . . .	1-24
	Monitoring for Success . . . . .	1-25

<b>CHAPTER 2</b>	<b>Program Operations Introduction</b>	
	HCV Program Assessment . . . . .	2-1
	Learning Activity 2-1: Program Assessment . . . . .	2-2
	Program Knowledge . . . . .	2-5
<b>Section 1</b>	<b>Waiting List Management and Selection</b> . . . . .	2-6
	What Success Looks Like . . . . .	2-6
	Knowledge for Success . . . . .	2-6
	Waiting List and Selection . . . . .	2-7
<b>Section 2</b>	<b>Lease-up and Moves</b> . . . . .	2-9
	What Success Looks Like . . . . .	2-9
	Knowledge for Success . . . . .	2-9
	Voucher Issuance . . . . .	2-10
	Leasing Process . . . . .	2-10
	Rent Reasonableness . . . . .	2-11
	Learning Activity 2-2: Rent Reasonableness . . . . .	2-13
	Monitoring For Success . . . . .	2-14
<b>Section 3</b>	<b>Annual Activities and Inspections</b> . . . . .	2-15
	What Success Looks Like . . . . .	2-15
	Knowledge for Success . . . . .	2-15
	Annual Reexaminations . . . . .	2-15
	Managing Workloads . . . . .	2-17
	Learning Activity 2-3: Reexamination Calendar . . . . .	2-21
	Annual/Biennial HQS Inspections . . . . .	2-23
<b>Section 4</b>	<b>Terminations</b> . . . . .	2-25
	What Success Looks Like . . . . .	2-25
	Knowledge for Success . . . . .	2-25
	Monitoring for Success . . . . .	2-26
<b>Section 5</b>	<b>Portability Tracking</b> . . . . .	2-27
	What Success Looks Like . . . . .	2-27
	Knowledge for Success . . . . .	2-27
	Monitoring for Success . . . . .	2-29

**CHAPTER 3 HUD Systems**

<b>Section 1</b>	<b>PIC</b>	3-1
	What Success Looks Like	3-1
	Knowledge for Success	3-1
	IMS–PIC	3-1
	PIC Home Page	3-2
	50058 FAQs	3-3
	PIC User Manual	3-4
	Executive Summary	3-4
	References for HUD-50058	3-4
	PIC Menus	3-7
	Two Kinds of PIC	3-7
	What’s in PIC?	3-7
	PIC Process Steps	3-7
	Software and PIC	3-12
	Families in Software but Not in PIC	3-16
	Current Action for Family Not in PIC	3-16
	Families in PIC but Not an Active Record in Software	3-17
	Correcting PIC Errors	3-17
	PIC Submissions	3-18
	Basic Rules of Correcting Discrepancies	3-24
	Transactions Processed in Specific Order	3-24
	Other Common Errors	3-26
	VOIDs	3-27
	The Overall Effect of Errors	3-27
	PIC Reports	3-27
	PIC and SEMAP	3-28
	PIC Ad Hoc Reports	3-28
	Learning Activity 3-1: PIC Cases	3-30
	Group Activity	3-30
	Example	3-30
	Monitoring for Success	3-36

<b>Section 2</b>	<b>EIV</b>	3-37
	What Success Looks Like	3-37
	Knowledge for Success	3-37
	Enterprise Income Verification's Purpose	3-37
	How EIV Is Used	3-40
	Signing Up For Access	3-40
	PIC to EIV	3-40
	Tracking	3-41
	Reports Available in EIV	3-42
	Discrepancies in EIV	3-42
	Multiple Subsidy	3-45
	Learning Activity 3-2: Multiple Subsidy Case Study	3-48
	Case Study	3-48
	Household Composition Verification	3-49
	Immigration Report	3-49
	Deceased Tenants	3-50
	Learning Activity 3-3: Deceased Tenants Case Study	3-51
	Case Study	3-51
	Income Discrepancy	3-52
	Social Security Income	3-54
	Unemployment Income	3-55
	Monitoring for Success	3-55
<b>CHAPTER 4</b>	<b>Your Money at Work</b>	
<b>Section 1</b>	<b>The Basics of Funding</b>	4-1
	What Success Looks Like	4-1
	Knowledge for Success	4-1
	Understanding HUD Funding	4-2
	Maintaining Financial Stability	4-3
	Learning Activity 4-1: PHA A: Baseline Units	4-4
	HUD-Funded PUC vs. Actual PUC	4-5
	Learning Activity 4-2: PHA B: HUD Costs vs. Actual Costs	4-6
	Additional Funding Factors	4-8
	Administrative Fees	4-8
	Learning Activity 4-3: PHA B: Administrative Fees	4-10
	Monitoring for Success	4-11
<b>Section 2</b>	<b>Voucher Management System</b>	4-12
	What Success Looks Like	4-12
	Knowledge for Success	4-12



<b>CHAPTER 5</b>	<b>HCV Program Utilization</b>	
<b>Section 1</b>	<b>HUD’s Two-Year Tool Overview</b>	5-1
	What Success Looks Like	5-1
	Knowledge for Success	5-1
	HUD Forecasting Tool	5-2
	How to Access the Tool	5-2
<b>Section 2</b>	<b>Creating a Leasing Plan with the Two-Year Tool</b>	5-4
	What Success Looks Like	5-4
	Knowledge for Success	5-4
	Learning Activity 5-1: PHA C –	
	Using the TYT for Program Utilization Problem Identification	5-5
	Leasing Plan	5-6
	Learning Activity 5-2: Leasing Plan	5-7
	Eligibility Success Rate	5-21
	Learning Activity 5-3: Eligibility Success Rate Based on NMA Tool	5-23
<b>Section 3</b>	<b>Other Resources for Housing Authorities</b>	5-24
	HCV Data Dashboard	5-24
	Guidance and Notices	5-26
	Webinars and Trainings	5-27
	Monitoring for Success	5-27
<b>CHAPTER 6</b>	<b>SEMAP – Beyond the Regulations</b>	
	What Success Looks Like	6-1
	Knowledge for Success	6-1
<b>Section 1</b>	<b>SEMAP Overview</b>	6-2
	Purpose of SEMAP	6-2
	Key Performance Indicators	6-2
	SEMAP Indicators in Depth	6-3
	The SEMAP 50058 Connection: A Guide to 50058 Data	6-10
	SEMAP Certification	6-12
	Audit Period	6-14
	The PHA Profile	6-14
	PIC Reporting Rate	6-14
<b>Section 2</b>	<b>PHA Supervisory Audits</b>	6-15
	24 CFR 985.2 Definitions	6-15
	Random File Selection	6-16
	Audit Sample Selection	6-16
	Your SEMAP System	6-17

## Table of Contents

<b>Section 3</b>	<b>Self-Assessment of the SEMAP Indicators</b>	6-25
	SEMAP Reference Tools	6-25
	Indicator 1: Selection from the Waiting List	6-25
	Indicator 2: Reasonable Rent	6-27
	Indicator 3: Determination of Adjusted Income	6-28
	Indicator 4: Utility Allowance (UA) Schedule	6-30
	Indicator 5: HQS Quality Control Inspections	6-30
	Indicator 6: HQS Enforcement	6-32
	Learning Activity 6-1: Selecting Sample Size for Universe	6-35
	Indicator 7: Expanding Housing Opportunities (MSAs Only)	6-37
	Indicator 8: Payment Standards	6-39
<b>Section 4</b>	<b>HUD Indicators Verified by PIC</b>	6-40
	Standard Reports	6-40
	PIC Reporting	6-40
	Indicator 9: Annual Reexaminations	6-42
	Indicator 10: Correct Tenant Rent Calculations	6-44
	Indicator 11: Pre-Contract HQS Inspections	6-46
	Indicator 12: Continuing HQS Inspections	6-48
	Indicator 13: Lease-Up	6-50
	Indicator 14: Family Self-Sufficiency (FSS)	6-51
	Bonus Indicator: Deconcentration	6-53
	Additional Information	6-54
	General SEMAP Errors	6-55
<b>Section 5</b>	<b>Remote Confirmatory Reviews</b>	6-56
<b>CHAPTER 7</b>	<b>Quality Control</b>	
	What Success Looks Like	7-1
	Knowledge for Success	7-1
	Learning Activity 7-1: Assessment – Quality Control	7-2
	Quality Control Program	7-3
	Learning Activity 7-2: Quality Control Methods	7-10
	Levels of File Reviews	7-11
	Consistency	7-14
	Tracking Results	7-14
	Communication	7-14
	Dos and Don'ts of Providing Feedback	7-15
	What to Do with the Results	7-16
	In-Depth File Reviews	7-16
	Family Composition	7-17
	Voucher Issuance	7-17
	Adjusted Income	7-17
	Total Tenant Payment	7-17
	HAP and Tenant Rent to Owner	7-17
	HCV Lease-up	7-18
	File Review Tool	7-18
	Monitoring for Success	7-19

<b>CHAPTER 8</b>	<b>Managing Program Functions</b>	
<b>Section 1</b>	<b>Introduction</b>	8-1
<b>Section 2</b>	<b>Managing the Owner Base</b>	8-2
	Introduction	8-2
	Managing Your Owner Base	8-3
	Internal Program Administration	8-5
	Owner Retention Through Excellent Customer Service	8-20
<b>Section 3</b>	<b>The Occupancy Cycle</b>	8-23
	Introduction	8-23
	Intake Process	8-24
	Initial Lease-Up	8-25
	Program Activities	8-26
	Interim Activities	8-27
	Terminations	8-28
	Summary	8-28
<b>Section 4</b>	<b>Managing the Waitlist and the Intake process</b>	8-29
	Introduction	8-29
	Taking Applications	8-30
	Managing the Waiting List	8-38
	Form HUD-90026	8-46
	Selection from the Waiting List	8-53
	Final Eligibility Determination	8-65
<b>Section 5</b>	<b>Initial Lease-Up</b>	8-73
	Introduction	8-73
	Issuance of Vouchers and Briefing	8-74
	The Leasing Process	8-80
<b>Section 6</b>	<b>Program Activities</b>	8-95
	Annual Reexaminations	8-95
	Reexamination Calendar	8-98
	Rent Adjustments	8-105
	Moves	8-107
	Reexamination	8-109
	Owner HAP When Family Moves	8-109
<b>Section 7</b>	<b>Interim Activities</b>	8-110
	Interim Changes	8-110
	Interim Inspections	8-112
<b>Section 8</b>	<b>Terminations</b>	8-114
	Introduction	8-114
	The Process	8-115
	Termination of Tenant-based Assistance	8-115
	Termination of the Assisted Lease	8-128
	Termination of HAP Contract	8-129

## Table of Contents

<b>Section 9</b>	<b>Portability</b>	8-130
	Introduction	8-130
	Who Processes Portability Moves?	8-131
	Review of Key Portability Rules	8-131
	Initial and Receiving PHA Responsibilities.	8-134
	Portability Billing.	8-141
	Portability Tracking	8-148
<b>Section 10</b>	<b>Informal Reviews And Hearings</b>	8-151
	Introduction	8-151
	Key Points for the Manager	8-152
	Denial of HCV Assistance to an Applicant	8-153
	Informal Hearings for Participants.	8-154
	Elements of Due Process	8-156
	Assessing the Case Before the Hearing and What the Hearing Decision Should be Based Upon	8-170
	Working with Advocacy Groups	8-172
<b>Section 11</b>	<b>Inspections</b>	8-174
	Introduction	8-174
	Know the HQS Basics	8-175
	Annual/Biennial HQS Inspection.	8-176
	Owner Inspection Fees.	8-181
	Consistency in HQS Standard	8-182
	Customer Service and Inspections	8-182
<b>CHAPTER 9</b>	<b>Knowledge Checks</b>	
	Chapter 1: HUD's Regulatory Environment and Policy Development	9-1
	Chapter 2: Program Knowledge Areas.	9-7
	Chapter 3: HUD Systems.	9-21
	Chapter 4: Your Money at Work	9-27
	Chapter 5: Program Utilization	9-32
	Chapter 6: SEMAP (985)	9-35
	Chapter 7: Quality Control.	9-38
	Knowledge Checks Answers	9-40
<b>CHAPTER 10</b>	<b>HUD References</b>	
	24 CFR References	10-1

## Introduction

---

### HCV MANAGEMENT TRAINING

HCV Program Management is one of two HCV management training sessions.

The purpose of the two courses comprising HCV management is to provide a comprehensive approach to harnessing power and potential to maximize your results. Executive staff and HCV managers should attend both classes.

HCV Executive Management is primarily for executive directors, commissioners, and other staff with management responsibility for running the agency. An HCV manager or director will find this useful to obtain a high-level overview of the program and to manage staff.

The HCV Executive Management course is designed to achieve a well-run agency operating the Housing Choice Voucher program. This course will assist you in achieving and maintaining your HCV program to a high-caliber standard using private sector techniques.

HCV Program Management is focused on what an HCV manager or director and team leaders need to know to directly manage a successful HCV program; in other words, more specific. CEOs, EDs, and finance should also attend. We will focus on three areas for each topic:

- What success looks like
- Knowledge for success
- Monitoring for success

The HCV Program Management course provides in-depth how-to training on HUD systems, a program assessment checklist, and knowledge checks for each program function. It focuses on problem areas and provides management guidance and tools, including portability tracking, SEMAP and file reviews.

## **CREDENTIALING**

Effective January 1, 2018, students are eligible for credentialing for each management course!

Complete the course and pass the exam:

- HCV Executive Management: be authorized to use NMA's V.E.M. designation
- HCV Program Management: be authorized to use NMA's V.P.M. designation

The HCV manager must have an excellent grasp on HUD regulations, especially 24 CFR 982 and Part 5.

HCV management credentialing must have a regulatory testing component to ensure a level of program knowledge.

We have recommended the Housing Specialist class and exam as a prerequisite to ensure needed knowledge level for this class.

Since minor regulatory testing is part of the credential, Chapters 2 and 8, regulations and program knowledge checks are provided as study guides.

We will complete the program knowledge checks (with regulatory references) when we cover the material in Chapter 5

Chapter 8 provides an overall discussion of the management of each program area

- This chapter will assist in putting the regulations into a management context.
- Read this chapter because it's not covered in class.

## **ONLINE RESOURCES**

Resources and references relevant to this course are available for download at [HCVProgramMgmtResources.nanmckay.com](http://HCVProgramMgmtResources.nanmckay.com). The materials may be accessed and download as often as needed. Additional HUD references can be also found on the NMA References site at: <http://nmareferences.com>. Click the specific program link at the top of the web page to jump directly to the references you wish to access. No login information is required.

## LEARNING OUTCOMES

Upon completion of this course, you should be able to:

- Identify and utilize the HUD regulatory program requirements
- Develop effective agency HCV administrative policy, recognizing the distinction between mandatory and discretionary needs
- Demystify HUD systems and utilize them for maximum benefit
- Problem solve and respond to errors in the EIV, PIC, and VMS HUD electronic systems, and create tracking systems to eliminate future errors
- Maximize forecasting results for program utilization of HAP and fees funding
- Create a fact-based leasing plan utilizing the Two-Year Tool
- Manage HCV program functions for regulatory compliance
- Manage portability deadlines through a **free** tool
- Conduct comprehensive file reviews
- Utilize a **free** tool to conduct and document SEMAP audits

## ACTION PLAN NOTES

Throughout this course, you will be presented with many different strategies that you may wish to apply to your agency. The pages that follow are provided for you to write your thoughts as the course progresses, allowing you to have a list of strategies ready to be implemented upon your return. You will be provided a few minutes throughout the training to capture your thoughts. Remove a few pages now so that you are prepared when the time comes.

## Notes



## ACTION PLAN NOTES

Goals	Tasks	Start Date	End Date
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			
19.			
20.			
21.			
22.			
23.			
24.			
25.			
26.			
27.			

Goals	Tasks	Start Date	End Date
28.			
29.			
30.			
31.			
32.			
33.			
34.			
35.			
36.			
37.			
38.			
39.			
40.			
41.			
42.			
43.			
44.			
45.			
46.			
47.			
48.			
49.			
50.			
51.			
52.			
53.			
54.			
55.			

Goals	Tasks	Start Date	End Date
56.			
57.			
58.			
59.			
60.			
61.			
62.			
63.			
64.			
65.			
66.			
67.			
68.			
69.			
70.			
71.			
72.			
73.			
74.			
75.			
76.			
77.			
78.			
79.			
80.			
81.			
82.			
83.			

Goals	Tasks	Start Date	End Date
84.			
85.			
86.			
87.			
88.			
89.			
90.			
91.			
92.			
93.			
94.			
95.			
96.			
97.			
98.			
99.			
100.			
101.			
102.			
103.			
104.			
105.			
106.			
107.			
108.			
109.			
110.			

## PLANNING NEXT STEPS

### PART I. ACTION PLAN NOTES

The purpose of this exercise is to help you to maximize the benefits of this training and to translate knowledge into action. During this week you have made numerous action plan notes. You have probably identified issues you want to address and initiatives you want to implement when you return to your agency. You may have even identified new goals and objectives for your program. Remember that you cannot do everything at once, so now is the time to start making your plan of action.

You will need to apply critical thinking and strategic planning to implement your ideas. There may be obstacles or limitations that you cannot control, so it is important that you are fully prepared and that the solutions you propose are S.M.A.R.T. goals. This activity will help you to identify your most important goals and objectives and the actions needed to achieve them.

**Step 1:** Review your action plan notes and identify the five most important objectives you want to accomplish, issues you want to address, or initiatives you want to implement. After you list them assign an order of priority with the numbers 1 to 5, with 1 being the first priority. Do they tie into your mission and vision?

Item, Issue, or Initiative	Priority

**Step 2:** Focus on the most important items as Priority 1. Describe it in detail, and then answer the questions that follow. Continue through to the next important items and include them as Priority 2, Priority 3, and Priority 4, answering each of the questions. This will give you a good start on your strategic plan for improving your program's HCV performance.

**Description:** Write a clear and complete statement of your objective or goal for this priority.

**Priority 1:**

**Description:** Write a clear and complete statement of your objective or goal for this priority.

---

---

---

---

1. Given your stated objective or goal, what steps will you take to **prepare** before you actually start?

---

---

---

---

---

---

2. What steps, actions, or tasks will be necessary to accomplish your objective or goal? (How will you do it? Be as detailed as possible.)

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

3. What resources will be required to achieve this goal or objective?
- a. List any management or team members who would be involved and explain their roles.

---

---

---

---

- b. Describe the financial resources that would be required, if any.

---

---

---

---

4. What time frame will you set to achieve your objective/goal? (If there are milestones or multiple steps over time, estimate a date of completion for each.)

Goal/Step or Milestone	Projected Date

5. How does this tie in with the agency mission and goals?

---

---

6. What are the key points you will use in discussing this with the executive director?

---

---

---

---





3. What resources will be required to achieve this goal or objective?
- a. List any management or team members who would be involved and explain their roles.

---

---

---

---

---

- b. Describe the financial resources that would be required, if any.

---

---

---

---

---

4. What time frame will you set to achieve your objective/goal? (If there are milestones or multiple steps over time, estimate a date of completion for each.)

Goal/Step or Milestone	Projected Date

5. How does this tie in with the agency mission and goals?

---

---

6. What are the key points you will use in discussing this with the executive director or board?

---

---

---

---

## **PART II: GUIDELINES FOR PRESENTING YOUR IDEAS TO THE EXECUTIVE DIRECTOR OR BOARD**

At this point you have identified what you would like to do. Some of your decisions or goals may be one-dimensional or within the scope of your authority to implement without upper management approval. Some of your ideas, however, will require approval. For the purpose of this discussion, let's assume the person from whom you are seeking approval is the executive director. These guidelines will help you to prepare for your meeting with the executive director and to present those ideas or goals that do require approval or involve other aspects (departments, resources) of your organization.

### ***Start with a Simple "Thank You."***

When you return from this training you may want to touch base with the executive director, thank them for the training opportunity, and provide a quick debriefing on the training. This is the time to suggest or request a future meeting to discuss your ideas more specifically.

### ***Pre-Meeting Activities***

Review the data from Part I of the Planning Next Steps learning activity and create an action plan for the goals or ideas that you want to present. Be sure to have these available for your meeting.

### ***Do Your Homework***

Gather the data to support your ideas. How will your idea improve performance, efficiency, accuracy, cost savings, customer service, or any other outcome? If there is data to support your conclusion, be prepared to present it.

### ***Brainstorm your Ideas***

If possible, discuss your ideas with a trusted associated before meeting with the executive director. Brainstorm the pros and cons of your ideas so that you are prepared to answer questions. Try to imagine the types of questions the executive director might ask. If you cannot answer them, you may need to adjust your plan.

### ***Prepare a Proposal Document***

Prepare a one- or two-page briefing document on your idea. Have your action plan ready and available as a back-up resource in the event they are needed at the meeting. In preparing your document, analyze the organizational implications of your idea. It may be tempting (or simple) to present your idea from a single person or department perspective, but the executive director is looking through a broader lens—from the perspective of the entire organization. Keep in mind that even ideas that involve a minimal outlay can have big organizational implications (e.g., workflow, disruption, time, etc.), and you must carefully consider whether the benefits of your proposal are worth the potential impacts.

### ***Schedule the Meeting***

In scheduling the meeting, pick a time when the executive director is available, but not between meetings. While having conviction is good, do not be over zealous in presenting your idea. You should be prepared to:

- List opportunities for improvement from your idea
- Explain how your idea ties into the mission and vision of the agency
- Present a step-by-step implementation plan (your action plan)
- Present fully developed ideas and data points as needed
- Provide a cost analysis on how the recommended changes will impact the PHA budget
- Answer any related questions

In short, present the problems that currently exist, the approach you plan to take, and the benefits likely to result. Keep your initial presentation short. More time will be spent answering questions than presenting your idea.

## Notes

## **CHAPTER 1      HUD's Regulatory Environment and Policy Development**

---

### **Section 1      HUD's Regulatory Environment**

#### **WHAT SUCCESS LOOKS LIKE**

The HCV manager and staff proficiently locate relevant HCV program information on HUD's website.

Staff know or can quickly locate the HUD regulations and notices that are relevant to the HCV program to promote self-reliance.

#### **KNOWLEDGE FOR SUCCESS**

The HCV manager is competently able to:

- Manage the HUD regulatory environment as it relates to the administration of the Housing Choice Voucher (HCV) program
- Apply the language of the specific HUD regulations that govern the HCV program

**HUD’s WEBSITE**

HUD’s website address is [www.hud.gov](http://www.hud.gov).



HCV website: Get there through Program Offices, Public and Indian Housing.



[Home / Program Offices / Public and Indian Housing](#)

**PUBLIC AND INDIAN HOUSING**

Then Housing Choice Vouchers.



[Home / Office of Housing Choice Vouchers](#)

PIH ONE-STOP TOOL A-Z



U.S. Department of  
Housing and Urban Development











Press Room

Program Offices

Resources

Find Shelter

State Info

Contact Us

Información en Español

PIH Home

About PIH

Public Housing

Housing Choice Vouchers

Indian Housing

Real Estate Assessment Center

More

About Us

What We Do

Search

Español

[Home](#) / [Program Offices](#) / [Public and Indian Housing](#) / [PIH One-Stop Tool \(POST\)](#)

PUBLIC AND INDIAN HOUSING ONE-STOP TOOL (POST)

Welcome to the Public and Indian Housing One-Stop Tool (POST). Here stakeholders can obtain quick access to PIH systems, tools, program requirements, commonly used links, PIH staff, and other information. This resource is primarily targeted to public housing agencies (PHAs); however, some information may be relevant to Tribes.

<a href="#">Jump to...</a>	<a href="#">PIH A-Z Index - Calendar of Due Dates - News-to-Use</a>
----------------------------	---

Page 1-3

2/1/24

## HUD's REGULATORY ENVIRONMENT

HUD regulations and HUD-required policies are mandatory and a major part of a PHA's work systems and work processes.

Title 24 of the Code of Federal Regulations contains the HUD regulations applicable to the HCV program.

## NMA HUD REFERENCES

From Portal:



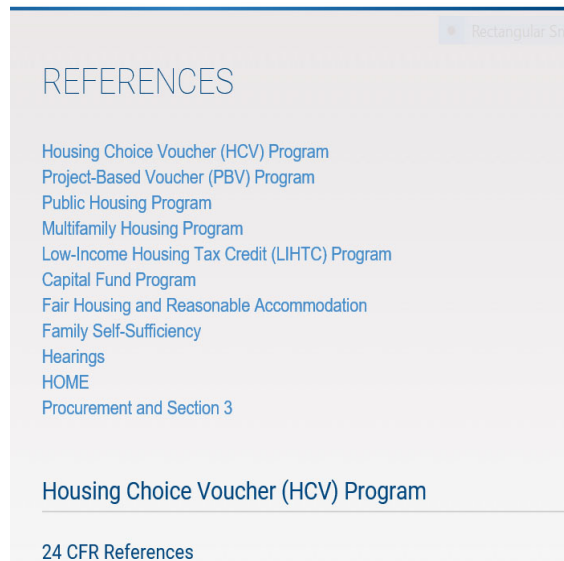


Section 1: HUD's Regulatory Environment

Links for public use: [www.NMAreferences.com](http://www.NMAreferences.com)



Professional Services ▾ Program Manag



## HUD REGULATIONS

- Part 1: Basic Civil Rights
- Part 5: General HUD Program Requirements (Combined Public Housing and HCV)
- Part 8: Nondiscrimination
- Part 100: Fair Housing
- Part 982: Housing Choice Vouchers (primary regulation for program operation and includes homeownership provisions)
- Part 983: Project-Based Vouchers
- Part 984: Family Self-Sufficiency
- Part 985: Section 8 Management Assessment Program (SEMAP)

## HUD NOTICES

PIH notices provide guidance, extensions, instructions, clarifications, announcements, and other policy information.

They often are further clarification of a regulation. They are available on HUD's website (A-Z).

- [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/publications/notices](https://www.hud.gov/program_offices/public_indian_housing/publications/notices)

HUD USER MANUALS

HUD publishes user manuals on complicated topics such as the Voucher Management System (VMS). These can be accessed from the HCV page on the HUD site or PIH One Stop A-Z.

HUD FORMS

Know the number – PIH One-Stop A-Z:



U.S. Department of  
Housing and Urban Development

Search

About Us

What We Do

Español

OCHCO Home

HUD Forms, Handbooks & Publications

Work With HUD

New Employees (Entrance on duty Forms)

More

[Home / Program Offices / Chief Human Capital Officer / HUDCLIPS / Forms Resource](#)

FORMS RESOURCE

Welcome to the Department of Housing and Urban Development (HUD) one-stop forms resource page.

**\*\*NOTE: HUD Employees Using Windows 10 - *How to make Nuance your default PDF application.***

Click on the appropriate section below to access HUD forms.

<a href="#">HUD-1</a>	<a href="#">HUD-4</a>	<a href="#">HUD-7</a>
<a href="#">HUD-2</a>	<a href="#">HUD-5</a>	<a href="#">HUD-8</a>
<a href="#">HUD-3</a>	<a href="#">HUD-6</a>	<a href="#">HUD-9</a>
<a href="#">PHA</a>	<a href="#">NPMA</a>	<a href="#">SAMS</a>
Federal Housing Administration	National Pest Management Association	Single Family Acquired Asset Management Systems

HUD-5 Forms:



U.S. Department of  
Housing and Urban Development

Español

Search

What We Do

About Us

More

OCHCO Home

HUD Forms, Handbooks & Publications

Work With HUD

New Employees (Entrance on duty Forms)

[Home / Program Offices / Chief Human Capital Officer / HUDCLIPS / Forms Resource / HUD-5 Forms](#)

HUD FORMS 5 *THROUGH* 5980

**Jump to Forms**    5 -- 50945    51000 -- 52580    52641 -- 52697    52722 -- 5984

Number	Name /Version Date
HUD-50001	HUD Employee/Relative Home Purchase Certification
HUD-50002	Request to Exceed Cost Limits for Preservation and Protection
HUD-50002A	Inspector Candidate - Assessment Questionnaire
HUD-50002B	Inspector Candidate - Assessment Questionnaire-HFA
HUD-50004	Guidelines For Desk Monitoring

## **MONITORING FOR SUCCESS**

The HCV manager directs staff to the HUD resources for research in answering questions.

The HCV manager follows up to determine the question is answered.

### **Learning Activity 1-1: Operational Obstacles**

Break into groups.

Each person:

- Introduce yourself to the group.
- Concisely describe the biggest problem you are facing in operating the HCV program.

Have a group member list on the flip chart – 10 minutes.

## **Section 2            The Administrative Plan**

### **WHAT SUCCESS LOOKS LIKE**

The administrative plan is comprehensive and up-to-date and is frequently used to guide staff.

Operational consistency is a high priority.

Audits demonstrate the application of the staff's knowledge.

### **KNOWLEDGE FOR SUCCESS**

The HCV manager is competently able to:

- Identify the HUD-required content for the PHA admin plan
- Recognize the difference between mandatory vs. discretionary policies
- Develop an admin plan using group decision making
- Recognize the impact of training

### **ADMINISTRATIVE PLAN**

The administrative plan is an overall summary of how PHA will implement statutory and regulatory requirements.

All agencies that operate an HCV program must adopt an administrative plan. Therefore, the administrative plan must be approved by the board of commissioners.

The administrative plan is one of the supporting documents to the PHA plan and must be available for public review.

The administrative plan should be kept current and up-to-date with HUD changes.

Each HCV staff person should have a copy of the current administrative plan.

The administrative plan serves to:

- Provide daily guidance to PHA staff and ensure consistency in decision making, which saves supervisory time
- Provide a resource to the public
- Support the PHA's decisions to auditors and mitigate legal challenges

## GENERAL SUGGESTIONS ON DEVELOPING POLICY

1. For the creation of a major policy document or a comprehensive revision of an existing policy, it is important for the HCV manager to work collaboratively with other subject matter experts (SMEs) within the work team. Explain the policy objectives and use them as an information resource.
2. Make sure your stakeholders are all in sync before any material is created to avoid rewriting. For example, with a major revision to the administrative plan, consult with your HCV supervisors and housing specialists – they're going to know if something will "work on the ground." There may be some policies that require discussions with other departments, such as finance, inspections, or human resources.
3. Avoid overly restrictive policies that are easily challenged.
4. Keep a good balance between the administrative convenience of the PHA and customer service to your internal and external customers.
5. Balance internal administrative burdens with HAP savings costs.
6. When writing policy strive for clarity of language. Be concise, get to the point, and make it simple – bigger words are not necessarily better. Long, run-on sentences are hard to follow. Don't use more than five sentences per paragraph. Use outlines and create quick reference guides and style guides for easy referral.
  - The objective is not just to write the policy, but to ensure that the policy is understandable to both staff and program clients.
  - The Plain Language Act was passed by Congress in 2009 to enhance citizen access to government information and services by establishing that government documents issued to the public are written clearly.
  - The Plain Writing Act, signed into law in 2010, requires that all federal documents be written in "plain language" that the average person can understand.

Section 2: The Administrative Plan

7. Maintain version control. Don't give the same chapter to two people at the same time. Date your versions and have the latest writer/editor initial after the date. For example, "Admin Plan Chapt 7 Terminations 8-20-13 mr."
8. Check your grammar and spelling and find a good editor who is willing to edit the document. A document with poor grammar and spelling diminishes the PHA's (and your) credibility. Get the words right; know your terminology.
9. Know your timeline and workload and prioritize accordingly. Don't be late; be organized and ready. Know your goals and schedule deliverables accordingly.
10. Get it verified and authorized – make it good to go.
11. List necessities or requirements and create a checklist. For complex documents (the five-year plan and large grant applications are two examples), this tip is especially important.
12. Listen and learn. Be open to other ideas and points of view. Be knowledgeable, but don't act like you know if you don't. Be collaborative – working well with others has benefits long after the policy is written.

## **MANDATORY VS. DISCRETIONARY REFERENCES**

PHAs must follow HUD mandates:

- Statutes (passed by Congress)
- HUD regulations
- Current PIH notices
- HUD handbooks
- Forms required by HUD regulations (50058, 50058i, HAPC, etc.)
- Opinions or rulings by the Office of General Counsel (OGC)

Some content of the administrative plan is required by HUD regulation.

24 CFR 982.54(d) requires the PHA to establish policy for certain areas.

## Section 2: The Administrative Plan

**ADMINISTRATIVE PLAN REQUIRED CONTENT**

The required contents of the administrative plan are described in 24 CFR 982.54. They include:

- Policies regarding selection and admission of applicants from the waiting list, including any PHA admission preferences; procedures for removing applicant names from the waiting list; and procedures for closing and reopening the PHA waiting list
- Policies on issuing or denying vouchers, including PHA policy governing the voucher term and any extensions of the voucher term
- Any special rules for the use of available funds when HUD provides funding to your PHA for a special purpose (e.g., desegregation), including funding for specified families or a specified category of families
- Occupancy policies, such as defining what group of persons may qualify as a “family,” defining when a family is considered to be “continuously assisted,” and standards for denying admission or terminating assistance based on criminal activity or alcohol abuse in accordance with 982.553
- Policies encouraging participation by owners of suitable units located outside areas of low income or minority concentration
- How to assist a family that claims that illegal discrimination has prevented them from leasing a suitable unit
- How your PHA will provide information about a family to prospective owners
- Policies on owner disapproval
- Policies on subsidy standards
- Policies on family absence from the dwelling unit
- How to determine who remains in the program if a family breaks up
- Informal review procedures for applicants
- Informal hearing procedures for participants
- The process for establishing and revising voucher payment standards
- The method of determining that rent to owner is a reasonable rent (initially and during the term of a HAP contract)
- Policies concerning special housing types in the program (e.g., use of shared housing)



Section 2: The Administrative Plan

- Policies concerning repayment by a family to your PHA of amounts the family owes
- Policies regarding interim redeterminations of family income and composition
- Restrictions, if any, on the number of moves by a participant family in a year
- Policies on the approval by the board of commissioners or other authorized officials to charge the administrative fee reserve
- Procedural guidelines and performance standards for conducting required housing quality standards inspections
- Policies on the PHA screening of applicants for family behavior or suitability for tenancy

If these mandatory references state a PHA “must” take a specific action, then the PHA must follow that requirement.

If the reference states that a PHA “must not” or “may not” take an action, then the PHA is prohibited from taking that action.

Examples of mandatory reference language:

- 24 CFR 982.516(a): “The PHA must obtain third-party verification or document...”
- 24 CFR 5.615(c)(5): “The PHA may not include imputed welfare income... if the family was not assisted at the time of sanction.”

HUD regulations do not address all issues that could arise. HUD gives PHAs the authority to adopt discretionary policies in many areas of the HCV program to close the regulatory gaps and ensure consistency, including areas that are not stipulated in HUD regulations.

Where the reference states a PHA “may” take an action, HUD has given the authority to the PHA to decide on what action the PHA will take and address it clearly in its administrative plan.

Policies must be reasonable and not conflict with or ignore a HUD requirement or prohibition.

## STATE LAW

Where there is no mandatory federal guidance, PHAs must comply with state law, if it exists.

Where state law is more restrictive than federal law, but doesn't conflict with it, state law prevails.

Consult with Legal if you are unsure.

Section 2: The Administrative Plan

**INDUSTRY PRACTICE**

Where no law or HUD authority exists on a particular subject, industry practice should support PHA policy.

An *industry practice* is a way of doing things that is followed and generally accepted by most housing authorities.

**SAFE HARBOR GUIDANCE**

For issues not covered by mandatory references, use “safe harbor” guidance.

- HUD recommends that policies be based on prior HUD written guidance (such as a HUD guidebook) that has not been superseded by a regulation, notice or handbook.
- Using this guidance creates a “safe harbor.”
  - PHAs must make sure all decisions are consistent with mandatory requirements.

Safe harbor references include:

- Guidebooks
- Notices that have expired
- Handbooks that have expired
- Recommendations from individual HUD staff

Section 2: The Administrative Plan

## Learning Activity 1-2: Key Policy Areas

The below chart displays some of the more key policy decision areas. This chart may be used back at your PHA when you next address updating policy.

As a group, we will first review the chart below under Interims.

### **TASK**

Complete the pros/cons chart for:

- Restrictions on elective moves
- Reexamination of family income and composition

## KEY POLICY AREAS CHART

KEY POLICY AREAS					
Function	Staff	Policy Options	Comments	Pros	Cons
Waiting List (WL) Selection		Date and time of application		Easy to manage Less burdensome	Does not address unique needs of the community
		Lottery	Lottery needs defining. Possibilities include: <ul style="list-style-type: none"> <li>• Open WL for all; families chosen by lottery to be placed on WL</li> <li>• All applicants placed on WL; actually selected through lottery</li> </ul>	Minimizes long lines to apply (if paper application and reopening after a long period of time) General public acceptance of lottery	Families may be waiting for years Must ensure software manages correctly Must ensure software documents clearly
		Preferences	Must also address how preferences will be applied: <ul style="list-style-type: none"> <li>• Lumped (either family holds a preference or does not)</li> <li>• Aggregated (more preferences held, the higher up on the WL)</li> <li>• Ranked (points given)</li> </ul>	Needs local community needs Allows PHA to weight by local needs	More work; must verify preferences; may have to reorder periodically Difficult for the public to understand how someone who applied after them is ahead of them Must be clearly defined to avoid confusion Must ensure software manages correctly

KEY POLICY AREAS					
Function	Staff	Policy Options	Comments	Pros	Cons
Income Eligibility		Income limit is very low income	HUD requires continuously assisted families to be eligible at low income limit	If PHA screens for WL eligibility, may have fewer people on the list	Higher HAP costs Different income limits for continuously assisted versus newly selected
		Income limit is low income	Income targeting requirements (75% of families admitted during FY must be extremely low income) still apply	Mildly reduces HAP costs Allows families who are truly working towards self-sufficiency to receive assistance Makes the low income limit THE income limit	If PHA screens for WL eligibility, may have more people on the list
Subsidy Standards		Two heartbeats per bedroom	Things to consider: <ul style="list-style-type: none"> <li>Unassisted families share bedrooms:               <ul style="list-style-type: none"> <li>Children with parents</li> <li>Opposite gender children sharing bedrooms</li> <li>3 children in a bedroom</li> </ul> </li> <li>More generous standards increase HAP expenses</li> </ul>		
		Two heartbeats per bedroom, except for HOH			
		Two heartbeats per bedroom, except for children of opposite sex under (age)			
		Other			

KEY POLICY AREAS					
Function	Staff	Policy Options	Comments	Pros	Cons
Bank Account Balances		Value of checking account is average 6-months balance	Staff often unable to obtain 6 months of statements, so completes reexams with fewer	None	Technically, if use less than 6 months, fails SEMAP Ind 3 as does not following policy
		Value of checking account is current balance	PHA can request additional statements on a case-by-case basis, if determined needed	Simplifies reexamination process, saving time	None
Minimum Rent		PHA minimum rent is \$50		Decreases HAP costs	Requires minimum rent hardship exemption policy, which increases administrative burden
		PHA minimum rent is \$0		Higher HAP costs	No need for minimum rent hardship exemption policies; decreases administrative burden
HQS – Annual or Biennial?		Annual HQS inspections		Better control of local housing stock/standards	Higher administrative burden
		Biennial HQS inspections – for all		Lowers administrative Burden	Could increase poor housing conditions
		Biennial HQS inspections (if passed first annual visit, last year)	Ensure any unit which undergoes a special inspection undergoes annual, next year	Rewards good landlords Lowers admin burden	

KEY POLICY AREAS					
Function	Staff	Policy Options	Comments	Pros	Cons
HQS Abatement		Abate day of/after unit fails reinspection (or misses deadline for correction)			Easier to make mistakes and fail HQS Abatement SEMAP indicator Have already paid HAP; must calculate abated amount retroactively
		Abate first of month after unit fails reinspection (or misses deadline for correction)		Easier to pass HQS Abatement SEMAP Indicator Easier to manage	
Streamlined "Reexams" (Fixed Income Source Verification)		Apply COLA versus verifying for fixed income sources	Some PHAs have taken a "middle of the road" approach and state they will fully verify at admission, and every other year. They state that if the HOH's SSN ends in an odd number, the PHA will fully verify in every odd year, etc. Policy should be the same as verifying assets when net assets total \$5000 or less.	No need to request verifications for fixed income	Must still fully verify upon admission and at least once every 3 years thereafter Concerns that staff will miss verifying in a required year
		Verify as normal every year		Fixed income sources are usually quick and easy to verify Ensures staff will not miss verifying a required year	No streamlining of process

KEY POLICY AREAS					
Function	Staff	Policy Options	Comments	Pros	Cons
Streamlined “Reexams” (Asset Verification)		If net assets total \$5,000 or less, the PHA will accept the family’s declaration of asset value and anticipated asset income	Some PHAs have taken a “middle of the road” approach and state they will fully verify at admission, and every other year. They state that if the HOH’s SSN ends in an odd number, the PHA will fully verify in every odd year, etc. Policy should be the same as requirements for verifying fixed income sources.	No need to request verifications for most assets	Must still fully verify upon admission and at least once every 3 years thereafter  Concerns that staff will miss verifying in a required year  Must ensure forms ask the right questions, including anticipated asset income. Must ensure forms obtain the signature of all adult family members
		The PHA will always fully verify the value of assets and actual anticipated asset income		Most assets are quick and easy to verify  Ensures staff will not miss verifying a required year	No streamlining of processes
Special Housing Types		Only authorize SROs and Shared Housing as a reasonable accommodation	Differences between SRO / Shared Housing and regular HCV are minimal. These use the same HAPC as regular HCV and are actually easy to administer.	No need for any training	Miss an opportunity to better meet community needs while reducing costs
		Always authorize SROs and Shared Housing		Increases housing opportunities while reducing costs	Requires mild training



KEY POLICY AREAS					
Function	Staff	Policy Options	Comments	Pros	Cons
Interims for Income Increases		Always conduct interims for income increases	Must also consider reporting requirements. PHA can require families to report all income increases, income increases of a certain amount, or not report income increases at all until annual reexamination. PHA can also tie to the interim policy, requiring families to report only if it is a situation under which the PHA would conduct an interim.	Easy for families and staff to remember Decreases HAP costs	Heavy administrative burden. Many income increases are followed by income decreases, increasing the burden even more.
		Never conduct interims for income increases		Easy for families and staff to remember Decreases administrative burden	Increases HAP costs
		Only conduct interims for income increases if the increased income is at least (\$50, \$200, etc.) per month		Decreases HAP costs	Can be confusing to families and staff. Also, staff members report that with this type of policy it is as much work to determine whether an interim needs to be conducted as it is to complete the interim
		Only conduct interims for income increases when the increase is due to a new source of income, including returning to work for a previous employer or the resumption of previously suspended/terminated benefits		Easy for staff and families to remember Worth the administrative burden as new income sources are generally higher amounts Easy for staff to determine if an interim is to take place	

KEY POLICY AREAS					
Function	Staff	Policy Options	Comments	Pros	Cons
Restrictions on Elective Moves		The PHA will deny a family permission to make an elective move during the family's initial lease term.			
		The PHA will allow a family to make an elective move during the family's initial lease term.			
Reexamination of Family Income and Composition at Time of Move		For families approved to move to a new unit within the PHA's jurisdiction, the PHA will perform a new annual reexamination.			
		For families approved to move to a new unit within the PHA's jurisdiction, the PHA will not perform a new annual reexamination; the family's anniversary date will not be changed.			

KEY POLICY AREAS						
Function	Staff	Policy Options	Comments	Pros	Cons	

Section 2: The Administrative Plan

## **ADMINISTRATIVE PLAN POLICY DEVELOPMENT**

Step 1: Identify policy vs. procedure.

- Policies are the “what”
  - Need board approval
- Procedures are the “how”
  - Board approval not required
  - Describe tasks to be performed
  - Who is responsible to perform them

Step 2: Identify decision points within HUD regulations.

- Certain words or phrases indicate policy decision points (must, may, may not)
  - “The PHA may deny....”
  - “The PHA must give reasonable notice....”

Step 3: Translate requirements into policies and procedures.

- Evaluate pros and cons and decide on your policy.
- Revise policy as rules change.

Step 4: Check the required approval process and steps.

- Develop a timeline.

Step 5. Submit it for board approval.

## **TRAINING ON POLICIES**

Initial and ongoing training on policies is critical.

- Make sure admin plan is accessible.
- Conduct new employee orientation.
- Present regular, in-depth training.
- Obtain signed statement that employees have been trained on and understand policies.

When training, consider quizzes that require the staff to research the answer, followed by group discussion.

Section 2: The Administrative Plan

Sample training questions might include:

- On what page in the administrative plan can you find the definition of *independent student* for use when applying the student rule?
- Does the student need to be full-time for the student rule to apply?
- How many consecutive days may a guest remain in a unit?
- How many cumulative days may a guest remain in a unit over a 12-month period?
- To qualify for the PHA's working preference, the PHA has defined *employed* as working an average of "X" hours per week – how many hours?
- Make up your quizzes for the training, using your own admin plan.

## MONITORING FOR SUCCESS

Determine mandatory vs. discretionary policy requirements.

Develop policy collaboratively.

Determine whether staff know the PHA admin plan.

- Internal training programs with testing
- Audits

**ELECTIVE MOVES SELECTION FROM NAN MCKAY MODEL ADMIN PLAN****10-I.C. MOVING PROCESS****Notification**

If a family wishes to move to a new unit, the family must notify the PHA and the owner before moving out of the old unit or terminating the lease on notice to the owner [24 CFR 982.354(d)(2)]. If the family wishes to move to a unit outside the PHA's jurisdiction under portability, the notice to the PHA must specify the area where the family wishes to move [24 CFR 982.354(d)(2)]. The notices must be in writing [24 CFR 982.5].

**Approval**PHA Policy

Upon receipt of a family's notification that it wishes to move, the PHA will determine whether the move is approvable in accordance with the regulations and policies set forth in sections 10-I.A and 10-I.B. The PHA will notify the family in writing of its determination within 10 business days following receipt of the family's notification.

**Reexamination of Family Income and Composition**PHA Policy

For families approved to move to a new unit within the PHA's jurisdiction, the PHA will perform a new annual reexamination in accordance with the policies set forth in Chapter 11 of this plan.

For families moving into or families approved to move out of the PHA's jurisdiction under portability, the PHA will follow the policies set forth in Part II of this chapter.

**Voucher Issuance and Briefing**PHA Policy

For families approved to move to a new unit within the PHA's jurisdiction, the PHA will issue a new voucher within 10 business days of the PHA's written approval to move. No briefing is required for these families. The PHA will follow the policies set forth in Chapter 5 on voucher term, extension, and expiration. If a family does not locate a new unit within the term of the voucher and any extensions, the family may remain in its current unit with continued voucher assistance if the owner agrees and the PHA approves. Otherwise, the family will lose its assistance.

For families moving into or families approved to move out of the PHA's jurisdiction under portability, the PHA will follow the policies set forth in Part II of this chapter.

**Instructions for Preparing Chapter 10: Moving with Continued Assistance and Portability****Reexamination of Family Income and Composition**

**Decision Point:** Will the PHA conduct a full reexamination when a participant family requests to move to a new unit? (Model plan, p. 10-5)

**Things to Consider**

- The PHA must decide whether it will routinely conduct a new reexamination when a family moves to a new unit. The model plan language takes into consideration two factors:
  - The PHA must be able to ensure that the new unit meets the affordability standard. The regulations require that the affordability determination be based on income verification information “received by the PHA no earlier than 60 days before the PHA issues a voucher to the family” [24 CFR 982.508]. Because of this constraint, the model plan language assumes that the PHA will routinely conduct a full reexamination when a family requests to move. If the PHA elects a different policy, that policy must be consistent with the one on voucher issuance that follows.
  - The PHA has less control over moves into and out of its jurisdiction under portability than it does over moves within its jurisdiction. Therefore, the model plan elects to establish separate policies regarding reexaminations for portability moves. Those policies are located in sections 10-II.B and 10-II.C of Chapter 10.
- The decision the PHA makes here should be consistent with the general decisions on reexaminations that the PHA makes in Chapter 11.



***Option 1:** Use the model plan language shown below. No changes to the model plan are needed.*

For families approved to move to a new unit within the PHA's jurisdiction, the PHA will perform a new annual reexamination in accordance with the policies set forth in Chapter 11 of this plan.

For families moving into or families approved to move out of the PHA's jurisdiction under portability, the PHA will follow the policies set forth in Part II of this chapter.



***Option 2:** Delete the model plan language and substitute the language below.*

For families approved to move to a new unit within the PHA's jurisdiction, the PHA will **not** perform a new annual reexamination.

For families moving into or families approved to move out of the PHA's jurisdiction under portability, the PHA will follow the policies set forth in Part II of this chapter.



***Option 3:** Use another PHA-established policy. Edit the model plan language or delete it and insert the PHA's policy.*

**Instructions for Preparing Chapter 10: Moving with Continued Assistance and Portability****Voucher Issuance and Briefing**

**Decision Point:** When and under what terms will the PHA issue a voucher to a participant family that wishes to move? Will the PHA require that the family attend a briefing? What will the PHA do if the family fails to lease up in the time allotted? (Model plan, p. 10-5)

**Things to Consider**

- When a family moves to a new unit, the PHA has decisions to make about the timing of voucher issuance as well as about voucher term and extensions. It must also decide whether or not a family must be briefed prior to voucher issuance and what happens if the family fails to locate a new unit within the time allotted. Acknowledging the added complexities associated with moves into and out of a PHA's jurisdiction under portability, the model plan deals with these moves separately in Part II of this chapter.
- The model plan ties voucher issuance for a family moving to a new unit within its jurisdiction to the PHA's written approval to move.
- The model plan assumes that a family moving within the PHA's jurisdiction is sufficiently familiar with the lease-up process that it does not require a briefing. However, the PHA may want to offer a briefing as an option. In other respects, the model plan language is consistent with policies established in Chapter 5.



**Option 1:** Use the model plan language shown below. No changes to the model plan are needed.

For families approved to move to a new unit within the PHA's jurisdiction, the PHA will issue a new voucher within 10 business days of the PHA's written approval to move. No briefing is required for these families. The PHA will follow the policies set forth in Chapter 5 on voucher term, extension, and expiration. If a family does not locate a new unit within the term of the voucher and any extensions, the family may remain in its current unit with continued voucher assistance if the owner agrees and the PHA approves. Otherwise, the family will lose its assistance.

For families moving into or families approved to move out of the PHA's jurisdiction under portability, the PHA will follow the policies set forth in Part II of this chapter.



**Option 2:** Use another PHA-established policy. Edit the model plan language or delete it and insert the PHA's policy.

**Housing Assistance Payments [24 CFR 982.311(d)]**

When a family moves out of an assisted unit, the PHA may not make any housing assistance payment to the owner for any month **after** the month the family moves out. **No policy decisions are required.**



## CHAPTER 2      **Program Operations Introduction**

---

### **HCV PROGRAM ASSESSMENT**

Every program needs a “check-up” every year to determine whether it is on track with the regulations.

On the portal you will find a functional area assessment checklist for your HCV program.

An assessment should be conducted by the HCV Manager and any other supervisory staff shortly after you return to work. Add any areas you feel are pertinent to program operations.

Assessment areas include:

- Waiting list
- Selection and eligibility determination
- Initial lease-up and moves
- Annual and interim reexams
- Inspections
- Owner rent changes
- Terminations
- Portability
- Reviews and hearings
- Tenant rent calculation
- Financial and funding
- Fair housing
- Quality control
- Customer service
- HUD systems
- Policy and procedure
- Training
- Forms and schedules
- Audits
- Management Issues
- Systems

## **Learning Activity 2-1: Program Assessment**

Review the HCV assessment: Waiting list and selection.

Use the rating scale to assess your program:

- 0** Not applicable
- 1** Poor – needs extensive work
- 2** Fair – needs work soon
- 3** Adequate – needs work
- 4** Very good – needs a little work
- 5** Excellent – needs no work

<b>Waiting Management</b>	<b>Rating (0-5)</b>	<b>Comments</b>
Written process for taking applications – mail, online – is utilized		
Applications are date and time stamped		
Application form with enough info for WL placement and no discriminatory questions		
Pre-app used at initial application		
Receipt for pre-app provided containing confirmation number for app look-up		
Automated waiting list communication system is utilized		
Income eligibility is not determined at pre-app unless family is selected for admission at same time		
Ineligible families are notified in writing and offered informal re-view		
Ineligible files retained for three years		
Staff aware of and follow disparate impact and fair housing considerations		
Voucher applicants on a separate WL except for PBV and Mod Rehab		
All HUD-required information is on waiting list		
Reason is documented when name removed from waiting list		
Public notice given when opening WL		
Clear definition of preferences for explanation to families is utilized		
Preferences are easily verifiable		
Notice of public comment for preference revision is done and admin plan approved by board prior to preferences used		
Singles preference correctly ordered if applicable		
Preferences consistent with regulations		

<b>Waiting Management</b>	<b>Rating (0-5)</b>	<b>Comments</b>
Integrity of list maintained – access, log of changes		
Families notified of reporting requirements for changes while on WL		
Policy language on split families is complied with		
Purge policy and procedures utilized		
Monitoring and documenting that the 75 percent income targeting requirement is met		
Special requirements for Special Admissions are met		
Special requirements for VASH are met		
Special requirements for targeting are met		
Software reporting for waiting list placement and listing is accurate, including documentation of targeted selection and preferences		
If lottery used, clear written methodology is used for waiting list placement and selection		

## PROGRAM KNOWLEDGE

Key knowledge topics for each knowledge area will assist with developing a customized learning plan using action plan notes. Detailed information on these topics is provided in the Housing Specialist class.

Knowledge checks are provided and discussed for each program area.

We will focus on a few program areas, providing suggestions and tips, and working with others in the class to solve problems.

### Chapter 2 Program Focus Areas:

- Sec 1. Waiting List, Selection and Eligibility
- Sec 2. Lease-up and Moves
- Sec 3. Annual and Interim Activities
- Sec 4. Terminations
- Sec 5. Portability Deadlines

## **Section 1      Waiting List Management and Selection**

### **WHAT SUCCESS LOOKS LIKE**

The waiting list is updated at least every six months and opened or closed if necessary for full program utilization.

The HCV manager uses the Two-Year Tool (TYT) to determine selection.

Staff selects and documents selection in accordance with the administrative plan.

Eligibility is determined according to regulations and policy.

### **KNOWLEDGE FOR SUCCESS**

Waiting list and selection key knowledge areas:

- Administration of the waiting list
- Selection from the waiting list
  - Preferences: Regulations and admin plan
  - Special admissions and targeted selections
  - Methodology for selection
- SEMAP requirements

Eligibility key knowledge areas:

- Family types
- Non-citizen requirements
- SSN disclosure requirements
- Income limits
- Screening for criminal activity and alcohol abuse
- Persons with disabilities (definitions, verification, allowable questions to ask, request for accommodation)
- Live-in aide (criteria, qualifications)
- VAWA (criteria, denials/terminations of assistance, notification, certification, emergency transfer plan)

## WAITING LIST AND SELECTION

The waiting list may be difficult to understand and apply (need clear definition for staff and public).

The software may not document properly.

Preferences over ride date/time which is used as tiebreaker.

Preference definitions in the regulations must be read carefully!

Working preference example:

- Employment – head OR spouse must be working
- Elderly or disabled status – head AND spouse must be elderly or disabled to qualify for working preference

Application of preferences:

- Lumping
  - Qualify for any preference
- Aggregating
  - Two preferences outweigh one, etc.
- Ranking
  - Either rank preferences, or
  - Rank by preference points

Certification of preferences:

- PHA may place on list according to preferences claimed.
  - Verification of preference not required at time of initial application
- PHA must verify claimed preference at the time of selection for waiting list.
  - Prior to final eligibility

Section 1: Waiting List Management and Selection

**SELECTION**

Lottery – policy choices:

- Accept all applications, but place on waiting list by lottery
- Place all applicants on waiting list, conduct a lottery for selection
- Be aware of constraint if you have preferences

An applicant family is placed in an eligibility determination pool:

- After funding is anticipated to be available
- After the family has been sent their letter for selection from the waiting list and responded
- Once preferences have been verified
- While the family is awaiting the completion of eligibility determination

**MAINTAINING A WAITING LIST AUDIT TRAIL**

1. Determine the number of families to notify
2. Generate waiting list that lists top “X” number of applicants
  - Number to be selected PLUS highest unselected applicants
3. Mail notification letters for eligibility interviews
4. Place copy of waiting list for this selection in an internal audit file with a copy of dated letters
  - For each batch of applicants notified, the PHA should have documentation to demonstrate families were notified in the order stated in the administrative plan
5. Determine eligibility for families who responded
  - Track on eligibility success log

**MONITORING FOR SUCCESS**

Waiting list selections and eligibility determinations are well-documented and in compliance with regulations and admin plan.

If eligibility determinations are done by another department, the HCV manager coordinates the production and accuracy results with the other supervisor.



## **Section 2          Lease-up and Moves**

### **WHAT SUCCESS LOOKS LIKE**

All lease-up functions are performed in a timely manner to achieve 98 percent lease-up.

Needs are anticipated based on the Two-Year Tool (TYT) information.

Activities are coordinated among departments.

Decisions are made within regulations and policy.

The HCV manager can competently:

- Track the lease-up from waiting list pulls through final initial lease-up and unblock any obstacles to timely lease-up
- Work with other managers if the HCV manager doesn't have full control over all necessary program functions

### **KNOWLEDGE FOR SUCCESS**

Lease-up and moves key knowledge areas:

- Voucher issuance, extensions, suspension
- Subsidy standards
- Briefings
- Leasing documents
- Inspections
- Rent reasonableness
- Moves with continued assistance

## VOUCHER ISSUANCE

The voucher must be initially issued for at least 60 calendar days.

- No maximum limit to initial issuance
- Too long can delay leasing

Best practice: PHA policy requires the family to submit progress reports on locating or leasing a unit.

- Will help with SEMAP

## LEASING PROCESS

The leasing process is triggered by receipt of the RFTA within the term of the voucher.

The manager should track and observe:

- Are new owners contacted and welcomed to the program?
- How is information about the planned inspection communicated to the owner?
- Do inspectors perform like PHA emissaries or just inspection technicians?

HAP contracts **must** be executed (by both parties) no later than 60 days from the lease effective date.

- If not, they are null and void.
- How do you ensure this is managed and monitored?
- What would you do if you were hired as HCV manager and found unexecuted contracts in file more than 60 days old?

Inconsistency among inspectors is a major owner complaint.

- PHAs are required to use the HUD inspection form unless with HUD approval.
  - Some PHAs have inspection guides to provide deeper guidance and ensure consistency.

How does your PHA ensure consistency?

Section 2: Lease-up and Moves

## RENT REASONABLENESS

The purpose of rent reasonableness is to assure:

- Fair market rent is paid
- The program does not inflate rents in the community

The PHA must have a written method in the administrative plan as to how it ensures rents are not more than those charged for comparable unassisted units in the market and in the premises.

There are nine rent reasonableness factors that the PHA must take into consideration in making the comparability decision. However, the PHA is not required to document or separately evaluate each factor. They include:

- Location
- Size
- Type
- Quality
- Age
- Amenities
- Housing services
- Maintenance
- Utilities supplied by the owner

The risky approach:

- Relying on newspaper ads, Craigslist, local rental pamphlets – why?
  - No information about size, age, quality, services
  - No guarantee that the requested rent is the actual rent

Caution:

- Staff may provide subjective input in the rent approval process.
- Staff may think it is “no big deal” to approve \$10, \$25 over market place rent.
  - This can have a domino effect on other rents.
- Don’t neglect to update methodology in policy if the PHA changes rent reasonableness systems.

HCV Program Management  
Program Operations Introduction  
Section 2: Lease-up and Moves

Online systems are usually very effective.

- Be sure to obtain the vendor's rent reasonableness methodology language to insert into the administrative plan.

[Click Here to View GOsection8.com's Insider Plans](#)

### Property Details

Property State: \*

Property County: \*

Property City: \*

Property Address: \*  [GO HELP](#)

Property Unit/Apt #:

Property Zip Code: \*

Property Available Date: \*

Property Community / Subdivision:  [GO HELP](#)

### Rent & Security Deposit

[Verify With Public Records](#)

Monthly Rent: \* \$

Security Deposit: \* \$  Negotiable ☒ [GO HELP](#)

### Description & Features

Property Type: \*  ☐ "55+" (age restricted)

Bedrooms: \*  ☒ Handicap Access

Bathrooms: \*  ☒ Security System

Year Built: \*  \* must be a number ☐ Fenced Yard

Living Area (sq. feet):  \* must be a number ☐ Gated Community

Parking:  ☐ Pool

Exterior:

Lot Size:  ☐ Ceiling Fans

### Check Included Appliances

☐ Washer ☒ Stove ☐ Microwave ☒ Garbage Disposal

☐ Dryer ☐ Dishwasher ☒ Refrigerator ☒ Washer / Dryer Hook-ups

Air Conditioning:  Heat Type:

### Utilities

☒ Electric ☒ Sewer ☒ City Water

☒ Gas ☐ Septic ☐ Well Water

## Learning Activity 2-2: Rent Reasonableness

Read the following scenario and answer the questions below.

### Scenario

At Crowleyville PHA, inspector Sam Winchester performs rent reasonableness determinations for all units he inspects. The PHA does not have a written rent reasonableness methodology in the administrative plan; rather, each inspector determines whether or not units are rent reasonable based on their experience inspecting units in the community and any other methodology they choose to apply.

Sam has just been sent an RFTA from a housing specialist for a two-bedroom, one-bathroom town home built in 2022 in an area ten miles north of the PHA. The owner is requesting \$1,250 per month in rent. To determine whether or not the rent is reasonable, Sam goes online to a local newspaper's website and looks for similar units also renting for \$1,250 a month. He finds three other two-bedroom units in various locations around the PHA's jurisdiction that are renting for \$1,250 per month.

Sam determines that the rent for the proposed unit must be reasonable since other units of similar size in the jurisdiction are also renting for the same amount.

1. Is the PHA's rent reasonableness methodology in compliance with the regulations?

---

---

2. Has Sam properly determined rent reasonableness for the unit? Why or why not?

---

---

3. What other factors should he have considered?

---

---

## **MONITORING FOR SUCCESS**

Lease-ups are tracked from the submission of the RFTA to HAP contract signatures.

Rent reasonableness documentation follows the PHA's methodology in the admin plan and considers the nine HUD factors.

## **Section 3      Annual Activities and Inspections**

### **WHAT SUCCESS LOOKS LIKE**

Annual and interim reexams, inspections, moves, and terminations are conducted and finalized within regulatory, policy, and production time lines, and accuracy standards.

The HCV manager:

- Focuses on manager actions needed to ensure program compliance, equal work distribution, and effective processes
- Proactively analyzes needs vs. results
- Focuses on specific management knowledge and actions in a variety of regulatory situations

### **KNOWLEDGE FOR SUCCESS**

Annual activities key knowledge areas

- Timing of annual reexamination activities
- Verification
- Interim adjustments
- Annual, biennial, and special inspections

### **ANNUAL REEXAMINATIONS**

PHA must conduct reexam of family income and composition at least annually.

- Typically, the process begins four and one-half months before the effective date.

The PHA is measured on completing annual reexaminations timely. Annual reexams and annual inspections do not have to be done on the same schedule.

Reexaminations may be conducted in person or remotely under certain circumstances, depending on PHA policy.

Section 3: Annual Activities and Inspections

PHAs may:

- Conduct reexaminations by mail
- Require face-to-face interviews
- Conduct some reexaminations by mail, require some families to attend a face-to-face interview

**Sample Language for Mail-In Reexaminations**

Families are generally not required to participate in an annual reexamination face-to-face interview.

Families will be sent annual reexamination paperwork by mail and advised that if they return the requested information in a timely manner, and all documents are properly completed, the PHA will not require the family to come in for a face-to-face interview. However, the PHA will conduct face-to-face interviews if the family so requests, if the paperwork is not returned timely or is returned timely but not complete, or if the PHA deems it is necessary to obtain full and accurate information.

If requiring some families to participate in face-to-face, but not others, clearly define which group are not required to come in.

- Make sure it is not discriminatory

The PHA may alternate the interview requirement.

- If the head of household (HOH) SSN is an odd number, they could come in for the interview in odd years.
- If the HOH SSN is an even number, they could come in for the interview in even years.
- Leave room for family choice and PHA discretion.

The annual reexamination must be conducted to be effective no later than 12 months after new admission or last reexamination.

- Can the PHA schedule earlier than this date?
- Annual reexaminations in conjunction with moves are a PHA option in the administrative plan



## MANAGING WORKLOADS

Because families enter the program at different times, and because families move throughout the year, annual reexamination due dates may cluster.

The manager should review annually and adjust as necessary.

Example:

- 1,200 assisted families
- Reexam due dates:

- Jan	77	Jul	125
- Feb	76	Aug	130
- Mar	75	Sep	135
- Apr	77	Oct	120
- May	100	Nov	80
- Jun	120	Dec	85
- The manager can select families for earlier reexams:

- Jan	77	pull 23 from Feb
- Feb	76	(is now 53) pull 47 from March
- Mar	75	(is now 28) pull 72 from April
- Apr	77	(is now 5) pull 95 from May
- May	100	(is now 5) pull 95 from June
- Jun	120	(is now 25) pull 75 from July
- The manager can select families for earlier reexams – may take two years:

- Jul	125 (is now 50) pull 60 from August; now 110
- Aug	130 (is now 70) pull 40 from Sept; now 110
- Sep	135 (is now 95) pull 10 from Oct; now 105
- Oct	120 (is now 110)
- Nov	80
- Dec	85 – leave as is
-	Next year, flatten out more, if desired

### **ANNUAL REEXAM TIMING**

Typically, the process starts 120-135 days before the effective date.

The manager should track:

- Reexam process was initiated on time
- Progress of reexams
- Reexams are completed on time

### **REEXAMINATION CALENDAR**

Each set of monthly reexaminations is completed over a four-plus month period.

- Mailings for reexam interviews four and a half months out
- Interviews for reexams four months out
- Begin processing for reexams three months out
- Close out processing for reexams two months out

# September

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Notes:				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15 Mail out February appointment letters	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	Notes:

# October

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Notes:						1
2	3	4	5	6	7	8
	February 1st Appointments					
9	10	11	12	13	14	15
	Review/Process December Recerts					Mail out March appointment letters
16	17	18	19	20	21	22
	Feb Addt'l Docs Due/ Send ITT	February 2nd Appointments				
	Clerk: March Pre-file review		Housing Specialist: Review/Process January Recerts			
23	24	25	26	27	28	29
	Clerk: March Pre-file review		Housing Specialist: Close out December Recerts			
30	31	Notes:				
	December Recerts Due					

# November

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Notes:		1 March 1st Appointments	2	3	4	5
6	7 Review/Process January Recerts	8	9	10	11	12
13	14 March Add'l Docs Due/ Send ITT	15 Mail out April appointment letters	16 March 2nd Appointments	17	18	19
	Clerk: April Pre-file review		Housing Specialist: Review/Process February Recerts			
20	21 Clerk: April Pre-file review	22	23 Housing Specialist: Close out January Recerts	24	25	26
27	28 Clerk: April Pre-file review Housing Specialist: Close out Jan Recerts	29	30 January Recerts Due	Notes:		

# December

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Notes:				1 April 1st Appointments	2	3
4	5 April 1st Appointments	6	7 Review/Process February Recerts	8	9	10
11	12	13	14	15 Mail out May appointment letters	16 April Add'l Docs Due/ Send ITT	17
	Housing Specialist: Review/Process February Recerts					
18	19 April 2nd Appointments	20	21	22	23	24
	Clerk: May Pre-file review		Housing Specialist: Review/Process March Recerts			
25	26 Clerk: May Pre-file review	27	28	29	30 February Recerts Due	31
	Housing Specialist: Close out February Recerts					

## **Learning Activity 2-3: Reexamination Calendar**

Use the calendar on the following page to set the reexamination schedule activities for the month of January.

# January

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	Notes:			

## ANNUAL/BIENNIAL HQS INSPECTIONS

PHAs must inspect dwelling units at least biennially.

- May conduct annually
- May conduct all biennially
- May call for annual inspection of some units and biennial for others

If the PHA requires annual inspection of some units and biennial for others, the PHA must have a clear policy.

- Allows for biennial inspection if the unit passed the last annual inspection on the first visit.
  - Otherwise, annual will be required
  - If special inspection takes place, annual will be required

If the PHA has multifamily properties with a large number of assisted families, the PHA can conduct all inspections during the same time period.

- The owner is better prepared
- Maintenance can shadow inspector and fix some fails before inspector leaves the premises

PHAs may define how they will verify that HQS fail items have been corrected.

- Owner or family documentation or certification
- Visual inspection of fail item

However, HUD requires that PHA physically reinspect for failed:

- Move-in inspections
- PBV units

When a unit fails HQS because of a family-caused HQS violation, the family is given the same deadlines to correct the defect as the owner.

If the owner wishes to raise the rent, they must give the PHA a 60-day notice prior to the date of the rent increase in accordance with lease terms.

### **MONITORING FOR SUCCESS**

A tracking system for ensuring that annual reexaminations are effective on their reexamination date is utilized.

Administrative plan and procedures reflect annual or biennial inspection protocol.

A tracking system is monitored to ensure required actions are completed timely.



## **Section 4          Terminations**

### **WHAT SUCCESS LOOKS LIKE**

Families' termination of assistance follows regulations/policy and is well-documented.

Families are offered hearings as appropriate, and hearings are conducted in a timely manner.

Owners' contracts are terminated in accordance with regulations and the HAP contract.

### **KNOWLEDGE FOR SUCCESS**

Terminations key knowledge areas:

- Mandatory and discretionary terminations of family
- Termination of HAP contract
- Evidence and documentation of termination
- Informal hearing notices and decisions

#### **TERMINATION REFERENCES**

Key termination references include:

- 24 CFR 982.551 Family obligations
- 24 CFR 982.552 PHA denial or termination of assistance for family
- 24 CFR 982.553 Denial of admission and termination of assistance for criminals and alcohol abusers

Review references for complete information.

#### **MANDATORY TERMINATION OF ASSISTANCE**

SSN requirements not met.

Family member fails to sign and submit consent forms.

Family member fails to provide evidence of citizenship or eligible immigration status.

Must terminate assistance for 24 months if a family allows an ineligible individual to reside in unit.

- Doesn't apply to prorated individuals in mixed family.

#### Section 4: Terminations

Family evicted from housing assisted under the program for serious violation of the lease.

Any family member fails to meet the eligibility requirements concerning individuals enrolled at an institution of higher education.

PHA must terminate if convicted for producing meth on federally assisted housing.

- Permanently ineligible

PHA must terminate assistance if it discovers that a member of an assisted household was subject to a lifetime sex offender registration requirement.

- Applies to household members admitted after June 25, 2001
- Must offer opportunity to remove family member

#### **PHA AUTHORITY FOR DENIALS/TERMINATIONS**

Family violates family obligation (be sure you are going by 982.551 and not the voucher form).

Family member evicted from federally assisted housing in last five years.

Family member has been terminated previously by PHA.

Family member has committed fraud, bribery or other corrupt or criminal act in connection with any federal housing program.

See 982.552 for other reasons.

See 982.553 for criminals and alcohol abuse.

#### **MONITORING FOR SUCCESS**

The HCV manager monitors all terminations to ensure compliance with regulations and policy.

Terminations log is maintained so that terminations of assistance can be viewed and analyzed over time.

Clear requirements for satisfactory evidence are maintained and complied with.

Hearing reasons and results are monitored, and evidence requirements and staff training are strengthened if needed.

Procedures and training are in place for reducing number of hearings requested and number of hearings where decisions are overturned.

## **Section 5            Portability Tracking**

### **WHAT SUCCESS LOOKS LIKE**

Portability deadlines are met as required, whether the PHA is operating as the initial PHA or receiving PHA to result in timely billing and payment.

Communication between the initial PHA and the receiving PHA is effective, resulting in timely portability moves.

Portability deadlines are tracked and adhered to in facilitating timely actions.

To manage portability effectively, the HCV manager must:

- Create and utilize systems and tools to monitor and track the status of all portable families
- Timely respond with phone calls, emails, and paperwork to the initial or receiving PHA
- Manage according to HUD portability rules and administrative plan requirements

### **KNOWLEDGE FOR SUCCESS**

Portability key knowledge areas:

- Responsibilities of the initial and receiving PHAs
- Limitations on when families can port
- Income limit requirements
- Port refusals for insufficient funding
- Portability billing requirements and deadlines

### **RESPONSIBILITIES OF THE FAMILY**

The family must:

- Promptly contact the RHA and comply with their procedures
- Submit an RFTA and proposed lease during the term of the RHA's voucher

### **RESPONSIBILITIES OF THE INITIAL HOUSING AUTHORITY**

The IHA must ensure an applicant family is income eligible in the RHA's jurisdiction before allowing the family to port to that area.

The IHA cannot allow participant family who moved out of their assisted unit in violation of the unit to port out.

- VAWA exceptions apply

The initial PHA must:

- Contact RHA to ask whether they will administer or absorb
- If RHA will administer, the IHA determines whether they have the funding to approve the portability request
  - Can deny to a higher cost area
  - Must prove there is insufficient funding

If the IHA denies the right to portability due to insufficient funding, it must keep a list of all that have been denied and must allow them to port out prior to selecting any families from the waiting list.

The initial PHA must provide the RHA with the required paperwork.

If the RHA bills, the IHA must reimburse RHA for HAP and for the lesser of 80 percent of IHA's admin fee or 100 percent of RHA's admin fee.

If the IHA fails to pay the RHA timely, HUD may transfer the unit and associated funds to the RHA.

The initial PHA should track:

- The date the initial PHA's voucher was issued
- The date the initial PHA's voucher expires
- 90 days following the initial PHA's voucher expiration

If the RHA is billing, and the form HUD-52665 has not been received by 90 days, the IHA should contact the RHA to see if the family is under contract.

- If yes, the IHA should honor billing.
- If no, the IHA can notify the RHA that they will refuse to honor the billing.

Section 5: Portability Tracking

Receipt of billing from RHA – Initial payment must be made within 30 days of receipt of HUD-52665.

- Ongoing billing payments should be received by the RHA no later than the fifth working day of each month.
- If not, the IHA can refuse billing.

**RESPONSIBILITIES OF THE RECEIVING HOUSING AUTHORITY**

The RHA must:

- Respond to the IHA's inquiry regarding whether the voucher will be administered or absorbed.
  - If absorbing, the RHA may not reverse its decision later.
- The decision to administer or absorb should be based on:
  - The RHA's leasing rates
  - The administrative costs of billing
  - The relationship with the IHA
  - The needs of families on the RHA's waiting list

The RHA may create a processing log to track the number of families currently searching in their jurisdiction.

- This allows the manager to make sure the agency is keeping up with billing deadlines.
- It also allows staff to gauge where families are in the portability process.

**MONITORING FOR SUCCESS**

- A portability activity tracking form is used to monitor and meet the required portability activities and deadlines between the initial and receiving PHAs.
- The follow-up activities when a required document is not received are conducted timely to ensure proper file documentation.

## Notes

## **CHAPTER 3      HUD Systems**

---

### **Section 1      PIC**

#### **WHAT SUCCESS LOOKS LIKE**

- The PHA has few PIC errors.
- Staff correct errors expeditiously.
- The PHA's submission rate is at least 95 percent.

#### **KNOWLEDGE FOR SUCCESS**

The HCV manager:

- Understands how certifications affect PIC and the impact
- Learns how to prevent and avoid common PIC errors
- Monitors the responsibilities of housing specialists with regards to correcting and reporting errors
- Knowledgeably answers staff questions

#### **IMS–PIC**

IMS–PIC stands for:

- Inventory Management System/Public and Indian Housing Information Center

It is a centralized database for HUD—it allows PHAs to submit information electronically to HUD through the PHA's software.

- If a tenant is in PIC, HUD has access to their records and can generate reports, which are available in EIV.
- If a tenant isn't in PIC, they don't exist for HUD.
- If a tenant is not current in PIC, this can create disincentives for the agency.

Home / Program Offices / Public and Indian Housing / PIH Online Systems / Inventory Management System/PIH Information Center (IMS/PIC)

## INVENTORY MANAGEMENT SYSTEM/PIH INFORMATION CENTER (IMS/PIC)

### IMS/PIC Release 18.0.0.0

The Inventory Management System/PIH Information Center (IMS/PIC) Release 18.0.0.0 was installed on July 15, 2022 and information about what was included can be found in the [release notes](#).

### IMS/PIC Related Links

IMS/PIC is responsible for maintaining and gathering data about all of PIH's inventories of HAs, Developments, Buildings, Units, HA Officials, HUD Offices and Field Staff and IMS/PIC Users.

▶ [About IMS/PIC](#)

▶ [Get Help](#)

▶ [FAQs](#)



#### System Login

Existing user? [Login here](#)

▶ [Public Housing Agency User](#)

▶ [HUD User](#)

Need a new ID?

▶ [Public Housing Agency User](#)

▶ [HUD User](#)

▶ [System requirements](#)

#### Quick Find

Highlight an item below and click on  
"Go to this page"



50058 FAQs

Home / Program Offices / Public and Indian Housing / PIH Online Systems / Inventory Management System/PIH Information Center (IMS/PIC) / IMS/PIC Frequently Asked Questions (FAQs) / Form 50058 Submission FAQs

FORM 50058 SUBMISSION FAQs - IMS/PIC

Contents

- ▶ How many forms can I submit at once?
- ▶ What happens to my file when I upload it?
- ▶ How often do I need to submit Form-50058 reports?
- ▶ What references do I need for Form 50058?

## **PIC USER MANUAL**

- Viewer – How to retrieve specific Form 50058 data for tenants or their households
- Reports – Allows user to run various reports to access and analyze information about tenants and PHAs
- Tenant ID management – Allows user to create and modify alternate IDs and track possible duplicates

## **EXECUTIVE SUMMARY**

The PIC Executive Summary is intended to be a “snapshot” of the status and condition of the PHA for use by management in monitoring the PHA, during board or commissioner briefings, and for communicating with the public.

It is an important document because it includes:

- PHA Details and Address
- PHA Staff/Contacts
- PHA Inventory Section 8: Increment and Unit Counts
- PHA Performance (SEMAP scores)
- PHA Funding
- PHA Comments

## **REFERENCES FOR HUD-50058**

References include:

- Form 50058 itself
- Form 50058 Instruction Booklet
- Form 50058 Technical Reference Guide (same for MTW)
- Form 50058 Error Codes

## Section 2: Action

**2a. Type of action:**

Report the type of action. Use the action codes that follow:

- **1 = New Admission:** Use this transaction when the family has:
  - Signed a lease (or occupancy agreement) with the PHA for the first time to occupy a dwelling unit operated under the PHA's Public Housing program
  - Signed a lease under the Voucher or Moderate Rehabilitation programs for the first time.
  - Experienced an interruption of over one month between his or her occupancy of one Public Housing unit and another Public Housing unit
  - Experienced an interruption of voucher assistance where the former PHA submitted an End of Participation action.
  - Moved from one PHA program to another (e.g., moved from a Public Housing project to the voucher program).

***Under what circumstances should a family not be reported as a New Admission?***

Do not report a New Admission for a transfer from one dwelling unit to another unit within the same PHA program. Use a reexamination code if the transfer is at the time of the regularly scheduled reexamination. Otherwise, report an Other Change of Unit (2a=7) if the family moved within the PHA's jurisdiction, or report a Portability Move-in (2a=4) if the family is moving from another PHA into your PHA's jurisdiction after being assisted by the other PHA.

***Do I report a New Admission if a family exercises portability with its first admission?***

If a family exercises portability with its first admission into the voucher program, the receiving PHA must classify this as a New Admission and not a Portability Move-in.

***How do I indicate FSS/WtW enrollment during a New Admission?***

If the family is a New Admission and is enrolling in the FSS/WtW program, report a New Admission and submit an FSS/WtW Addendum that indicates the family as a new FSS or WtW enrollment.

***Do I report a New Admission when a family moves from Public Housing to the voucher program?***

If a family moves from a Public Housing project to the voucher program, report a New Admission for the voucher Program, and an End Participation for the Public Housing program.

- **2 = Annual Reexamination:** The regularly scheduled annual reexamination of family income and circumstances.

***Under what circumstances is a reexamination not conducted on an annual basis?***

For public housing families that select a flat rent, the PHA must conduct a reexamination of income at least once every three years.

- **3 = Interim Reexamination:** The reexamination of family income and circumstances, other than at the regularly scheduled annual reexamination. An interim reexamination occurs at the request of the tenant as a result of a change in income status, addition or loss of a family member, or other circumstance that requires tenant rent adjustment. PHAs must adopt policies that prescribe when and under what circumstances a tenant family must report a change in family income or composition. (24 CFR 960.257(b); 24 CFR 982.518(c))
- **4 = Portability Move-In (VO only):** Applicable to Housing Choice Vouchers only. Portability move into a new PHA jurisdiction.

***What is portability?***

Portability is renting a dwelling unit with Housing Choice Voucher assistance outside the jurisdiction of the initial PHA.

***When is a Portability Move-in classified as a New Admission?***

If a family exercises portability with its first admission into the voucher program, the receiving PHA must classify this as a New Admission and not a Portability Move-in.

- **5 = Portability Move-out (VO only):** Portability move out of a PHA jurisdiction, regardless of whether the receiving PHA bills or absorbs the cost.



**When should a Portability Move-out be reported?**

Report a Portability Move-out only after the receiving PHA has executed a HAP contract on behalf of the family and returns the portability billing form to the initial PHA.

- **6 = End Participation:** The transaction where the head of household and all family members discontinue participation in the PHA program. Report an End Participation if the family moves from one PHA program to another.

*Example:* A family moves from a Public Housing project to the Housing Choice Voucher program. Report an End Participation for the Public Housing program, and a New Admission for the voucher program.

**Under what circumstances should I not report an End of Participation?**

Do not report an End Participation for temporarily interrupted assistance (e.g., interrupted for one month or less for Public Housing program).

Do not report an End Participation if the family is between assisted units in the voucher program.

- **7 = Other Change of Unit:** Use this code to report a move to a different unit within the same PHA program at a time other than the family's Annual Reexamination or an Interim Reexamination.
- **8 = FSS/WtW Voucher Only:** Use this code when the family enrolls, reports program progress, or exits the Family Self-Sufficiency (FSS) or Welfare to Work (WtW) Voucher program(s) at a time other than the time of another reported action for the family. The family continues to receive housing assistance.
- **9 = Annual Reexamination Searching (VO only):** The family is due for an annual reexamination, but has moved from its former unit and is searching for a new unit.
- **10 = Issuance of Voucher (VO only):** Anytime the PHA issues a Voucher to the family and the family begins to search for housing.
- **11 = Expiration of Voucher (VO only):** The family fails to lease a unit and the Voucher expires. Report each voucher issuance and

expiration, whether for a new admission or a participant who is moving.

- **12 = Flat Rent Annual Update (Public Housing only):** Applicable only to families who select flat rent. The regularly scheduled annual update for a public housing family that chooses a flat rent. HUD requires the PHA to update family composition information each year.

**When does my PHA use this action code?**

The flat rent annual update is only conducted in the years that a reexamination is not conducted for families in Public Housing who choose flat rent. Families who select flat rent only require an annual reexamination at least once every three years. This code allows PHAs to update family composition data for families who selected a flat rent.

*Example:* Public Housing family chooses flat rent.

Year 1: New admission (2a=1) or Annual Reexamination (2a=2)

Year 2: Flat Rent Annual Update (2a=12)

Year 3: Flat Rent Annual Update (2a=12)

Year 4: Annual Reexamination (2a=2)

- **13 = Annual HQS Inspection Only (tenant based vouchers, project based certificates only):** To report the annual HQS inspection as a separate action if it happens at a time other than the time of another reported action for the family. The PHA is responsible to ensure that each annual HQS inspection is reported in a timely manner to PIC.
- **14 = Historical Adjustment:** To capture information for households who do not have a New Admission (line 2a=1) recorded in PIC, but require an action other than a new admission or an issuance of voucher. Historical Adjustment will serve as the baseline action for the household.

**When does my PHA use this action code?**

PHAs may use action code 14 in cases where the family was never successfully reported to the PIC system and is not a New Admission (i.e., the family has been assisted by a PHA for over one year). However, as PHA must report newly admitted households to HUD in a timely manner, action code 14 should rarely be used.

- **15 = Void:** For PHAs to remove the most recently submitted record from the database.



## **PIC MENUS**

Menus may vary based on PHA programs and staff roles and levels.

## **TWO KINDS OF PIC**

MTCS and MTW PIC:

- What is MTW? Moving to Work – a demonstration program that allows local PHAs to design and tailor strategies to the needs of their communities
- MTCS = “classic” PIC
- MTW PIC = accounts for MTW giving PHAs ability to flex certain regulatory requirements

## **WHAT’S IN PIC?**

How to get information into PIC


- PHAs batch 50058s on a regular schedule and submit electronically to PIC
- PIC evaluates the information and either accepts with no errors, accepts with warnings, or rejects the file and flags it for correction

## **PIC PROCESS STEPS**

1. Housing Specialist processes certification(s)
2. Certifications appear in PIC submission queue in PHA’s software
3. Certifications are submitted to PIC
4. Download PIC Error Report for each submission batch
5. Log errors for rejected certification) in Excel or SharePoint
6. Correct errors or assign errors to HS
7. Once corrected, resubmit certifications
8. Produce PIC Error Tracking Report to use for training purposes and trends
9. Ensure all certifications processed for the month have been updated in PIC before PIC summaries (First Friday of the month)

10. After PIC summarization, pull reports for each SEMAP indicators, portability billing, and PIC Ad Hoc reports
11. Reconcile PIC reports with PHA software
12. Correct discrepancies found during reconciliations and return to Step 3 for EACH record
13. Document the discrepancies between PIC and PHA's software to analyze trends for each SEMAP indicator
14. Prepare for SEMAP

## PIC SUBMISSION



U.S. Department of Housing and Urban Development

[About Us](#)
[What We Do](#)

[Español](#)

[PIH Home](#)
[About PIH](#)
[Public Housing](#)
[Housing Choice Vouchers](#)
[Indian Housing](#)
[Real Estate Assessment Center](#)
[More](#)

[Home](#) / [Program Offices](#) / [Public and Indian Housing](#) / [PIH Online Systems](#) / [Inventory Management System/PIH Information Center \(IMS/PIC\)](#)

### INVENTORY MANAGEMENT SYSTEM/PIH INFORMATION CENTER (IMS/PIC)

**IMS/PIC Release 18.0.0.0**

The Inventory Management System/PIH Information Center (IMS/PIC) Release 18.0.0.0 was installed on July 15, 2022 and information about what was included can be found in the [release notes](#).

#### IMS/PIC Related Links

IMS/PIC is responsible for maintaining and gathering data about all of PIH's inventories of HAs, Developments, Buildings, Units, HA Officials, HUD Offices and Field Staff and IMS/PIC Users.

- [About IMS/PIC](#)
- [Get Help](#)
  - [FAQs](#)
- [Form-50058](#)
- [Form-50058 Monthly Report Guides \(report business rules\)](#)
- [IMS/PIC Error Dashboard](#)
- [Correcting Building and Unit Data Anomalies](#)
- [CSSR Access Instructions for PHAs](#)
- [Housing Information Portal \(HIP\)](#)
- [PIC RAD Relationship](#)
- [IMS/PIC Archive](#)

**System Login**

**Existing user? Login here**

- [Public Housing Agency User](#)
- [HUD User](#)

**Need a new ID?**

- [Public Housing Agency User](#)
- [HUD User](#)
- [System requirements](#)


**Quick Find**

Highlight an item below and click on "Go to this page"

50058  
50058 Error Codes  
50058 Instruction Booklet  
50058 NTW  
50058 Technical Reference Guide (TRG)  
Asset Management Changes  
Building & Unit Data

[Go to this page](#)

## HUD Secure System

  
**Secure Systems**

Welcome MARIAN CHEN

**system administration**

- [Password Change](#)

**systems**

- [Enterprise Income Verification \(EIV\)](#)
- [PIH Information Center \(PIC\)](#)
- [Test Site for PIH Information Center - PIC Test \(PICTST\)](#)

### Main Menu

faq | help | search | home | logout


#### Systems


- [Enterprise Income Verification \(EIV\)](#)
- [PIH Information Center \(PIC\)](#)
- [Test Site for PIH Information Center - PIC Test \(PICTST\)](#)

#### System Administration

- [Password Change](#)


Content updated October 19, 2013

 U.S. Department of Housing and Urban Development  
451 7th Street S.W., Washington, DC 20410  
Telephone: (202) 708-1112 TTY: (202) 708-1455

 [Back to Top](#)

[Home](#) | [Privacy Statement](#)

## PIH Information Center



## PIH Information Center (PIC)

IMS-PIC Release 8.3 [Web Server 5]

Welcome Marian (MSN442)! Your last logon was on Jul 20 2016 10:25AM.  
Your user id was certified on 04/25/2016.

**PIC Maintenance**

- User Profile

**PIH Information**

- SEMAP

**Executive Summary**

- HA Executive Summary

**Form 50058**

- Submission
- Viewer
- Reports
- Tenant ID Management

**ADHOC**

- Form 50058 Adhoc Report
- MTW Adhoc Report
- HA Query Report

**MTW**

- Data Collection
- Viewer
- Reports

**PIC Headlines**

- 50058 Summarization Failed** - 5/9/2016  
Summarization of 50058 data for April 2016 Failed [\[full text\]](#)
- Dec 31 SEMAP Certifications** - 2/25/2016  
12/31 SEMAP Certifications due by March 1st [\[full text\]](#)
- January 50058 reports completed** - 2/18/2016  
January 50058 summarization complete [\[full text\]](#)

[Browse all PIC Headlines.](#)

**PICHELP information**

PICHELP: If you require any assistance please send an email describing the issue along with your Name, Phone Number, Housing Authority Number and Field Office Name where applicable to [REAC\\_TAC@hud.gov](mailto:REAC_TAC@hud.gov) or telephone the Technical Assistance Center (TAC) at 1-888-245-4860 between 7:00am and 8:30pm Eastern on business days.  
All PIC password resets are handled by Security Administrators at the PHA or in the local HUD Field Office. **The REAC TAC cannot reset passwords.**

[? Get Help](#) | [Logoff / Return to Secure Systems](#)

Browsers supported: Microsoft Internet Explorer 6.0 or later, Netscape 8.0 or later, Firefox 1.5 or later, Mozilla 1.7 or later, Opera 8.0 (later versions not supported), and Google Chrome beta or later. Please refer to the [PIC System requirements page](#) for more information.

Copyright © 2024 by Nan McKay & Associates

Page 3-10

2/1/24



50058 uploaded for submission from a saved batch of certifications file

**PIC Maintenance**

- User Profile

**PIH Information**

- SEMAP

**Housing Inventory**

- Housing Agency Development

**Form 50058**

- Submission
- Viewer
- Reports
- Tenant ID Management

**ADHOC**

- Form 50058 Adhoc Report
- HA Query Report

Get Help | Logoff / Return to Secure System

**pic**

Upload Report

Upload Data File

Select View: Field Office HA

Field Office: 4DPH MIAMI HUB OFFICE

Housing Authority: FL013 KEY WEST Select

**Form 50058 File Upload**

Select the HUD 50058 form file in ASCII or XML format by clicking on the browse button. Click Upload to Submit the file to PIC-Form 50058 System.

The recommended maximum file size for Form 50058 is 4 megabytes. Files larger than 4 MB in size may take much longer to process and system may choose to process it during the off-peak hours.

Select File: Choose File no file selected

Allowed file types: asc, xml

Upic

/11/2020

MTCS Data Transfer Result



The screenshot displays the PIC interface with a sidebar on the left containing navigation links: **pic**, Briana Castillo (MAX000), PIC Main, Submission, Viewer, Reports, Tenant ID Management, and a Logoff button. The main content area shows a confirmation message for a data upload. At the top right, there are links for 'Get Help' and 'Logoff / Return to Secure Systems'. The confirmation message includes the following details:

- Field Office:** 4DPH MIAMI HUB OFFICE
- Housing Authority:** FL013 KEY WEST
- Submission:** HUD-50058 Form Submission Receipt
- Date/Time:** 6/11/2020 8:07:15 AM EST
- File Uploaded Successfully:** 20200605132940.ASC
- Ticket Number:** 12138083

A note at the bottom states: "Please note your ticket number properly. You will need this ticket number to see the file validity status report".

## SOFTWARE AND PIC

PHA software is only one of many information management systems used by PHAs. It is **not** PIC.

Information only gets into PIC via form 50058.

What's in software is not necessarily what is in PIC. A lot of information does not match (and requires periodic cleanup).

What is "in PIC"?

- PIC stores information about the names, dates of birth, and Social Security numbers for all members of the household.
- PIC also tracks the household's most recent transaction type and effective date, date of admission, date of next re-exam, income, assets, and contract rent.

Order in PIC

- When a new 58 is submitted to PIC, it "bumps" the old record to a historical database
  - The historical record is available for review, but is not active in the system
- If a transaction is voided, the 58 is removed and most recent previous 58 gets "bumped" back to current

Search for a current action under Current Database; search for historical transactions under Historical Database

**PIC Maintenance**

— User Profile

**PIH Information**

— SEMAP

**Housing Inventory**

— Housing Agency

— Development

**Form 50058**

— Submission

— Viewer 


— Reports

— Tenant ID Management

**ADHOC**

— Form 50058 Adhoc Report

— HA Query Report

**Housing Authorities Search Filters**☐ Historical Database ☒ Current Database 

SSN:

First Name

Last Name


**HUD REPORTING REQUIREMENTS**

For Indicators 9-12 and 14, HUD mandates for SEMAP a reporting rate of at least 95 percent of VMS count by the PHA's fiscal year end.

If this threshold is not met on a consistent basis, the PHA will receive zero points for these four indicators.

- PHAs must report at least 95 percent of VMS unit count to IMS/PIC through the form 50058.
- It is recommended that PHA do a comparison with software quarterly.

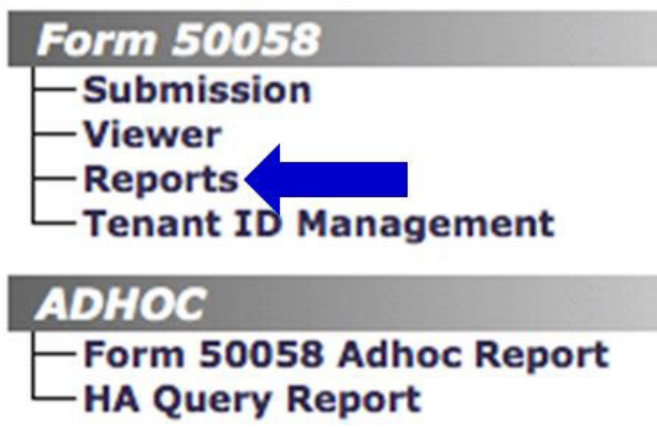
# HCV Program Management

## HUD Systems

### Section 1: PIC

#### BASIC RULES OF SUBMISSION

1. All PHAs must report at least 95 percent of their VMS unit count to IMS/PIC through the form 50058.
2. The PHA uses PIC data to ensure success with PIC-scored SEMAP indicators.
3. Under Reports, a PHA can find its reporting rate.



#### Delinquency Report

As of May 31, 2020

Field Office Code : 4DPH

Field Office Name : FLORIDA STATE OFFICE

Effective Dates Included : February 01, 2019 through May 31, 2020

Download in Excel
 Print Report
 View Entire Report

Program Type Detailed Report

Public Housing

Voucher Funded Assistance

Mod Rehab

SRO

Click on for Ascending sort and on for Descending sort

HA Code	HA Name	HA FYE	ACC Units	VMS Units Leased (a)	As of (MM/YY)	Port Outs (b)	Port Ins (c)	50058 Required (a-b+c)	50058 Received	Difference	Reporting Rate	Forms Received		
												Last Month	Last 3 Months	Last 6 Months
FL002	ST. PETERSBURG	12/31	3,612	3213	04/20	47	0	3,166	3,108	58	98.17	484	1,293	2,03
FL003	TAMPA	03/31	10,472	9954	04/20	98	154	10,010	9,870	140	98.60	4,065	6,111	8,13
FL005	MIAMI DADE HOUSING	09/30	16,148	15288	04/20	590	227	14,925	14,851	74	99.50	3,273	6,928	11,04
FL008	SARASOTA HOUSING AUTHORITY	03/31	1,749	1521	04/20	16	2	1,507	1,467	40	97.35	446	648	1,05
FL009	WEST PALM BEACH HOUSING	03/31	3,571	3344	04/20	56	62	3,350	3,199	151	95.49	626	1,345	2,38
FL010	FT. LAUDERDALE	12/31	3,242	2932	04/20	80	90	2,942	2,941	1	99.97	947	1,596	2,47
FL013	KEY WEST	12/31	254	258	04/20	6	0	252	250	2	99.21	87	110	17
FL017	MIAMI BEACH	06/30	3,421	3087	04/20	155	5	2,937	2,948	-11	100.37	720	1,904	2,47

Compare PIC data with software quarterly.

**50058 REQUIRED FIELD**

Verify whether VMS data is correct for the time period. If not, process VMS corrections

- Clicking hyperlink brings up family details (save for later) - Family Detail Report

**Households Received**

Program Type : **Voucher Funded Assistance**

Field Office Code : **4DPH**

Housing Authority : **FL013 KEY WEST**

Effective Start Date : **February 01, 2019**

Effective End Date: **May 31, 2020**

Records 1 to 50

[1](#) [2](#) [3](#) [4](#) [5](#)

Total Records = 250

SSN Head	Head of Household Name	Type of Action	Effective Date	Update Date
xxx-xx-0167	WILD, T, L	2	11/01/2019	02/06/2020 00:02:00
xxx-xx-8123	ANDERSON, S, C	1	12/09/2019	02/06/2020 00:02:00
xxx-xx-5256	HOWELL, A, M	2	11/01/2019	02/06/2020 00:02:00
xxx-xx-9488	WILKINS, K, A	1	07/03/2019	02/06/2020 00:02:00
xxx-xx-9551	MONTESALVAGE, M	1	02/05/2020	03/13/2020 00:03:00
xxx-xx-8790	PETRILLO, M	1	07/15/2019	07/31/2019 00:07:00

The comparison looks at two sets of data:

- Report from PHA software showing current 50058 information for each household, including the head of household's Social Security number, current action type, and current effective date
- Data from PIC

Use an application that compares the two data sets such as Microsoft Excel or Microsoft Access

PIC Family Detail Report:

- Anyone there that shouldn't be?
- Anyone missing that should be there?

## **FAMILIES IN SOFTWARE BUT NOT IN PIC**

Common causes:

- IHA transmits port move-out with effective date later than effective date of move in at RHA
- IHA transmits EOP instead of port move-out
- HOH changes (Former SSN 58's field blank)
- Multiple Subsidy (On hold at PHA until resolved)
- SSN errors (Invalid Tenant ID)

## **CURRENT ACTION FOR FAMILY NOT IN PIC**

Research the case to find what happened.

Possible causes:

- Action was processed in software was but never submitted
- Action was submitted but PIC rejected

After resolution has been determined, re-submit action code to PIC (more on this in PIC case studies).

- A code 14 "Historical Adjustment" is used to capture information for households who do not have a New Admission (line 2a=1) recorded in PIC, but require an action other than a new admission or an issuance of voucher.
- Historical Adjustment creates a family record in PIC.
- PHAs may use action code 14 in cases where the family was never successfully reported to the PIC system and is not a new admission (i.e., the family has been assisted by a PHA for over one year).
- However, as PHA must report newly admitted households to HUD in a timely manner, action code 14 should rarely be used.

## **FAMILIES IN PIC BUT NOT AN ACTIVE RECORD IN SOFTWARE**

In addition to who is missing from PIC, the PHA needs to know who is in PIC and should not be.

- This would cause the PHA to over-report to HUD.

Common causes include:

- Action code 6 (End of Participation) or action code 5 (Port Out) was rejected
- This can usually be corrected by resubmitting the code 5 or 6 to PIC or initiating an online EOP

## **CORRECTING PIC ERRORS**

The following items should be reviewed:

- PIC submission errors
- Transactions must be processed in a specific order
- Invalid tenant IDs
- Other common errors
- Voids
- PIC reports



## PIC SUBMISSIONS

Select desired ticket number.

Select View:

Field Office HA

Field Office:

SAPH CHICAGO HUB OFFICE

Housing Authority:

IL056 Lake County Housing Authority

Form 50058 Report

View Report

Enter the ticket number you received at the time of submission in the box below to see the validity status of the file you submitted.

Ticket No

Recent Submissions

Records 1 to 50 of 4873

Ticket Number	File Name	Upload Date Time	Status
13964561	2005102012.ASC	06-03-2022 15:54:11.763	Inprocess
13964560	2005102012.ASC	06-03-2022 15:53:54.480	Complete
13964550	2005102012.ASC	06-03-2022 15:51:30.110	Complete
13966622	2005102012.ASC	05-11-2022 16:16:07.473	Complete
13966620	2005102012.ASC	05-11-2022 16:15:40.353	Complete
13966618	2005102012.ASC	05-11-2022 16:15:24.130	Complete
13966605	2005102012.ASC	05-11-2022 16:14:32.680	Complete
13966603	2005102012.ASC	05-11-2022 16:13:55.757	Complete
13966595	2005102012.ASC	05-11-2022 16:12:30.657	Complete
13966590	2005102012.ASC	05-11-2022 16:11:56.510	Complete

Select View:

Field Office HA

Field Office:

SAPH CHICAGO HUB OFFICE

Housing Authority:

IL056 Lake County Housing Authority

Form 50058 Report

View Report

Enter the ticket number you received at the time of submission in the box below to see the validity status of the file you submitted.

Ticket No

Recent Submissions

Records 101 to 150 of 4869

Ticket Number	File Name	Upload Date Time	Status
13781127	2005102012.ASC	04-01-2022 08:44:29.090	Complete
13781118	2005102012.ASC	04-01-2022 08:40:38.733	Final Error
13781140	2005102012.ASC	04-01-2022 08:38:44.407	Complete
13781108	2005102012.ASC	04-01-2022 08:31:02.283	Complete
13780800	2005102012.ASC	04-01-2022 08:24:29.260	Complete
13780822	2005102012.ASC	04-01-2022 07:51:42.270	Complete



Example with errors

Access file via hyperlink to determine whether action is needed.

pic

Briana Castillo (MAX000)

PIC Main

Upload

Report

View Report

Field Office: 4DPH XXXX HUB OFFICE

Housing Authority: FL000 ANYTOWN

Form 50058 Report Details

Submission

Viewer

Reports

Tenant ID Management

Logoff

Submission Date: 2020-06-05

Submission Filename: 20200605132532.ASC

Ticket Number: 12130677

Submission Error Report Format

Submission Time: 13:55:18

HTML

HTML - WARNING

HTML - FATAL

XML

CSV

TXI

ANALYSIS

HTML representation of the Entire Error report

HTML representation of the Warnings only

HTML representation of the Fatal Errors only

XML representation of the Error report

Comma Separated Values -- can be viewed in MS-Excel

Text representation of the Error Report

Analysis Report on Error Messages

Get Help

Logoff / Return to Secure Systems

Frequent Errors

## Example with warnings

<b>HA ID:</b>	FL000	<b>Return ID:</b>	FL000
<b>Transmission Date:</b>	06-05-2020	<b>Vendor Data:</b>	LSSWIN
<b>Ticket Number:</b>	12130677	<b>Filename:</b>	20200605132532.ASC

## Summary

<b>Number of 50058 Submitted</b>	<b>27</b>
<b>Number of 50058 accepted (may contain warnings)</b>	<b>27</b>
<b>Number of 50058 rejected without any processing</b>	<b>0</b>
<b>Number of 50058 having fatal errors</b>	<b>0</b>
<b>Total number of fatal errors in transmission</b>	<b>0</b>
<b>Total number of warnings in transmission</b>	<b>1</b>

Validations against the Technical Reference Guide have been performed.  
Validations against the MTCS Database have been performed.

Form Number :  
18

<b>Last Name</b>	COSTANZA	<b>First Name</b>	J
<b>SSN</b>	xxx-xx-4155	<b>Number of Errors</b>	1
<b>Program Type</b>	VO	<b>Type of Action</b>	2
<b>Effective Date</b>	06-01-2020		
<b>PHA USE ONLY</b>	LEP/ENG		
	8.1.29		
	14127		

**Error Number: 1**      **Field Number: 12j**  
**Error Message**      **WARNING: 4666 - Payment Standard to Family is less than 50 or greater than 3000**

Rec Nbr in Error	Section	Field in Error	Field Contents
000102	V	Payment Standard For Family	3193

**Example with fatal errors**

Clicking on Hyperlink Provides Error Detail Information

<b>HA ID:</b>	FL000	<b>Return ID:</b>	FL000
<b>Transmission Date:</b>	06-05-2020	<b>Vendor Data:</b>	LSSWIN
<b>Ticket Number:</b>	12130635	<b>Filename:</b>	20200305132414.ASC

## Summary

<b>Number of 50058 Submitted</b>	<b>21</b>
<b>Number of 50058 accepted (may contain warnings)</b>	<b>17</b>
<b>Number of 50058 rejected without any processing</b>	<b>0</b>
<b>Number of 50058 having fatal errors</b>	<b>4</b>
<b>Total number of fatal errors in transmission</b>	<b>4</b>
<b>Total number of warnings in transmission</b>	<b>18</b>

**Validations against the Technical Reference Guide have been performed.**  
**Validations against the MTCS Database have been performed.**

Form Number :

1

<b>Last Name</b>	SANTOS	<b>First Name</b>	D
<b>SSN</b>	xxx-xx-3408	<b>Number of Errors</b>	2
<b>Program Type</b>	VO	<b>Type of Action</b>	2
<b>Effective Date</b>	03-01-2020		
<b>PHA USE ONLY</b>	LEP/ENG		
	8.1.24		
	21455		

Error Number: 1

Field Number: -

Error Message

**WARNING: 4126 - Last Modified Date should not be more than 120 days earlier or 2 days later than the transmission date**

Rec Nbr in Error	Section	Field in Error	Field Contents
000002	B	Date Last Modified	01162020

Error Number: 2

Field Number: 2b


Error Message

**FATAL: 4080 - A record with a later Effective Date exists in the database. Either remove the later record or change this effective date to a later date**

Rec Nbr in Error	Section	Field in Error	Field Contents
000002	B	Effective Date	03012020

## Example with no errors

[? Get Help](#) | [Logoff / Return to Secure Systems](#)



[Upload](#) [Report](#)

[View Report](#)

[Frequent Errors](#)

Briana Castillo (MAX000)

PIC Main

Field Office: 4DPH XXXX HUB OFFICE

Housing Authority: FL000 ANYTOWN

Form 50058 Report Details

Submission

Submission Date: 2020-06-05

Submission Time: 14:00:57

Viewer

Submission Filename: 20200505132909.ASC

Reports

Ticket Number: 12130689

Tenant ID Management

Logoff

**No Errors** were found in the HUD 50058 forms you submitted.  
All the forms are **accepted** without any change requirement.

Submission Summary Report Format

[HTML](#) HTML representation of the Submission summary report


[XML](#) XML representation of the Submission summary report

[CSV](#) Comma Separated Values -- can be viewed in MS-Excel

[TXT](#) Text representation of the Submission summary Report

[ANALYSIS](#) Analysis Report on Error Messages Submission summary

## Common errors trends from PIC submission module



Briana  
Castillo  
(MAX000)  
PIC Main

Submission

Viewer

Reports

Tenant ID  
Management

Logoff

Upload

Report

View Report

Frequent Errors

Select View: Field Office HA

Field Office: 4DPH XXXX HUB OFFICE

Housing Authority: FL000 ANYTOWN 

Select

Report Filters:

Report Period: Last one year (06/11/2019 - 06/11/2020)

Error Type: Fatal Errors

Display Records: 10

Refresh...

Frequently occurring 50058 submission errors for FL013:

#	Error Code	Error Type	Error Description	Error Count	Error Perc(%)
1	4080	FATAL	A record with a later Effective Date exists in the database. Either remove the later record or change this effective date to a later date	9	29.03%
2	4174	FATAL	This is a new tenant in IMS-PIC. No 50058 data for this Head of Household exists. At least one New Admission or Historical Adjustment record must be submitted first	4	12.9%
3	4104	FATAL	ReExam Date cannot be more than 13 months later than 2b when 10u = 'I' (Income based)	3	9.68%
4	5279	FATAL	Last action submitted for this tenant was Portability Move-Out. Only VOID (from the same PHA) or Portability Move-In (from a different PHA) can be sent. No other actions can be accepted.	3	9.68%



## **BASIC RULES OF CORRECTING DISCREPANCIES**

1. Transactions must be processed in specific order
2. All tenant ID data entered in PIC must be correct
3. Tenant management submodule must be used to generate alternate ID, remove duplicates SSN, and modify HoH SSN
4. All deceased tenants must be removed

## **TRANSACTIONS PROCESSED IN SPECIFIC ORDER**

PIC's first rule:

- Only transactions with a later effective date than the current transaction in PIC will be accepted.
- Certifications must be processed and submitted to PIC in chronological order.

The housing specialist should review the dates before processing a certification.

If a transaction needs to be submitted and there is a transaction in PIC with a later effective date, that later date transaction must be voided for the earlier date action to be accepted.

Out of order 50058s can cause issues with port-outs, transfers, reexams, and EOPs.

### **Date Error Examples**

Jon Snow is EOP'd for program violations effective 6/30/2022, but his reexamination has already been processed effective 7/1/2022.

- PIC will not accept the EOP because a later date transaction is in file.
- Void the reexam before submitting the EOP.

Annual reexam processed 5/14 effective 7/1; interim reexam processed 5/20 effective 6/1.

- Interim will be rejected because it is out of order.
- Annual needs to be voided, then interim submitted, then annual resubmitted.

An action code 10 (Issuance of Voucher) must be submitted before submission of an action code 1 (New Admission) or an action code 4 (Portability Move-in).

- PHAs are encouraged to submit a code 10 prior to the submission of relocation action code 7 or line 12b=Yes).

A new admission (1 or 4) must be in PIC to submit any other transactions (Notice PIH 2012-42).

### **Invalid Tenant ID**

Once a household member's information is in IMS/PIC, then EIV validates data

- Identify Verification Report
- Verifies data matches information in SSA's national database

Household member names must match the SS card exactly—down to spaces and periods.

Birth date errors require correction.

- If the birth certificate shows a different birthday than SSA records, the family needs to contact SSA.

PIC stores the household's records according to the HoH SSN.

- If incorrect HOH data is submitted at admission, void that transaction and submit the corrected Form HUD-50058.
- To change head of household, enter previous HOH's SSN in field 3w of the form HUD-50058.

For portability or new admission certifications with an Invalid Tenant ID (SSN, Names, DOB):

- Void the incorrect action code 1 or 4
- Create a corrected code 1 or 4 and submit to PIC

For other certifications with an invalid tenant ID (other than HoH):

- Submit a corrected form HUD-50058

## OTHER COMMON ERRORS

Any field in the 50058 can cause errors.

Typical PIC errors include:

- Later effective date certifications
- Incorrect anniversary dates
- Invalid name, SSN, DOB
- Blank former HoH SSN field
- EOP reversals
- Port-Ins (RHA)
  - Action code 5 (Port-Out) is effective after action code 4 (Port-In)
    - PHA should verify port-out date before processing port-in
    - If issues, contact IHA to coordinate correct effective dates for action codes 4 and 5
  - PIC rejects RHA's code 4 (port-in) because IHA processed an EOP (code 6)
    - Conduct PIC search for HOH's SSN to determine last action submitted
    - IHA should change the EOP to a Port-Out, then RHA resubmits the Port-In (action code 4)
    - If RHA is unable to contact IHA, RHA may use action code 14 to submit tenant into PIC
  - Program transfer
    - Proper effective date was not used when family transferred from one program to another
  - Mod Rehab/Public Housing to HCV
    - Verify tenant's EOP effective date of the Mod Rehab/Public Housing in PIC
    - HCV staff should coordinate dates with Mod Rehab/PH



- PBV to tenant-based voucher
  - Does not require a code 6 (end of participation)
  - Use code 7 (other change of unit) or conduct an annual or interim and update 58 line 12b (is the family now moving to this unit) to Yes

## **VOIDS**

Voids are processed to cancel action codes 1, 4, 5 and 6, which cannot be corrected.

- Review the last transaction in PIC to identify which transaction will be canceled and to ensure the void is necessary
  - A void will remove the most current transaction
- Transactions not yet submitted to PIC are corrected in PHA's software
  - No record of the transaction exists in PIC

## **THE OVERALL EFFECT OF ERRORS**

If a fatal error causing a transaction to be rejected is not fixed, the record will "halt" and fail to update in PIC.

No subsequent transactions will be accepted in PIC for that family.

## **PIC REPORTS**

Form HUD-50058 reports are a set of detailed, proforma monthly summary reports covering 14 different areas of tenant data.

These reports permit the HA to monitor its own reporting to identify trends:

- Delinquency Report
- Reexam Query
- Key Management Indicators (KMI)
- Family EOP
- Resident Characteristic Report
- SEMAP Report

- FSS Report
- HQS Inspection Report
- Newly Leased Unit Query Report
- Mobility and Portability Report
- Income Report Query
- New Admission Report
- Budget Related Report
- Section 8 Deconcentration

## **PIC AND SEMAP**

The following SEMAP indicators are measured through PIC data:

- Indicator 9: Annual Reexaminations
- Indicator 10: Correct Tenant Rent Calculations
- Indicator 11: Precontract HQS Inspections
- Indicator 12: Continuing HQS Inspections
- Indicator 14: Family Self-Sufficiency Enrollment

There is a SEMAP module under Reports.

## **PIC Ad Hoc Reports**

PHAs can run PIC ad hoc reports from PIC.

- The PIC database contains every field in the 50058 and PHAs can filter by fields to customize reports to analyze data.
- Example: PHAs may conduct a rent burden analysis when determining whether to update payment standards and where to set them.

PHAs can adopt a strategic approach to QC by identifying family characteristics that are more error-prone:

- Large families
- Families with high medical expenses
- Families with substantial assets

PIC ad hoc reports can identify these families.

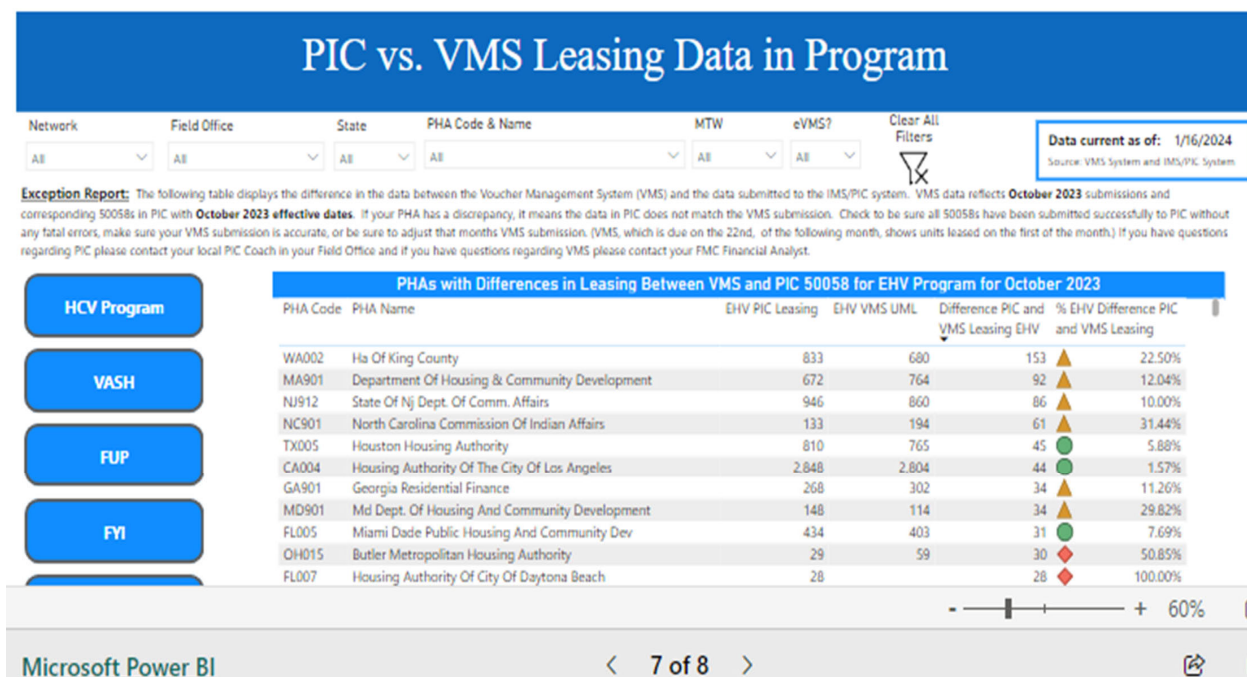
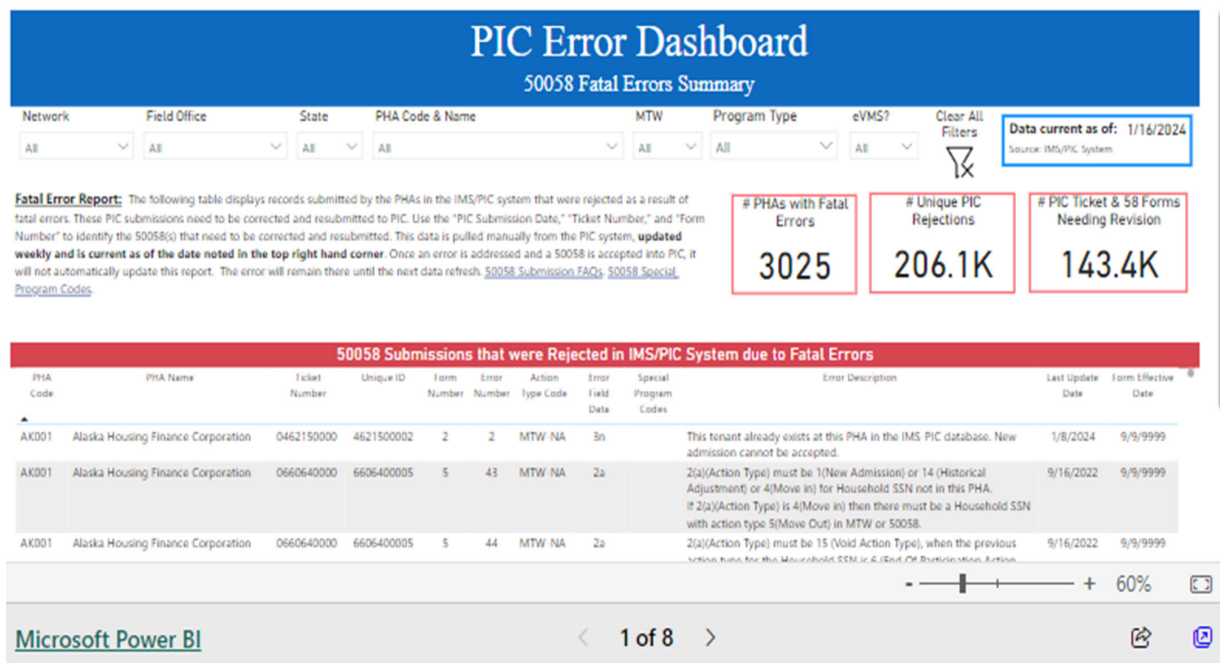
NMA has created a general guide to creating ad hoc reports.

PHAs will find this guide to be a huge help in managing PIC

- Available **PIC ERROR DASHBOARD** on the resource portal

## PIC Error Dashboard

HUD has created a PIC Error Dashboard to assist housing authorities in determining fatal PIC errors and to provide a snapshot of the agency performance. The dashboard updates weekly allowing PHAs to make sure corrections have been processed and accepted.



## Learning Activity 3-1: PIC Cases

### GROUP ACTIVITY

**Directions:** Divide into three groups. Group 1 will take cases 1-3; group 2 will take cases 4-6; and group 3 will take cases 7-9.

Decide what the PHA should do in each case.

If you finish your three assigned cases before the time is up, proceed to the other cases

### EXAMPLE

Verna Van was admitted to the HCV program on 10/31/22. When her Annual Reexamination was transmitted to PIC, the following error message was received: *Verification failed—Surname matched, but date of birth did not match with SSA records 01/09/1958*. Original 50058 that was submitted shows a birth date of 01/09/1955.

What should the PHA do?

### CASE STUDY 1

Sally Smith is a participant in the Housing Choice Voucher program. She ported into the Big City Housing Authority and her Port In (action code 4) was effective 09/04/18. Her 2019 annual reexamination was processed on 07/11/19 and made effective 09/01/19. After it was submitted to PIC, the following error message was received: This is a new tenant in IMS-PIC. No 50058 data for this Head of Household exists. At least one New Admission or Historical Adjustment must be submitted first. What should the PHA do?

---

---

---

---

---

---

---

---

---

---

---

## CASE STUDY 2

Rebecca Davis had her annual reexamination processed on 07/13/17 and it was effective 09/01/17. The owner submitted a rent increase on 05/15/17 requesting an effective date of 08/01/17. The rent increase was not processed timely. The PHA can approve the rent increase based on policy and the gross rent is still below the payment standard. Therefore, the tenant portion will not increase, and the RI can be processed retroactively. It was processed on 08/13/17 and was made effective 08/01/17. The 50058 with the rent increase received the following error message: A record with a later effective date exists in the database. Either remove the later record or change this effective date to a later date. What should the PHA do?

---

---

---

---

---

---

---

## CASE STUDY 3

Maria Garcia was the head of household in the voucher program and lived with her son, Juan Garcia. In March of 2017, she passed away. Juan Garcia wished to fulfill the responsibilities of head of household as a remaining family member. An interim was processed effective 04/01/17 removing Maria and promoting Juan to head of household. Juan attended his annual reexamination interview on 07/15/17; it was processed on 08/11/17 and made effective 10/01/17. When the 10/01/17 annual was submitted to PIC, the following error message was received: This is a new tenant in IMS-PIC. No 50058 data for this Head of Household exists. At least one New Admission or Historical Adjustment must be submitted first. What should the PHA do?

---

---

---

---

---

---

---

#### **CASE STUDY 4**

Theresa McRay has been residing in a Moderate Rehabilitation unit since 2011. Her name was recently selected from the Housing Choice Voucher waiting list. She was determined eligible and leased up 07/15/17. The specialist processed her lease up as an Other Change of Unit (Action Code 7) since she was previously assisted. When the action code 7 was submitted to PIC, the following error was given: Program Type is different than program type in current record. EOP is required to change program type. What should the PHA do?

---

---

---

---

---

#### **CASE STUDY 5**

Anthony Stevens missed his two recertification appointments. Consequently, he was issued an Intent To Terminate (ITT) per the PHA's policy. He failed to request a hearing within the required time frame and End of Participation (action code 6) was processed effective 05/31/17. He later brought in a letter from his doctor stating that he has been in the hospital all this time and therefore was unable to respond. Consequently, he was reinstated to the program and provided all of the documents regarding his annual reexamination. His Annual Reexamination (action code 2) was processed effective 06/01/17. When the 06/01/17 annual reexamination was submitted to PIC, the following error message was received: This is a new tenant in IMS-PIC. No 50058 data for this Head of Household exists. At least one New Admission or Historical Adjustment must be submitted first. What should the PHA do?

---

---

---

---

**CASE STUDY 6**

Patricia Givens participates in the Mid City Housing Authority's (MCHA) Housing Choice Voucher program. On 05/25/17, she submits an interim request to remove her granddaughter, Sammy Givens. It was not logged into the PHA's tracking system properly and therefore it was not processed. On 08/15/17, the Small Town Housing Authority sent a letter to MCHA stating that they wish to lease up Rebecca Givens (mother of Sammy Givens) in their HCV program effective 07/01/17. Rebecca Givens now has custody of Sammy Givens and they need an interim reexamination processed effective 06/01/17 with Sammy removed from Patricia's record to avoid a multiple subsidy. Removing Sammy effective 6/1/17 will raise the tenant's portion retroactively by removing the dependent allowance. Patricia complied with program requirements by reporting that her daughter was being removed. What should the PHA do?

---

---

---

---

**CASE STUDY 7**

Johnny Roberts currently resides in public housing. He was recently selected from the Housing Choice Voucher program's waiting list and has been determined eligible for the program. The public housing department informed that he is in good standing and therefore he is eligible to lease up. He submitted an RTA and a HAP contract was executed effective 07/05/17. He gave notice to public housing that he was vacating on 06/30/17. When attempting to submit his New Admission (action code 1), the PHA received the following error: This SSN is an active record in the MTCS database. The 50058 submission cannot be accepted until there is an EOP. The voucher department communicates with public housing and learns that Johnny did not turn in his keys until 07/07/17. Public housing made their End of Participation (action code 6) effective 07/07/17. This creates a problem because the PHA has an executed contract effective 07/05/17. PIC will not accept a New Admission (action code 1) for the voucher program effective 7/5/17 unless the End of Participation (action code 6) from public housing is 07/04/17 or earlier. What should the PHA do?

---

---

---

---

---

---

---

---

The HCV manager ran the late reexams ad hoc report from PIC on 09/15/17. Kristine Adams appears as overdue. The only transaction in PIC is her new admission effective 11/01/15. The manager looks at the software and discovers that her 11/01/16 annual reexamination was processed on 09/22/17. However, it was not accepted into PIC. After doing research, he discovers that Derick Adams (Kristine's son) is also being claimed by Jenny Adams (Derick's grandmother; Kristine's mother). Jenny has been a Housing Choice Voucher program participant since 2009 and has been claiming Derick as her dependent since 2010. When Kristine's new admission was processed in 2015, Derick's SSN was entered incorrectly on the 50058. When this was corrected in 2016, PIC flagged the case a multiple subsidy and rejected the 11/01/16 annual reexamination. An investigation shows Derick has been living with his mother (Kristine) since November 2015. Since Nov 2015, Derick has been on a total of four 50058s under Jenny's record: Annual Reexamination 5/1/17; Annual Reexamination 5/1/16; Interim 2/1/16; Interim 12/1/15. What should a PHA do?

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.



### **CASE STUDY 9**

The HCV manager ran the late reexams ad hoc report from PIC on 09/15/17. Rebecca Simmons appears as overdue. She has not been scheduled for an interview or assigned to a specialist. A review of the file shows that she was admitted to the program effective 03/01/17 and her projected effective date of her next reexamination (line 2i of HUD 50058) was set to 06/01/17. What does the PHA do?

---

---

---

---

---

---

---

## **MONITORING FOR SUCCESS**

Review files to ensure the correct action codes are used in the proper sequence.

Avoid the most common errors.

Monitor PIC and PHA's error reports and track who is making the errors and what type of errors are being made.

- Train to avoid the errors

## **Section 2        EIV**

### **WHAT SUCCESS LOOKS LIKE**

- The HCV manager and key staff have extensive knowledge on how to use the EIV system.
- The HCV manager's key goal is to prevent and resolve discrepancies.
- Key reports are run on a scheduled basis and appropriate action is taken.

### **KNOWLEDGE FOR SUCCESS**

The HCV manager uses EIV to:


- Confirm limited federal subsidies are available to serve as many families as possible
- Reduce program errors, both fraudulent or otherwise
- Improve accuracy of the Housing Assistance Payments (HAP) and utilization

### **ENTERPRISE INCOME VERIFICATION'S PURPOSE**

The purpose of EIV is to provide a comprehensive online system for the determination and verification of various resident information and income that PHAs use in determining rental subsidy.

## Accessing EIV

The screenshot shows the HUD website's navigation bar with the U.S. Department of Housing and Urban Development logo and links for 'About Us', 'What We Do', and a search bar. Below the navigation bar, the 'PIH Home' link is selected. The main content area is titled 'PIH-REAC ONLINE SYSTEMS' and lists the following systems:

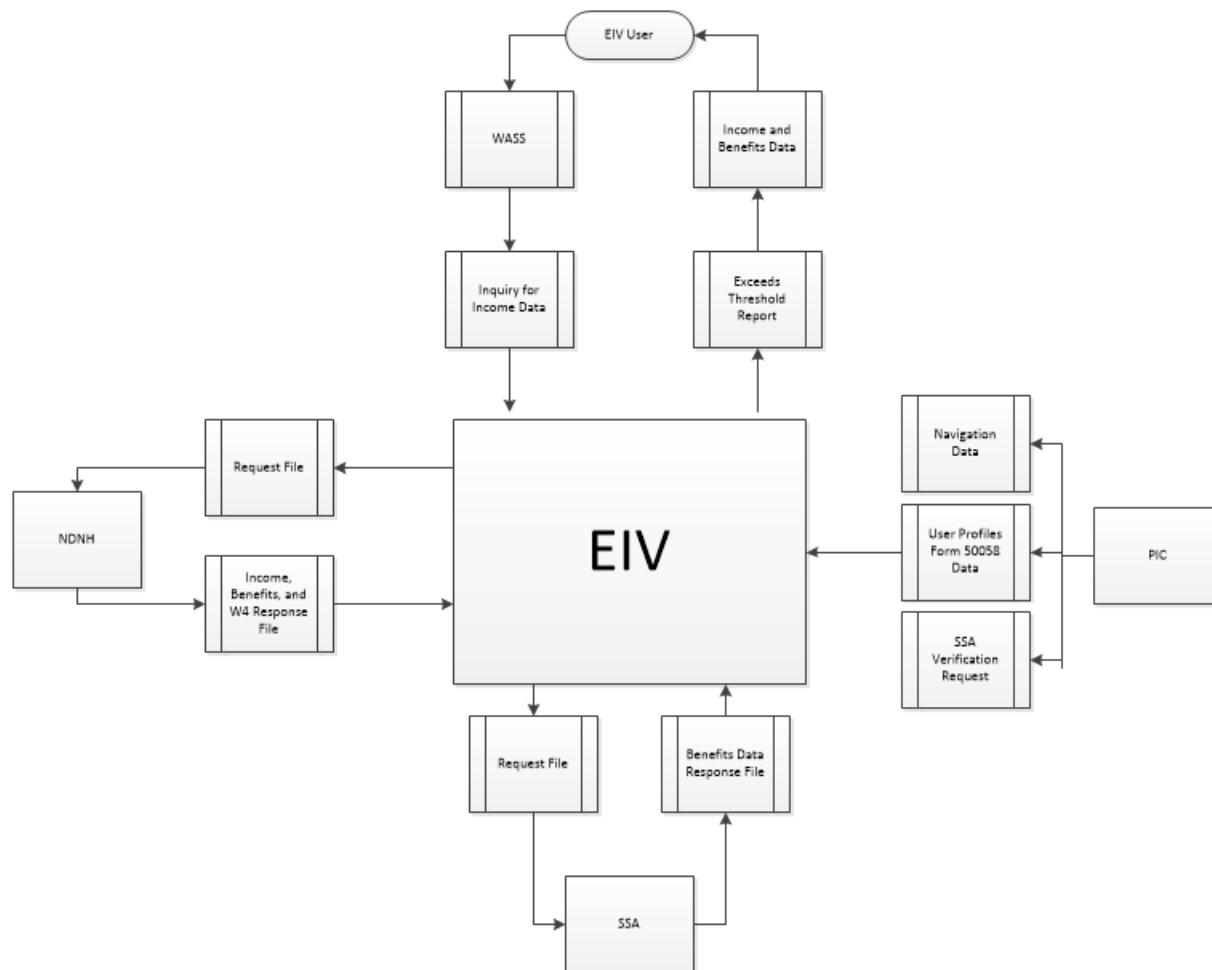
- Enterprise Income Verification System (EIV) 
- Financial Management Assessment System - Federal Housing Agency (FASS-MF)
- Financial Management Assessment System - Public Housing Agency (FASS-PHA)
- Integrated Assessment Subsystem (NASS)
- Inventory Management System (IMS)/PIH Information Center (IMS/PIC)

On the left sidebar, there are links for 'System Login', 'Technical FAQs', 'Password Instructions', and 'PHA System Security Guide'. The 'Password Instructions' section notes that secure system passwords must be reset every 60 days and provides a link for 'More password details'.

EIV User Manual is available on EIV home page.

EIV compares data with:

- Public and Indian Housing (PIH) Information Center (PIC)
- Social Security Administration (SSA)
- Department of Health and Human Services (HHS)
- National Database of New Hires (NDNH)



These agreements, in combination with HUD's PIC system and EIV reports, provide an analysis of income and benefit information that the EIV team monitors to identify and resolve certain regulatory deficiencies and to implement proactive measures to effectively mitigate risk and program waste, fraud and abuse.

## How EIV Is USED

EIV verifies the following:

- Name, date of birth, and SSN for each household member
- Follow up for a deceased member of the household
- Multiple subsidy
- Certain income sources and amounts

## SIGNING UP FOR ACCESS

The access form should be completed upon hire.

- Required training prior to accessing EIV system or reports.

**User Login** [faq](#) | [help](#) | [search](#) | [home](#)

**Secure Systems Single Sign On**

User ID:  ← **WASS ID**

Password:  ← **Password you set when you registered for WASS**

[Forgot your password? Click the link to reset your password and for other useful information.](#)

**ATTENTION:** This computer system, and all the systems associated with this system for User Authorization and Authentication, are protected by a computer security system; unauthorized access to these systems is not permitted; and usage may be monitored.

**NOTE:** There is an inactivity timeout of 30 minutes. Please save your work periodically to avoid being logged out. Please also note that there is a 4 hour session timeout, after which, you will need to re-authenticate. You can then resume where you left off.

Content updated June 15, 2007

U.S. Department of Housing and Urban Development  
431 7th Street S.W., Washington, DC 20410  
Telephone: (202) 708-1112 TTY: (202) 708-1435

## PIC TO EIV

After PIC verifies household information, EIV produces reports based on information from PHAs (debts owed and multiple subsidy), the Social Security Administration (SS/SSI benefits, personal information, deaths), and the National Database of New Hires (wage and employment information).

- Most of these reports update quarterly (February, May, August, November).








**TRACKING**

PHAs are encouraged to monitor EIV to resolve discrepancies between PHA's data and EIV.

SharePoint example in workbook:

- PHA data entry from EIV reports
- Report from data entry screen

NMA portal for Excel tracking—Internal PHA tracking example

<b>EIV Report Type *</b>	<input type="text" value=""/>
<b>Tenant ID</b>	<input type="text" value=""/>
<b>Property Code</b>	<input type="text" value=""/>
<b>Team *</b>	<input type="text" value=""/>
<b>Assigned To</b>	<input type="text" value=""/>
<b>First Name</b>	<input type="text" value=""/>
<b>Last Name</b>	<input type="text" value=""/>
<b>Date of Birth</b>	<input type="text" value=""/> 
<b>Social Security #</b>	<input type="text" value=""/>
<b>Last Certification</b>	<input type="text" value=""/> 
<b>Next Zero Certification</b>	<input type="text" value=""/> 
<b>Discrepancy Found? *</b>	<input type="text" value=""/>
<b>Status</b>	<input type="text" value=""/>
<b>Notes</b>	<div><div></div><div></div></div>
<b>Review Month</b>	<input type="text" value=""/> 
<b>Assigned To:</b>	<input type="text" value=""/>   
<b>Removed from EIV Report *</b>	<input type="radio"/> Yes <input checked="" type="radio"/> No

## **REPORTS AVAILABLE IN EIV**

PHAs are required to monitor the following EIV reports on a monthly basis:

- Deceased Tenants Report
- Identity Verification Report
- Immigration Report
- Income Validation Tool (IVT) Report based on PHA reexamination schedule (will include information from the New Hires Report)
- Multiple subsidy report

The Debts Owed to PHAs and Termination search may be generated at any time.

- Adverse Termination/Outstanding Debt to PHA
  - Allows users to access information concerning former tenant who left owing a debt to a PHA or who had their voucher terminated for a cause.

## **DISCREPANCIES IN EIV**

Typically, staff run EIV Summary report for reexaminations prior to family interview and review it with the family.

EIV report flags discrepancies based on submitted 50058 in PIC:

- Household Composition
- Deceased Tenant
- Multiple Subsidy
- Income Discrepancy



## EIV Summary Report



Welcome BRIANA B CASTILLO

- Back to Secure Systems
- Back to EIV Main Page
- Program Office Selection

**Debts Owed to PHAs & Terminations**

- Former Tenant Search
- Debts Owed to PHAs & Terminations Report

**Income Information**

- By Head of Household
- By Reexamination Month
- New Hires Report

**Verification Reports**

- Existing Tenant Search
- Multiple Subsidy Report
- Identity Verification Report
- Immigration Report
- Deceased Tenants Report
- Income Validation Tool

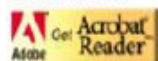
**Security Questionnaire**

- Security Questionnaire Report

**External Links**

- USCIS - SAVE System

User Manual

**Enterprise Income Verification**[HUD Home](#) [PIH Home](#)  
[EIV Home](#) [Search](#)  
[Email](#)[Income Information](#) >> [By Head of Household](#) >> [Search Results](#) >> [Summary Report](#)[Print-All](#)[Summary Report](#) [Certification Page](#) [Income Report](#)**Head of Household Identifiers**

**Name:** CARMEN MIRANDA  
**Social Security Number:** \*\*\*-\*\*-7429  
**Date of Birth (mm/dd/yyyy):** XX/XX/1977  
**Program Type:** Sec.8 Vouchers  
**Project:**  
**Unit Address:** 1234 ANYWHERE COURT APT# 1 ANYTOWN FL 330400000  
**Participant Code:** FL000  
**Annual Reexamination Date:** 09/01/2020  
**Tenant Data from Form 50058 as of:** 10/31/2019  
**Most Recent Type of Action:** 2-Annual Reexamination  
**Effective Date:** 09/01/2019

**Household Members**

Member SSN	Member First Name	Member Last Name	Date of Birth	Age	Relationship	Identity Verification Status
***-**-7429	CARMEN	MIRANDA	XX/XX/1977	43	Head	Verified
***-**-9731	CALVIN	MIRANDA	XX/XX/1997	23	Other Adult	Verified
***-**-2905	DENISE	MIRANDA	XX/XX/1999	21	Other Adult	Verified
***-**-1052	CANDI	MIRANDA	XX/XX/2009	11	Other youth under 18	Verified
***-**-2526	SONIA	MIRANDA	XX/XX/2010	10	Other youth under 18	Verified

The month and day values in the Date of Birth field have been masked for security reasons.

\* This household member may be receiving multiple subsidies. See the Multiple Subsidy Report for details.

[Provide ICN](#)

### **REPORTS AVAILABLE IN EIV**

#### Debts owed to PHAs and Terminations

- Former Tenant Search
- Debts Owed to PHAs and Terminations Report

#### Income Information

- By Head of Household
- By Reexamination Month
- New Hires Report

#### Verification Reports

- Existing Tenant Search
- Multiple Subsidy Report
- Identity Verification Report
- Immigration Report
- Deceased Tenants Report
- IVT Report

#### Security Questionnaire

- Security Questionnaire Report

#### External Links

- USCIS - SAVE System

Managers typically pull EIV Verification Reports.

Staff typically pull EIV reports on individual families.

## MULTIPLE SUBSIDY

Purpose: to ensure participants and applicants are not receiving more than one HUD subsidy. This includes two types of reports:

- Existing Tenant Search: Prior to initial lease up, or addition of a new family member, search by SSN to see if all household members are currently assisted
- Multiple Subsidy Report: For ongoing monitoring of active 50058s pulled from database of PHAs.

### EXISTING TENANT SEARCH

Run Existing Tenant Search for each family member, regardless of age.

Follow-up may be needed.

**Enterprise Income Verification**

[HUD Home](#) [PIH Home](#)  
[EIV Home](#) [Search](#)  
[Email](#)

**Verification Reports >> Existing Tenant Search**

Existing Tenant Search - Enter the tenant SSN and click on Get Information

Enter Social Security Number:  -  -

## MULTIPLE SUBSIDY REPORT

Multiple Subsidy compares list of household members at your PHA across other HUD programs

# Enterprise Income Verification

[HUD Home](#) [PIH Home](#)  
[EIV Home](#) [Search](#)  
[Email](#)

Verification Reports >> Multiple Subsidy Report >> Report Selection

### Multiple Subsidy Report

☒ By  
Participant  
Code :

Select a Participant Code



- ☒ All household members
- ☐ Only adult household members
- ☐ Only household members under the age of 18

[Get Report](#)

**EIV will search within and across both the PIH and MFH programs**

PIH: Public and Indian Housing  
MFH: Multifamily Housing

**MULTIPLE SUBSIDY REPORTING AND ANALYSIS**

Multiple Subsidy Report as of 12/1/2017

Participant Code - NY007

Members Receiving Multiple Subsidies - 22

Program Selection Search Criteria - Within PIH and MF Programs

Member Selection Search Criteria - All household members

**Member Information**

Member SSN	Member Name	Member DOB	Count of subsidies for the member
***-**-8**8	DENZEL KARDASHIAN	10/12/2007	2
***-**-8**8	CHARLIE BRADLEY	11/28/1976	2
***-**-8**8	BARRY MANILOW	11/19/1997	2
***-**-8**8	RACHEL GREEN	10/21/1999	2
***-**-8**8	SAMANTHA BEAL	01/25/2013	2
***-**-8**8	RENS ZEMP	11/12/1995	2
***-**-8**8	PATTY MAYON	08/20/1958	2
***-**-8**8	TY BURRELL	01/15/2010	2
***-**-8**8	ELEANOR RIGBY	04/19/1958	2
***-**-8**8	PATRICK STAR	04/05/2001	2

If there is a Multiple Subsidy case, follow-up is needed with the agency and family.

## **Learning Activity 3-2: Multiple Subsidy Case Study**

### **CASE STUDY**

Based on the report on the previous page:

- If you ran a multiple subsidy report and identified Samantha Beal as a resident listed in another tenant-based assistance program, what steps would you take?

---

---

---

---

---

## **HOUSEHOLD COMPOSITION VERIFICATION**

Follow PHA policy for amending family member names, birthdates, and Social Security numbers.

- Verified: Tenant SSN, last name, and date of birth combination has been verified by SSA
- Failed: Tenant SSN, last name, and date of birth combination verification not found
  - Ensure families are properly reported in PIC.
- Deceased: According to SSA records, the tenant with SSN, last name, and date of birth combination is deceased
- Pending: Tenant record has not been sent to SSA for verification yet

## **IMMIGRATION REPORT**

Follow-up with families who need to disclose a SSN

- Report shows the number and percentage of households in which at least one member has:
  - IMS/PIC assigned Alt ID
  - Citizenship code of Ineligible Non-Citizen
  - Citizenship code of Pending Verification

## DECEASED TENANTS

The Deceased Tenant Report matches family members with an active 50058 to the Social Security Administration (SSA) database of deceased citizens.

Run the report on a monthly basis.

- Enter results into the PHA tracking system.

Contact the remaining family members or emergency contact to verify prior to taking any action in PHA system of record.

- Follow PHA policy for the effective date of action.

If single member household, **or** live-in aide (LIA) is only remaining household member:

- Process end of participation (EOP) effective with PHA policy
- Change status in system of record
- Send termination to tenant and landlord
- Send overpayment letter to landlord if funds are being recouped
- Update PHA tracking system

If head of household (HoH) is deceased, with another adult family member on the voucher:

- Ask family who will serve as the new HoH
- Follow PHA policy when processing interim for change of household composition
- Ensure that line 3W on the 50058 contains former head of household
- Update PHA tracking system

If the only remaining household members are minors:

- Ask emergency contact who is the guardian of the minor children and if they wish to assume the voucher
- If no, follow PHA policy for termination
- If yes, follow PHA policy to report new head of household's SSN



## Learning Activity 3-3: Deceased Tenants Case Study

### CASE STUDY

The head of household is listed on the deceased tenants report. You attempted calling the emergency contact, but there was no answer. There are no additional household members in the family. What are your next steps?

---

---

---

---

---

---

---

---

---

---

---

## INCOME DISCREPANCY

Information on income discrepancy is available on the EIV Summary report and the EIV Income Validation Tool (IVT).

As part of the family interview, staff should print out the EIV Summary report which includes the certification page, income report, and IVT.

### EIV Wage Income

Wages				
Pay Period	Amount	FEIN	Employer Name and Address	Date Received by EIV
Q4 of 2021	\$1,439.00	[REDACTED]	UNITED PARCEL SERVICE INC 2055 W ARMY TRAIL RD STE 128, ADDISON IL 60101-1478	05/24/2022
Q1 of 2021	\$9.00	[REDACTED]	CONDUENT COMMERCIAL SOLUTIONS, LLC 2900 S DIABLO WAY STE 161, TEMPE AZ 85282-3208	11/09/2021
Q3 of 2020	\$2,819.00	[REDACTED]	HR SUPPORT 18261 MADISON AVE, CASTRO VALLEY CA 94546-1633	05/13/2021
Q3 of 2020	\$1,333.00	[REDACTED]	RAINFOREST DELIVERY SERV 1317 LOCUST CT, GRAYSLAKE IL 60030-3724	05/13/2021
Q2 of 2020	\$2,083.00	[REDACTED]	RAINFOREST DELIVERY SERV 1317 LOCUST CT, GRAYSLAKE IL 60030-3724	11/19/2020
Q2 of 2020	\$1,711.00	[REDACTED]	CONDUENT COMMERCIAL SOLUTIONS, LLC 2828 N HASKELL AVE FL 2, DALLAS TX 75204-2931	11/19/2020
Q1 of 2020	\$7,314.00	[REDACTED]	CONDUENT COMMERCIAL SOLUTIONS, LLC 2828 N HASKELL AVE FL 2, DALLAS TX 75204-2931	11/19/2020
Q4 of 2019	\$5,637.00	[REDACTED]	CONDUENT COMMERCIAL SOLUTIONS, LLC 2828 N HASKELL AVE FL 2, DALLAS TX 75204-2931	05/14/2020
Q3 of 2019	\$435.00	[REDACTED]	EMPIRE CASTING LLC 15910 VENTURA BLVD STE 720, ENCINO CA 91436-2852	02/17/2020
Q3 of 2019	\$1,929.00	[REDACTED]	WAUKEGAN C. U. SCHOOL DIST. #60 1201 N SHERIDAN RD, WAUKEGAN IL 60085-2081	02/17/2020
Q2 of 2019	\$1,731.00	[REDACTED]	ELEVATE CARE WAUKEGAN LLC 2222 14TH ST, WAUKEGAN IL 60085-7708	11/15/2019

## INCOME VALIDATION TOOL

What is it?

- Replaces the Income Discrepancy Report
- Updated monthly
- Provides a comparison between tenant-reported income and previously reported income on the 50058
- Includes any discrepant income information from data sharing with HUD partners

## EIV AND IVT

The EIV income report and Income Validation Tool are mandatory for annual and interim reexaminations.

They are not available for applicant families or new members added to currently assisted households.

**INCOME DISCREPANCY**

Resolving income discrepancies:

- If new hire date or quarterly wages are listed on EIV, HUD and PHA verification hierarchy must be followed.
- EIV lists sources of income HUD has on record for family members.
  - However, not all income may be listed on EIV, such as new employment income or positions paid in cash.

Zero income reviews:

- Depending on PHA's policy, Zero Income Report from PHA's software is compared to the EIV New Hires Report which displays new employment sources for the previous six months.
- Enforce family obligations if they do not report their income per PHA policy.

New admissions:

- HUD requires an EIV Summary Report for each family 120 days within PIC submission of new admission.
  - Determine if there are discrepancies in income.
  - Enforce family obligations for families that failed to report income.

Income example

- Interview took place 4/15/2022. Family did not report Manpower US, Inc on the application.

Employment Information			
Hire Date	Hire State	FEIN	Employer Name and Address
04/10/2022	IL	[REDACTED]	MANPOWER US, INC. 100 W MANPOWER PL, MILWAUKEE WI 53212-4030
11/15/2021	IL	[REDACTED]	UNITED PARCEL SERVICE INC 55 GLENLAKE PKWY, ATLANTA GA 30328-3474
07/16/2020		[REDACTED]	HR SUPPORT 6143 MOUNT DIABLO CT, CASTRO VALLEY CA 94552-1948
05/29/2020		[REDACTED]	RAINFOREST DELIVERY SERV 1317 LOCUST CT, GRAYSLAKE IL 60030-3724

- Hire date shown on the EIV report shows 4/10/2022 should have been reported.
- Manpower US verifies that their employment commenced on 4/10/2022 in writing.
- PHA should enforce family obligations for failing to report income.

## SOCIAL SECURITY INCOME

Current benefit amount listed on EIV must be confirmed accurate.

- If the tenant agrees with EIV amount, the gross benefit should be used to calculate income unless there is an overpayment.

### Payment History of Net Benefits Paid

Date	Federal Amount	State Amount	Type of Payment
09/01/2012	\$628.00	\$0.00	Recurring Payment
09/01/2012	\$69.00	\$0.00	Overpayment
05/01/2012	\$628.00	\$0.00	Recurring Payment
05/01/2012	\$69.00	\$0.00	Overpayment
01/01/2012	\$698.00	\$0.00	Recurring Payment
07/01/2011	\$674.00	\$0.00	Recurring Payment
05/01/2011	\$674.00	\$0.00	Recurring Payment
04/14/2011	\$291.00	\$0.00	Underpayment

- If the family reports receiving different SS income than EIV, a SSA letter may be needed.
- Applicable if gross and net amounts do not match.
- HUD mandates that everything on EIV is reconciled.

## UNEMPLOYMENT INCOME

Quarterly amounts received from unemployment.

Determine income properly reported unemployment benefits by comparing application and pay period.

Unemployment Benefits		
Pay Period	Amount	Date Received by EIV
Q4 of 2021	\$4,004.00	02/10/2022
Q3 of 2021	\$8,480.00	11/09/2021
Q2 of 2021	\$0.00	08/11/2021
Q3 of 2020	\$0.00	11/19/2020
Q2 of 2020	\$0.00	11/19/2020
Q1 of 2018	\$0.00	08/23/2018

EIV is the highest level of verification, but it is difficult to project income based on the disparity of amounts received in the past.

If EIV shows unemployment from the past, staff should ask the family if they still receive these benefits.

## MONITORING FOR SUCCESS

Monitoring and preventing errors:

- Your ultimate goal: Prevent and remove report discrepancies.
- Determine the appropriate reports were run on a monthly and quarterly basis.
- Send verification reports to front-line staff as appropriate.
- Monitor PHA tracking system weekly to ensure resolution of discrepancies are addressed in a timely manner.
- Implement in recertification process that the family acknowledge EIV information is correct via certification page.
- Train staff on how to accurately identify and apply Cost of Living Adjustment (COLA).
  - SS benefits from December 2019 will have the 2018 COLA already applied.

Security protocols:

- Terminate staff EIV access immediately upon release of employment.
- Ensure staff members satisfy the annual EIV security awareness responsibility.

Run EIV at every:

- Annual recertification
- Interim recertification
- 120 days within PIC submission date of a new admission

## **CHAPTER 4      Your Money at Work**

---

### **Section 1      The Basics of Funding**

#### **WHAT SUCCESS LOOKS LIKE**

The PHA maximizes dollars and assists as many families as possible.

The HCV program is run effectively and cost-efficiently.

The PHA achieves and maintains full points on SEMAP Indicator 13.

#### **KNOWLEDGE FOR SUCCESS**

The HCV manager is competently able to:

- Understand the ACC and Funding Exhibit
- Communicate with finance/fee accountant about the financial status of your program
- Institute tracking systems

#### **ANNUAL CONTRIBUTIONS CONTRACT**

The ACC or CACC is the primary contract between PHA and HUD.

Under the ACC:

- PHAs agree to follow HUD requirements
- PHAs receive disbursements by HUD of housing assistance payment (HAP) funds
  - HAP to owner, utility reimbursement, FSS escrow deposits
- PHAs receive HCV program administrative fees
  - Covers costs of running the program

## UNDERSTANDING HUD FUNDING

Congress appropriates funding.

HUD determines the amount of funding for the calendar year for each PHA from the amount appropriated.

Maximizing the use of funding directly impacts the following calendar year's budget authority.

HUD determines funding levels by:

- Collecting actual CY HAP used for each PHA
  - VMS
- Totaling to determine total industry needs
- Comparing to appropriations and determining what percent of needs is available
- Applying the percent to each PHA's needs
- Applying regional COLAs

Administrative fees are earned based on the number of units leased on the first day of each month.

Maximizing leasing will maximize the amount of administrative fees that will be received, directly impacting the PHA's financial viability.

To assist as many families as possible, the PHA must determine the HUD-funded per-unit cost (PUC):

- Divide the ABA by the total number of allocated unit months.

Example:

- PHA allocated 400 units – how many UMA's?
  - $400 \times 12 = 4,800$  UMA's
- PHA's ABA is \$2,760,000 – what is the HUD-funded PUC?
- HUD-funded PUC = \$575
  - $\$2,760,000 / 4800 = \$575$

PHAs can over-lease in one month, but their total unit months leased (UML) in a year cannot exceed 12 times their ACC-authorized (baseline) units.

- Not even if there is ABA available



Section 1: The Basics of Funding

The PHA must also be monitoring leasing and HAP expenditures to ensure the PHA scores its points under SEMAP: Lease-up

- To achieve maximum points under this indicator, the PHA must either spend at least 98 percent of its ABA, or contract for at least 98 percent of allocated unit months leased
- During the calendar year (not fiscal year)

## MAINTAINING FINANCIAL STABILITY

PHAs must proactively manage funding.

As annual budget authority (ABA) is based on actual expenditures as reported in VMS for the prior calendar year, unused HAP will negatively affect future funding.

- “Use it or lose it.”

PHAs must also maximize leasing (units) to the greatest extent possible to earn administrative fees.

Maintaining low PUC results in assisting more families.

- Assisted families will pay more towards rent and utilities.
- PHA assists more families in the community while earning more in administrative fees.

Most common actions to control costs include:

- Stricter subsidy standards
  - “Two heartbeats per bedroom” is very common in today’s environment.
- Lowering payment standards
  - May result in families experiencing difficulty in leasing
- Taking a closer look at interim policies

Success requires that the PHA review its current leasing status (HAP and units) and its projected CY leasing status at least monthly.

- Build waiting list selection and voucher issuance plans
- Tweak and revise monthly, as updated figures indicate

Section 1: The Basics of Funding

### Learning Activity 4-1: PHA A: Baseline Units

PHA A is allocated 200 vouchers.

1. How many UMAs is PHA A allocated for the calendar year?

---

2. Below is PHA A's leasing history through June. How many UMLs has PHA A leased through June?

Month	Jan	Feb	Mar	Apr	May	Jun
UMLs	176	174	174	175	176	175

---

3. At this rate of leasing, what would be PHA A's SEMAP score?

4. How many additional UMLs does PHA A need to reach full lease-up through December?

---

5. On average, how many families does PHA A need under lease per month, July through December?

---

Section 1: The Basics of Funding

## HUD-FUNDED PUC vs. ACTUAL PUC

The PHA will compare the actual PUC to the HUD-Funded PUC to compare what the PHA is really spending, per unit, to what they were funded.

To obtain the HUD-funded PUC, divide the annual budget authority (ABA) by the annual unit months available.

To obtain actual PUC, divide the actual HAP by unit months leased for same period.

Most PHAs do not have sufficient budget authority to fully utilize baseline units.

- If actual PUC exceeds funded PUC, the PHA cannot fully lease up.

The PHA must track expenses and PUC each month.

Actual PUC changes each month.

- Families enter and leave the program
- Annual/interim reexams change HAP
- Rent increases
- Number of units under lease changes

The number of units your actual costs will support changes from month to month.

Analyze funding every month and determine where you are year-to-date and where you are projected to be at the calendar year end.

## Section 1: The Basics of Funding

**Learning Activity 4-2: PHA B: HUD Costs vs. Actual Costs**

Annual budget authority	\$12,000,000
-------------------------	--------------

Baseline units	2,000
----------------	-------

What are the unit months available for the year?

What is the HUD-funded PUC?

The PHA must track the actual costs to the funded costs on a monthly basis.

HUD ABA	\$12,000,000
---------	--------------

HUD monthly ABA	
-----------------	--

For January, the PHA's actual costs were:

PHA's HAP	\$1,050,000
-----------	-------------

PHA's actual units leased	1,980
---------------------------	-------

What is the PHA's actual PUC for January?

What is happening with this PHA?

Are they over or under-spending?

By how much?

Are they over or under-leasing?

By how much?

Are they over or under on their PUC?

By how much?

With the actual PUC, how many units can they support?

Section 1: The Basics of Funding

Why can the PHA only lease 1885 units each month?

---

What actions will the PHA have to take?

---

---

## ADDITIONAL FUNDING FACTORS

Unused budget authority becomes ACC reserves

- Now called the restricted net position (NRP)

Unused administrative fees becomes administrative fee reserves

- Now called unrestricted net position (UNP)

PHAs are prohibited from over-leasing in a CY, even if they have the ABA or NRP to do so.

- Must identify other resources to pay for over-leasing

Over-leased units and zero HAP units must be reported in VMS.

Renewal funding will not include funding for over-leased units.

Per Notice PIH 2013-28, acceptable sources to cover eligible HAP expenses include:

- HCV ABA
- HUD-held/PHA-held reserves
- Funds from set-aside, if approved by HUD
- Unrestricted net assets (UNA)
  - Admin fees are **not** UNP until the next CY

To access program reserves, contact your financial analyst at the Financial Management Center (FMC).

Special purpose vouchers must be reissued to the same targeted population.

- Veterans Affairs Supportive Housing (VASH)
- Family Unification Program (FUP)
- Non-Elderly Disabled vouchers (NED)

## ADMINISTRATIVE FEES

As units under lease change, admin fee earnings will change.

Compare projected earnings (admin fees) to projected expenditures.

HUD publishes two administrative fee rates:

- Column A rate – first 600 units
- Column B rate – all units over 600
- Published fee funding may be prorated

Section 1: The Basics of Funding

The administrative fee is earned for every unit under contract on the first day of the month.

Monitor administrative fee position (unrestricted net assets, or UNP).

- Should be used for one-time or periodic events
- Should not be used for long-term expenses

As specified in Notice PIH 2022-18, published on June 13, 2022, PHAs are also permitted to use UNP for “other expenses” needed to employ strategies and undertake activities beyond regular administrative responsibilities to facilitate the successful leasing and use of housing choice vouchers by families, such as through the use of security deposit assistance and landlord recruitment and incentive payments, among other allowable expenses specified in the notice.

Optional policy that PHA’s may adopt and outline in the administrative plan is to use administrative fees for other expenses. These policies must be non-discriminatory and applied fairly and consistently. PHA’s must determine that the use of these funds is necessary and reasonable. The other expenses outlined in PIH notice 2022-18 include:

- Security and Utility deposits
- Landlord outreach and incentives
- Application fees
- Renters insurance (if required in by the lease)

If the PHA is using Administrative fees for a security and/or utility deposit, the PHA must establish an agreement with the tenant to ensure that any assistance not used for a deposit will be returned promptly to the PHA.

Section 1: The Basics of Funding

**Learning Activity 4-3: PHA B: Administrative Fees**

PHA B was allocated 2,000 units and leased 1,980 units in January.

- Column A Admin Fee: \$75
- Column B Admin Fee: \$70

Calculate the January admin fees.

1. What were the total earned fees for January?

---

2. What were the potential admin fees if all units were leased? Total potential =

---

3. What is the monthly amount lost?

---

4. What is the amount lost should the PHA continue to lose the same amount for the balance of the year?

---

---



Section 1: The Basics of Funding

## **MONITORING FOR SUCCESS**

The PHA must track ongoing:

- Voucher utilization
- HAP costs
- Program administration costs

The PHA must project:

- Anticipated voucher utilization
- HAP costs
- Program costs

The PHA should monitor:

- SEMAP Lease-Up indicator score throughout the calendar year
- Earned/paid administrative fees
- Lost administrative fees (due to low leasing) and impact on the budget

## Section 2 Voucher Management System

### WHAT SUCCESS LOOKS LIKE

The VMS report is reviewed in advance of submission by the HCV manager.

The VMS report from the PHA software matches your VMS submissions.

VMS is submitted monthly by the HUD deadline.

Corrections are made timely and accurately in conjunction with finance.

### KNOWLEDGE FOR SUCCESS

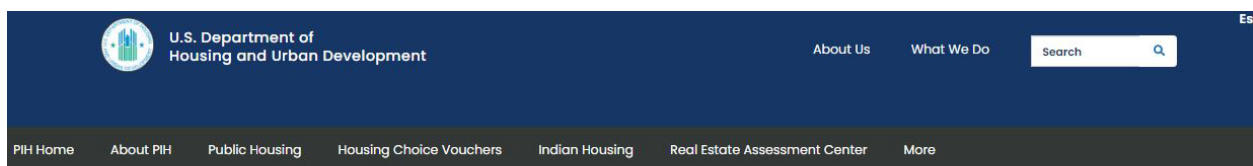
VMS stands for Voucher Management System.

- It is how you report your voucher utilization and spending each month.

As ABA for one year is based on previous year's spending, VMS must be accurate.

HUD's Financial Management Center (FMC) monitors the financial health of the agency's HCV program using VMS and decides how much to send you when disbursing funding

### VMS ACCESS




[Home](#) / [Program Offices](#) / [Public and Indian Housing](#) / [Centers](#) / [Financial Management Center](#) / [FMC - Voucher Management System\(VMS\)](#)

### VOUCHER MANAGEMENT SYSTEM

#### System Overview and Users Manual

The Voucher Management System (VMS) supports the information management needs of the Housing Choice Voucher (HCV) management functions performed by the Financial Management Center (FMC) and the Financial Management Division (FMD) of the Office of Public and Indian Housing and the Real Estate Management Center (PIH-REAC).

This system's primary purpose is to provide a central system to monitor and manage the Public Housing Agency (PHAs) use of vouchers. The VMS collects PHA data that enables HUD to fund, obligate, and disburse funding in a timely manner, based on actual PHA use.

[VMS Users Manual](#) 

## VMS USERS MANUAL



Home / Program Offices / Public and Indian Housing / PIH / Financial Management Center

### Financial Management Center (FMC)

#### Mission Statement

To deliver high quality financial management services to external and internal customers, to provide exceptional accountability for program funds, to resolve material weaknesses in the financial administration of the Section 8 housing assistance programs, and to facilitate the successful provision of decent, safe and sanitary housing to eligible program recipients through prudent and timely administration of funds.

#### Voucher Management System

- ▶ System Overview
- ▶ Users Manual
- ▶ Notice PIH 2010-16 adds 4 new VMS Data Reporting Fields
- ▶ VMS Archive

### VMS BASICS

Your software program will have a VMS module that prepares your submission into HUD's system.

You will need a WASS ID to submit to VMS.

Consider who will submit; is it you as a manager or is it your finance department?

Either way, the HCV manager plays a role in ensuring that information in your software and system of record is updated accurately and timely every month.

The most important aspect of VMS is data integrity; this should include monthly reconciliation between what is in your software and what you are reporting to VMS.

What you spend each month will be used by HUD's Two-Year Tool to forecast future spending.

Section 2: Voucher Management System

PHAs are required to comply with reporting requirements and time lines for reporting monthly through the VMS.

- Data is due in VMS by 22nd of the subsequent month
- Expenses in VMS are reported on an accrual basis in the month

Six main data entry screens in VMS:

- Voucher UML and HAP
- Other Income and Expense
- Additional Expense/Comments
- Disaster UML and HAP
- EHVP UML and HAP
- PHA Contact Information

Voucher UML/HAP tab is a critical component of VMS submission.

- Review with HCV management team prior to submission to HUD
- Used for leasing projections and trend analysis

VMS/UML/HAP Headings:

- UML
- UML Last Month
- Avg UML Last 12 Months
- Avg UML Year to Date
- HAP
- HAP Last Month
- Avg HAP Last 12 Months
- Avg HAP Year to Date

HUD has added a tab for Emergency Housing Vouchers, so PHA's can track this funding.

Monthly Voucher Data Validation and Save Page

1L056

Voucher UML/HAP

Income/Expenses

Expense/Comments

Disaster UML/HAP

EHVP UML/HAP

PHA Info

Submission

ExecutiveSummary

Housing Authority of the County of Lake, IL

MONTH: May

YEAR: 2022

VERSION: 18

Emergency UML HAP

Emergency Housing Voucher UML and HAP

UML

HAP

Emergency Housing Vouchers 1	<input type="text" value="24"/>	<input type="text" value="21,602"/>
Emergency Housing Vouchers 1 - Number of New Vouchers Issued but not Under HAP Contract as of the last day of the month	<input type="text" value="25"/>	
Emergency Housing Vouchers 1 - HAP Expenses After the First of the Month		<input type="text" value="1,207"/>
Emergency Housing Vouchers 1 - Admin Fees - Preliminary Fee Expenses		<input type="text"/>
Emergency Housing Vouchers 1 - Admin Fees - Placement/Issuance Fee Expenses		<input type="text"/>

## Voucher Management System

### Manage PHA Data

#### Monthly Voucher Data Validation and Save Page

Please enter data for the following month. Voucher Expense Data is validated when it is saved to the database.

Voucher UML/HAP: 
 Income/Expenses: 
 Expense/Comments: 
 Disaster UML/HAP: 
 PHA Info: 
 Submission: 
 MONTH: August
 
 YEAR: 2010

Vouchers under lease on the First Day of the Month		UML		UML Last Month		Avg UML Last 12 Month		Voucher UML and HAP		Avg UML Year to Date		HAP		Avg HAP Last 12 Month		Avg HAP Year to Date	
Litigation																	
1 Year Mainstream																	
Homeownership																	
New This Month																	
Moving To Work																	
Family Unification																	
2008 and 2009 Family Unification																	
2008 and 2009 Non-Elderly Disabled																	
Portable Vouchers Paid		20		20		14		15		16,734				15,796		11,480	13,028
HOPE VI																	
Tenant Protection		8		8		9		9		2,997				2,997		3,370	3,254
Enhanced Vouchers				8		9		9									
Veteran's Affairs Supported Housing (VASH) Voucher																	
DHAP to HCV Vouchers Leased																	
All Other Vouchers		1,153		1,174		1,114		1,125		684,036				693,414		644,827	652,993
FSS Escrow Deposits										1,405				1,405		1,153	1,279
All Voucher HAP Expenses After the First of Month										8,555				2,997		2,998	4,261
Total Vouchers		1,181		1,202		1,137		1,150		713,727				716,609		663,781	674,817

#### Other Voucher Reporting Requirements

Number of Vouchers Under Lease (HAP Contract) on the last day of the month

Temporary Housing Units to HCV Conversion - Leasing		1,189		1,209		1,142		1,157									
HA Owned Units Leased - Included in the units leased above																	
New vouchers issued but not under HAP contracts as of the last day of the month		51		40		47		47									
Portable Vouchers Administered (Port In)		73		76		81		79		49,326				51,248		55,024	52,961
Number of Vouchers Covered by Project-Based AHAPs and HAPs																	
5 Year Mainstream																	

Section 2: Voucher Management System

**VMS SPECIAL PROGRAM BREAKOUT**

RAD

Litigation

Homeownership

MTW

- 1 Year Mainstream
- Family Unification
- Non-Elderly Disabled
- VASH

Family Unification

Non-Elderly Disabled

Hope VI

Tenant Protection

Enhanced Vouchers

VASH

DHAP to HCV

PBV





\_\_\_\_\_ Voucher UML and HAP \_\_\_\_\_

Vouchers issued on the First Day of the Month	UML	UML Last Month	Avg UML Last 12 Month	Avg UML Year to Date	HAP	HAP Last Month	Avg HAP Last 12 Month	Avg HAP Year to Date
None Rental Assistance Component 1 (RAD1)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
None Rental Assistance Component 2 (RAD2)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Litigation	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Homeownership	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
New This Month	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Moving To Work	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
None One Year Mainstream - MTW	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
None Family Unification - Non MTW	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
None Family Unification Pre2008 - MTW	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
None Family Unification 2008/Forward - MTW	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
None Non Elderly Disabled - Non-MTW	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
None Non Elderly Disabled 2008 Forward - MTW	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Portable Vouchers Paid	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
HOPE VI	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Tenure Protection	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

## Section 2: Voucher Management System

To see if your corrections have been applied, you can look at the list of submissions.

The status you want to see is “PMC Approved.”

## Voucher Management System

### Prior Month Correction (PMC)

CA008 Housing Authority of the County of Kern

Rec #	Record Id	Tab Selection	Field Selection	Current Content	Status
1	<a href="#">CA008:201211:05/14/2013 10:14:31</a>	Voucher UML and HAP	Moving To Work	10	PMC-Approved
2	<a href="#">CA008:201211:05/14/2013 10:14:31</a>	Voucher UML and HAP	Moving To Work HAP	10	PMC-Approved
3	<a href="#">CA008:201211:05/14/2013 09:46:56</a>	Additional Expense/Comments	Comments	See detail	PMC-Submitted

Why would the data in VMS have to be retroactively corrected?

HUD will impose a 10 percent penalty against a PHA’s monthly administrative fees for failure to comply with VMS reporting requirements.

### ENTERPRISE VOUCHER MANAGEMENT SYSTEM

HUD is in the process of rolling out the eVMS system, which is designed to improve the workflow of PHAs. It will provide a single centralized data source for housing authorities to see daily what their HAP (and administrative fees in the future) balances are, assisting with cash management. eVMS will also allow for more timely and accurate housing assistance payments, calculated monthly based off current or “real time” information being reported by the submission of 50058’s to PIC and/or HIP. PHAs will need to submit 50058’s accurately and timely.

## Section 2: Voucher Management System

As PHAs prepare for transition to eVMS, there are some tasks that must be completed. First task is to clean up all current PIC errors and make sure that fatal errors are corrected timely going forward. The PIC Error Dashboard is a tool HUD created for PHAs to use, and this will assist in the completion of this task. The second task is to ensure the timely submission of 50058 data to PIC and/or HIP. A best practice suggested from HUD is to submit 50058's the 1st through 19th of each month. Around the 18th of each month, do a final check to make sure all corrections have been processed and accepted. On the 19th of each month, the PHA is to submit all 50058 data to PIC and/or HIP. The 21st of each month eVMS will lock at 12 a.m. EST and process the calculations of HAP (and administrative fees in the future).


The Payment Analysis Report (PAR) summary is the landing page the PHA will see when first logging into eVMS. The information viewed in the Payment Analysis Report is updated on a two-business day cycle. The PAR is the meat of eVMS and displays the following calculation information:

HAP Eligibility	Available Budget Authority
50058 Calculation	HAP Amount
VMS Adjustments	PHA Available Funds and Activity
Financial Adjustments	Administrative Fees
















## Section 2: Voucher Management System

The main screen provides information on payments calculated as of the previous day, calculated payments as of the previous month, the difference between the current month and the last month, and the actual payment for the previous month.

## PAYMENT ANALYSIS REPORT (PAR)

PHA ID:   Housing Authority 

## ▼ PAR Summary











Flags	Summary	PAR Today 	Last Month Calculated	Difference	Last Month Paid
	HAP Eligibility	\$1,005,953	\$997,051	\$8,902	
	58 Calculation <i>Data as of Nov 6, 2023</i> 	<u>\$986,374</u>	<u>\$978,287</u>	<u>\$8,087</u>	
	VMS Adjustments <i>Data as of Oct 26, 2023</i> 	<u>\$148</u>	<u>\$802</u>	<u>(\$654)</u>	
	2% Margin	<u>\$19,727</u>	<u>\$19,566</u>	<u>\$161</u>	
	VMS 				
	Financial Adjustment 				
	Available Budget Authority	\$1,200,884	\$1,344,440	(\$143,556)	\$ -
	HAP Payment Amount	(\$1,005,953)	(\$997,051)	(\$8,902)	\$ -
	Estimated Balance 	\$232,544	\$1,238,497	(\$1,005,953)	\$ -

## Section 2: Voucher Management System

The 58 Calculation screen has columns that show the values for the day, the previous month, and the difference from the previous month. There are also fields that track the port-in vouchers.

## 58 Calculation

Print   
PHA ID:   Housing Authority 

Flags	Summary	PAR Today	Last Month Calculated	Difference
	Total 58 HAP Eligibility Calc. Amt.	\$986,374	\$978,287	\$8,087
	Section 11 - Project Based Voucher HAP	\$ -	\$ -	\$ -
	Section 12 - Tenant Based Voucher HAP	\$986,374	\$978,287	\$8,087
	Section 15 - Homeownership HAP	\$ -	\$ -	\$ -
	58 Updates			
	Past month owed to PHAs (+)	\$ -	\$ -	\$ -
	Past month due to HUD (-)	\$ -	\$ -	\$ -
	Net HAP Update (+/-)	\$ -	\$ -	\$ -
	Portability			
	Port-ins	3	2	1

## Section 2: Voucher Management System

The VMS Adjustments page shows the non-HAP expenses included in the total monthly calculation. If the PHA reports any fraud recovery or MTW expenses, these will be reflected in the final HAP calculation and the breakdown would be viewed here.

## VMS Adjustments

PHA ID:   Housing Authority [↗](#)

Flags	Summary	PAR Today	Last Month Calculated	Difference
	Total VMS HAP Expense	\$148	\$802	(\$654)
	Fraud Recovery	\$148	\$802	(\$654)
	Total MTW VMS HAP	\$ -	\$ -	\$ -
	MTW HCV Admin	\$ -	\$ -	\$ -
	MTW Rehab	\$ -	\$ -	\$ -
	MTW Debt Service	\$ -	\$ -	\$ -
	MTW Development	\$ -	\$ -	\$ -
	MTW Local Housing	\$ -	\$ -	\$ -
	MTW Other 1	\$ -	\$ -	\$ -
	MTW Other 2	\$ -	\$ -	\$ -
	MTW Other 3	\$ -	\$ -	\$ -

**MONITORING FOR SUCCESS**

Monitor your HAP register regularly.

The manager should review and quality control at least a sample of outgoing payments before every check run.

Work closely with finance.

Ensure that you can account for any discrepancies or variances in VMS, use your two-year tool, PIC reporting, and VMS and make sure they match what is in your software.

Set thresholds that would create flags for review.

For example, any adjustments going back more than three months, any dollar amounts exceeding a predetermined threshold.

Review any single payment greater than three times the per unit cost.

Attend the HCV financial management classes for more information.

## **CHAPTER 5      HCV Program Utilization**

---

### **Section 1      HUD's Two-Year Tool Overview**

#### **WHAT SUCCESS LOOKS LIKE**

Data is available to input into the TYT.

Data is input into the TYT monthly.

The manager knows how to navigate the TYT and enter data.

The manager utilizes the TYT to create a leasing plan to maximize program utilization to achieve 98 percent use of funding or units.

Finance and HCV manager review the data together monthly to make fact-based decisions to anticipate funding vs. leasing needs.

Trends are monitored and adjusted if necessary.

#### **KNOWLEDGE FOR SUCCESS**

The HCV manager knows and can apply:

- How funding works – from knowing what funding is available and used at all times
- How to fully utilize the TYT to achieve 98 percent utilization
- How to make adjustments in the leasing plan when needed

The HCV manager must competently:

- Understand and be able to accurately project using the TYT.
- Have data available needed to accurately forecast using the tool (e.g., success rates).
- Work with finance to ensure the projections result in program funding optimization.

Section 1: HUD's Two-Year Tool Overview

## HUD FORECASTING TOOL

Many PHAs experience large swings in lease-up, followed by attrition, and then cutbacks to avoid overspending.

The TYT was designed to assist HUD and PHAs to analyze a PHA's utilization situation.

- The Excel spreadsheet projects HCV leasing, spending, and funding over a four-year period.

## HOW TO ACCESS THE TOOL

The tool is available through the HCV webpage.

Scroll down to the middle of the page and select Voucher Utilization Tools, then open HCV Two-Year Projection Tool

### [HCV Two-Year Projection Tool \(Updated 11/30/2022\)](#)

The objective of the Two-Year Tool (TYT) is to analyze a PHA's utilization situation which includes running basic leasing and spending scenarios to better inform decisions going forward in an effort to optimize the program over a multi-year period. There are many variables that affect a PHA's HCV program, some outside of a PHA's control and some that can be impacted by policies and operations; variables including Congressional funding, cost per unit trends, the rate at which participants leave the program (i.e. attrition rate), and the rate at which vouchers are successfully leased (including the time-to success).

Upon opening this tool, a PHA should enter the applicable five character PHA code (e.g. MA002), and click the "Open Two-Year Tool" button. This will create a Tool with all applicable information; you will first be asked to save this file to your computer. Depending on your version of Microsoft Office and your personal settings, you may need to enable editing/macros. Please see the "HCV Two-Year Tool Guide". This file is updated continuously.

Click on the link and the TYT will open.

Enter your PHA code in the PHA field, and the TYT will populate with your PHA's actual data:

- Annual budget authority
- Reserves
- Leasing information year to date
  - From VMS data
  - Will be a month or two behind



Section 1: HUD's Two-Year Tool Overview

The HUD TYT will quickly show you where the program utilization really is on an ongoing basis.

You can't fix your issues until you know whether you have a program utilization problem.

The TYT will provide clues to where your issues lie.

The tool can show the leasing pattern for the current year plus three years.

It also allows the user to estimate next year's budget authority.

When accessing the auto-populated version, yellow fields should be verified by the PHA and changed as needed.

More current month data should be updated.

- Most recent months data will be blank.
- VMS corrections may not have hit the TYT yet.

**MONITORING FOR SUCCESS**

Plan ahead to achieve maximum program utilization.

Monitor program factors using TYT at least monthly.

Meet with the finance person monthly.

## **Section 2            Creating a Leasing Plan with the Two-Year Tool**

### **WHAT SUCCESS LOOKS LIKE**

The manager knows how to navigate the Two-Year Tool (TYT), enter data, and discuss the results with finance.

The manager utilizes the TYT to create a leasing plan to maximize program utilization.

### **KNOWLEDGE FOR SUCCESS**

Good projections require six key variables:

- Eligibility success rate: Percent of selected families receiving vouchers
- Eligibility determination time: How long it takes from waiting list selection to voucher issuance
- Success rate: Percent of vouchers resulting in lease
- Turnover rate: Participants leaving the program
- Issuance to leasing time: What percent of families lease up and when?
- Actual PUC

## Section 2: Creating a Leasing Plan with the Two-Year Tool

### Learning Activity 5-1: PHA C – Using the TYT for Program Utilization Problem Identification

- ABA \$15,000,000
- Vouchers 2,200
- HUD-funded PUC \$568.18
- January leasing:
  - 1760 units
  - \$1,187,500 HAP
- No vouchers issued, no other leasing

1. What are PHA C's issues?

2018	UMAs	Actual UMLs	Actual HAP	Estimated Attrition	UMLs: Actual/Projected	HAP: Actual/Projected	PUC: Actual/Projected
Jan-18	2,200	1,760	\$1,187,500		1,760	\$1,187,500	\$675
Feb-18	2,200	0	\$0	-11.1	1,749	\$1,180,036	\$675
Mar-18	2,200	0	\$0	-11.0	1,738	\$1,172,618	\$675
Apr-18	2,200	0	\$0	-10.9	1,727	\$1,165,248	\$675
May-18	2,200	0	\$0	-10.9	1,716	\$1,157,923	\$675
Jun-18	2,200	0	\$0	-10.8	1,705	\$1,150,645	\$675
Jul-18	2,200	0	\$0	-10.7	1,695	\$1,143,412	\$675
Aug-18	2,200	0	\$0	-10.7	1,684	\$1,136,225	\$675
Sep-18	2,200	0	\$0	-10.6	1,673	\$1,129,083	\$675
Oct-18	2,200	0	\$0	-10.5	1,663	\$1,121,986	\$675
Nov-18	2,200	0	\$0	-10.5	1,652	\$1,114,933	\$675
Dec-18	2,200	0	\$0	-10.4	1,642	\$1,107,925	\$675
Total	26,400	1,760	\$1,187,500	-129.0	20,405	\$13,767,535	\$675
2019				499.6	5,995	\$1,232,465	205.5799997

2. What should the PHA do?

Section 2: Creating a Leasing Plan with the Two-Year Tool

## **LEASING PLAN**

Much of the data is available in the TYT with proper use of the tool.

We will go through the steps to creating a PHA's leasing plan.

- Heavily relying on the Forecasting Tool

We will follow the Winchester Housing Commission (WHC) as they work through the steps.

Section 2: Creating a Leasing Plan with the Two-Year Tool

## Learning Activity 5-2: Leasing Plan

### Step 1: Know Your Goals

Winchester Housing Commission (WHC):

- Voucher allocation 2,100
- ABA \$15,000,000
- Reserves \$1,200,000
- Available CY funding \$16,200,000

WHC must decide how much they wish to hold in reserves at calendar year end (CYE).

- Executive director and finance decision
  - The more we spend, the more we get, but...
  - Economically tough times for the industry

WHC decides to have \$200,000 in reserves at CYE.

- What is the spending goal?

- 
- How many unit months available (UMA) are there?

- 
- What is the HUD-funded or budgeted PUC?
-

## Section 2: Creating a Leasing Plan with the Two-Year Tool

**Step 2: Update Program Projection Variables**

Access the Success Rate Tracking Tool through the Additional Tool Menu.

**Additional Two-Year Analysis Tools**

Choose which additional tool to make available.

- New ACC Units**  
Input information pertaining to newly-awarded ACC Units and Funding
- Budget Authority Detail**  
Analyze the funding information used to populate the Two-Year Tool
- Summary Document**  
Uses information directly from the Two-Year Tool to create a summary one-pager of a PHA's leasing and spending projections
- SEMAP Data**  
Historical SEMAP Indicator Rating and Designation & Prior Year Leasing Indicator Source Numbers
- FMC Add'l Disb/Cash Mgmt**  
Analyze the cash situation for a PHA and prepare an FMC frontload request
- Success Rate Tracking**  
Analyze the success rate and time-to-lease variables to determine most appropriate numbers to use in the Tool
- Input Accrual Information**  
Analyze a PHA's spending by including HAP expenses not yet reported in VMS
- VMS Data Upload**  
Upload VMS Data Collection Report (DCR) data into the Tool
- Years 3 and 4**  
Determine effects of leasing and spending decisions on future years
- Administrative Fee Analysis -**  
Analyze a PHA's projected administrative fee situation
- Waiting List Management**  
Determine the number of people on the waiting list to pull to reach desired issuance level
- PBV/RAD Breakout**  
Separately analyze different components (PBV, RAD) of a PHA's voucher program
- SPVs**  
Historical Leasing and Spending Data for Special Purpose Vouchers (including MS)
- Nesting TYTs**  
Select the MS, EHV, or VASH separate TYT analysis

**Success Rate Tracking Tool Interface Diagram:**

Save | Access Additional Tools

**Program Projection Variables**

Success Rate | 70% | Annual Turnover Rate

Then reflect which month those vouchers lease – if they lease in the month the voucher was issued, show them in the following month.

Enter First Year				2017							
Issuance Month	VOs Issued	VOs Leased	VOs Failed	May	June	July	Aug	Sept	Oct	Nov	Dec
Apr-17		0									
May-17	8	8	0		2	4	2				
Jun-17	9	8	1			3	2	3			
Jul-17	11	10	1				2	4	3	1	
Aug-17	10	8	2					3	2	3	
Sep-17	11	6	5						2	4	
Oct-17	12	2 (yet)								2	
Nov-17	9	0 (yet)									
Dec-17	9	0 (yet)									
Jan-18		0									
Feb-18		0									

The TYT tallies the data provides the PHA with success rates and leasing interval data.

The TYT will not include unfinished months in success rate or leasing interval calculations.

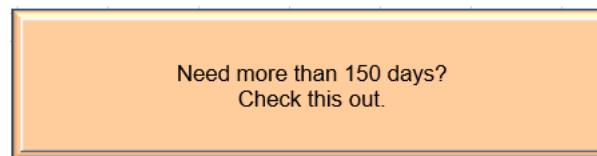
- Must show the number of vouchers that failed to lease up for that month to be included in calculations.

## Section 2: Creating a Leasing Plan with the Two-Year Tool

What is WHC's overall leasing success rate?

Summary Results							
Issuance Month	Success Rate	% in 30 days	% in 30-60 Days	% in 60-90 Days	% in 90-120 Days	% in 120-150 Days	Avg. Months
Jan-17							
Feb-17							
Mar-17							
Apr-17							
May-17	100.0%	25.0%	50.0%	25.0%	0.0%	0.0%	2.0
Jun-17	88.9%	37.5%	25.0%	37.5%	0.0%	0.0%	2.0
Jul-17	90.9%	20.0%	40.0%	30.0%	10.0%	0.0%	2.3
Aug-17	80.0%	37.5%	25.0%	37.5%	0.0%	0.0%	2.0
Sep-17	54.5%	33.3%	66.7%	0.0%	0.0%	0.0%	1.7
Oct-17							
Nov-17							
Dec-18							
Cumulative	81.6%	30.0%	40.0%	27.5%	2.5%	0.0%	2.0

Note that if the PHA needed to view leasing intervals greater than 150 days, the PHA may do so by clicking the button:



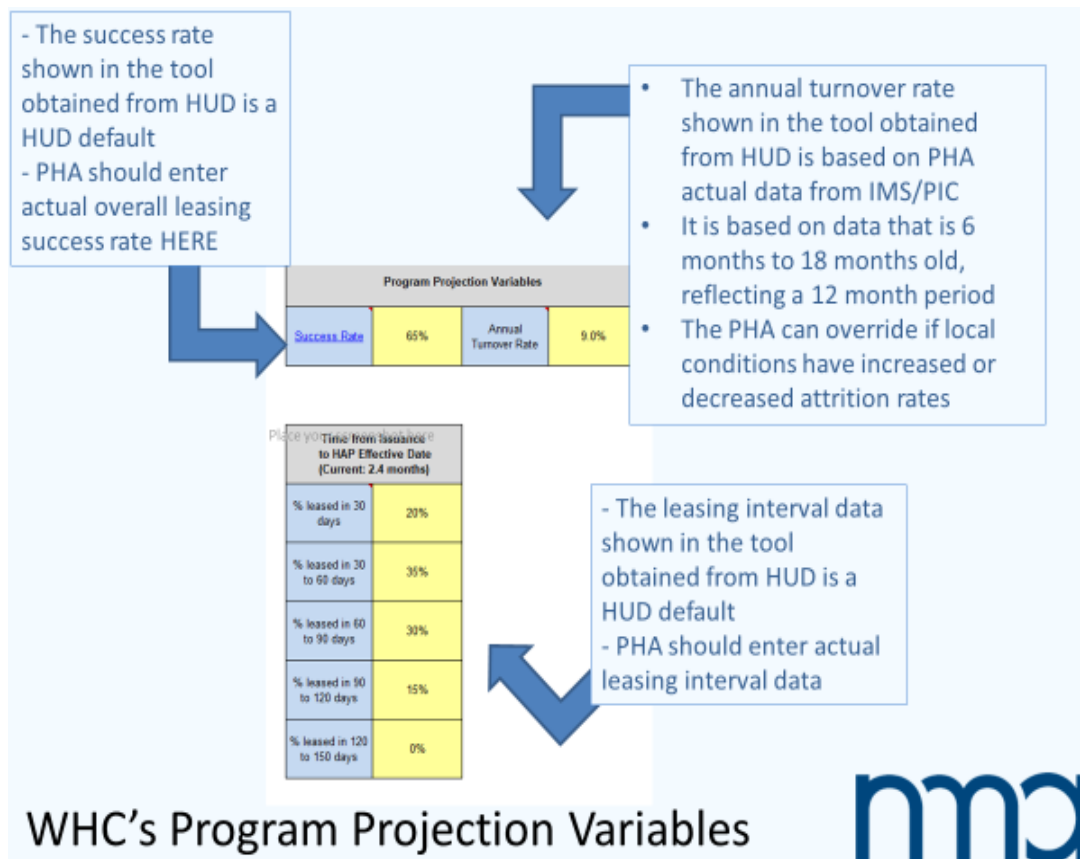
Look at the average leasing intervals as shown above. What percent of families lease between 60 and 90 days after issuance?

The PHA should also factor in known market changes.

- Success rates dip in fall/winter because of fewer moves.
- Jobs move away, so families do, too.
- Large public housing development is being demolished, which will increase voucher holders searching for units.

## Section 2: Creating a Leasing Plan with the Two-Year Tool

Once the PHA decides on success rate and leasing intervals, these are entered into Program Projection Variables in the TYT. Leasing intervals must add up to 100 percent.



The PHA can use the HUD default numbers, but generally should enter their actual historical data. However, if local conditions have changed, the PHA may edit as the PHA deems appropriate.

To enter the information from the Success Rate Tracking tab, simply click on:

Move Success Rate and Time from Issuance to HAP to the Projection Tab.



## Section 2: Creating a Leasing Plan with the Two-Year Tool

**Step 3: Update Current Leasing Information in the Forecasting Tool**

WHC's January:

- Units 2,075
- HAP \$1,327,654

WHC will not submit this data to HUD until late February, via VMS. The data is available earlier, so there is no need to wait.

- HUD will not have populated the TYT with this data for at least a month after reported through VMS. Early in the year, PHA will manually enter the data. Later in the year, the PHA should review past months for VMS corrections and override the HUD-populated tool, if necessary, and add in missing months' data.

VMS corrections are normal. These could be due to:

- A late HAPC execution called for retroactive HAP
- The family vacated without notice and the PHA just found out
- Late reexamination processing

Once data is entered in the TYT, the tool will:

- Calculate actual PUC
- Apply attrition rates through the calendar year
- Multiply remaining units x PUC to project the entire year's leasing
  - Note that PHAs can override the calculated PUC if the PUC is anticipated to increase or decrease

The PHA has increased their payment standard, so they have entered a Manual Override, which has increased their PUC by \$2 per month for several months.

HAP: Actual/Projected \$16,000,000	PUC: Actual/Projected \$634.92	Manual PUC Override
\$1,327,654	\$640	
\$1,322,159	\$642	\$642
\$1,316,331	\$644	\$644
\$1,314,715	\$646	\$646
\$1,320,477	\$648	\$648
\$1,332,744	\$650	\$650
\$1,348,728	\$652	\$652
\$1,365,398	\$654	\$654
\$1,382,562	\$656	\$656
\$1,395,645	\$656	
\$1,408,459	\$656	
\$1,420,879	\$656	
\$16,255,750	\$650	
-\$255,750		

## HCV Program Management

### HCV Program Utilization

#### Section 2: Creating a Leasing Plan with the Two-Year Tool

- Why are the figures on the Manual Override column and the PUC: Actual/Projected Income column the same?

#### Step 4: Analyze Data and Create Leasing Plan

The PHA's goal is to lease 25,200 UMLs and to spend \$16,000,000 in HAP.

2018	UMAs	Actual UMLs	Actual HAP	Vouchers Issued/Projected To Be Issued	New Leasing from Issued Vouchers	Estimated Attrition	UMLs: Actual/Projected	HAP: Actual/Projected \$16,000,000	PUC: Actual/Projected \$634.92
Jan-18	2,100	2,075	\$1,327,654				2,075	\$1,327,654	\$640
Feb-18	2,100	0	\$0		0	-15.6	2,059	\$1,317,697	\$640
Mar-18	2,100	0	\$0		0	-15.4	2,044	\$1,307,814	\$640
Apr-18	2,100	0	\$0		0	-15.3	2,029	\$1,298,005	\$640
May-18	2,100	0	\$0		0	-15.2	2,013	\$1,288,270	\$640
Jun-18	2,100	0	\$0		0	-15.1	1,998	\$1,278,608	\$640
Jul-18	2,100	0	\$0		0	-15.0	1,983	\$1,269,019	\$640
Aug-18	2,100	0	\$0		0	-14.9	1,968	\$1,259,501	\$640
Sep-18	2,100	0	\$0		0	-14.8	1,954	\$1,250,055	\$640
Oct-18	2,100	0	\$0		0	-14.7	1,939	\$1,240,679	\$640
Nov-18	2,100	0	\$0		0	-14.5	1,925	\$1,231,374	\$640
Dec-18	2,100	0	\$0		0	-14.4	1,910	\$1,222,139	\$640
Total	25,200	2,075	\$1,327,654	0	0	-180.5	23,898	\$15,290,815	\$640
2019						108.5	1,302	\$709,185	

- Will WHC over or under spend? By how much?

- Will WHC over or under lease? By how much?

- Is PUC over or under the HUD-funded PUC?

## Section 2: Creating a Leasing Plan with the Two-Year Tool

**Step 5: Decide on How Many Vouchers to Issue, and When**

Enter “what if” scenarios in the Vouchers Issued column.

2018	UMAs	Actual UMLs	Actual HAP	Vouchers Issued/Projected To Be Issued	New Leasing from Issued Vouchers	Estimated Attrition	UMLs: Actual/Projected	HAP: Actual/Projected \$16,000,000	PUC: Actual/Projected \$634.92
Jan-18	2,100	2,075	\$1,327,654				2,075	\$1,327,654	\$640
Feb-18	2,100	0	\$0		0	-15.6	2,059	\$1,317,697	\$640
Mar-18	2,100	0	\$0		0	-15.4	2,044	\$1,307,814	\$640
Apr-18	2,100	0	\$0		0	-15.3	2,029	\$1,298,005	\$640
May-18	2,100	0	\$0		0	-15.2	2,013	\$1,288,270	\$640
Jun-18	2,100	0	\$0		0	-15.1	1,998	\$1,278,608	\$640
Jul-18	2,100	0	\$0		0	-15.0	1,983	\$1,269,019	\$640
Aug-18	2,100	0	\$0		0	-14.9	1,968	\$1,259,501	\$640
Sep-18	2,100	0	\$0		0	-14.8	1,954	\$1,250,055	\$640
Oct-18	2,100	0	\$0		0	-14.7	1,939	\$1,240,679	\$640
Nov-18	2,100	0	\$0		0	-14.5	1,925	\$1,231,374	\$640
Dec-18	2,100	0	\$0		0	-14.4	1,910	\$1,222,139	\$640
Total	25,200	2,075	\$1,327,654	0	0	-180.5	23,898	\$15,290,815	\$640
2019						108.5	1,302	\$709,185	

Consider:

- Staff availability
- Eligibility processing time

Keep watching the bottom line.

- Goal: to reach spending goals without overleasing.
- If WHC’s actual PUC were lower, the goal would also be to lease all available UMLs.

WHC: We have a leasing team ready to go.

- “What if” we issued 20 HCV a month, beginning in March?

2018	UMAs	Actual UMLs	Actual HAP	Vouchers Issued/Projected To Be Issued	New Leasing from Issued Vouchers	Estimated Attrition	UMLs: Actual/Projected	HAP: Actual/Projected \$16,000,000	PUC: Actual/Projected \$634.92
Jan-18	2,100	2,075	\$1,327,654				2,075	\$1,327,654	\$640
Feb-18	2,100	0	\$0		0	-15.6	2,059	\$1,317,697	\$640
Mar-18	2,100	0	\$0	20	0	-15.4	2,044	\$1,307,814	\$640
Apr-18	2,100	0	\$0	20	3	-15.3	2,031	\$1,299,669	\$640
May-18	2,100	0	\$0	20	7	-15.2	2,023	\$1,294,496	\$640
Jun-18	2,100	0	\$0	20	11	-15.2	2,019	\$1,291,858	\$640
Jul-18	2,100	0	\$0	20	13	-15.1	2,017	\$1,290,486	\$640
Aug-18	2,100	0	\$0	20	13	-15.1	2,015	\$1,289,126	\$640
Sep-18	2,100	0	\$0	20	13	-15.1	2,013	\$1,287,775	\$640
Oct-18	2,100	0	\$0	20	13	-15.1	2,011	\$1,286,435	\$640
Nov-18	2,100	0	\$0	20	13	-15.1	2,008	\$1,285,104	\$640
Dec-18	2,100	0	\$0	20	13	-15.1	2,006	\$1,283,784	\$640
Total	25,200	2,075	\$1,327,654	200	99	-182.9	24,322	\$15,561,896	\$640
2019						73.2	878	\$438,104	
Jan-19					13	-15.0	2,004	\$1,282,473	\$640
Feb-19					10	-15.0	2,000	\$1,279,509	\$640
Mar-19					6	-15.0	1,991	\$1,273,656	\$640
Apr-19					2	-14.9	1,978	\$1,265,351	\$640
May-19					0	-14.8	1,963	\$1,255,861	\$640

- The tool factored in the success rate and applied the leasing interval percentages.
- These are reflected in the New Leasing from Issued Vouchers column

## HCV Program Management

### HCV Program Utilization

#### Section 2: Creating a Leasing Plan with the Two-Year Tool

- With this scenario, how many unit months would we lease?

- Are we over or under the number we need to lease and by how much?

- How much HAP are we projected to spend?

- Are we over or under the year's HAP amount to be spent and by how much?

WHC: "What if" we issued 40 HCV a month, beginning in March?

2018	UMAs	Actual UMLs	Actual HAP	Vouchers Issued/Projected To Be Issued	New Leasing from Issued Vouchers	Estimated Attrition	UMLs: Actual/Projected	HAP: Actual/Projected \$16,000,000	PUC: Actual/Projected \$634.92
Jan-18	2,100	2,075	\$1,327,654				2,075	\$1,327,654	\$640
Feb-18	2,100	0	\$0		0	-15.6	2,059	\$1,317,697	\$640
Mar-18	2,100	0	\$0	40	0	-15.4	2,044	\$1,307,814	\$640
Apr-18	2,100	0	\$0	40	5	-15.3	2,034	\$1,301,332	\$640
May-18	2,100	0	\$0	40	14	-15.3	2,033	\$1,300,722	\$640
Jun-18	2,100	0	\$0	40	22	-15.2	2,040	\$1,305,107	\$640
Jul-18	2,100	0	\$0	40	26	-15.3	2,050	\$1,311,954	\$640
Aug-18	2,100	0	\$0	40	26	-15.4	2,061	\$1,318,750	\$640
Sep-18	2,100	0	\$0	40	26	-15.5	2,072	\$1,325,495	\$640
Oct-18	2,100	0	\$0	40	26	-15.5	2,082	\$1,332,190	\$640
Nov-18	2,100	0	\$0	40	26	-15.6	2,092	\$1,338,834	\$640
Dec-18	2,100	0	\$0	40	26	-15.7	2,103	\$1,345,428	\$640
Total	25,200	2,075	\$1,327,654	400	198	-185.4	24,745	\$15,832,978	\$640
2019					37.9	455	\$167,022		
Jan-19	2,100				26	-15.8	2,113	\$1,351,973	\$640
Feb-19	2,100				21	-15.8	2,118	\$1,355,142	\$640
Mar-19	2,100				12	-15.9	2,114	\$1,352,465	\$640
Apr-19	2,100				4	-15.9	2,102	\$1,344,816	\$640

- With this scenario, how many unit months would we lease?

- Are we over or under the number we need to lease and by how much?

- How much HAP are we projected to spend?

## HCV Program Management

### HCV Program Utilization

#### Section 2: Creating a Leasing Plan with the Two-Year Tool

- Are we over or under the year's HAP amount to be spent for the year and by how much?

WHC tries different scenarios and ends up with this leasing plan:

2018	UMAs	Actual UMLs	Actual HAP	Vouchers Issued/Projected To Be Issued	New Leasing from Issued Vouchers	Estimated Attrition	UMLs: Actual/Projected	HAP: Actual/Projected \$16,000,000	PUC: Actual/Projected \$634.92
Jan-18	2,100	2,075	\$1,327,654				2,075	\$1,327,654	\$640
Feb-18	2,100	0	\$0		0	-15.6	2,059	\$1,317,697	\$640
Mar-18	2,100	0	\$0	50	0	-15.4	2,044	\$1,307,814	\$640
Apr-18	2,100	0	\$0	50	7	-15.3	2,035	\$1,302,164	\$640
May-18	2,100	0	\$0	52	18	-15.3	2,038	\$1,303,835	\$640
Jun-18	2,100	0	\$0	55	28	-15.3	2,050	\$1,311,898	\$640
Jul-18	2,100	0	\$0	55	34	-15.4	2,069	\$1,323,560	\$640
Aug-18	2,100	0	\$0	55	35	-15.5	2,088	\$1,335,821	\$640
Sep-18	2,100	0	\$0	55	35	-15.7	2,108	\$1,348,490	\$640
Oct-18	2,100	0	\$0	53	36	-15.8	2,128	\$1,361,250	\$640
Nov-18	2,100	0	\$0	53	35	-16.0	2,147	\$1,373,748	\$640
Dec-18	2,100	0	\$0	50	35	-16.1	2,166	\$1,385,862	\$640
Total	25,200	2,075	\$1,327,654	528	262	-186.9	25,006	\$15,999,793	\$640
2019						16.2	194	\$207	
Jan-19	2,100				34	-16.2	2,184	\$1,397,385	\$640
Feb-19	2,100				27	-16.4	2,194	\$1,404,102	\$640
Mar-19	2,100				15	-16.5	2,193	\$1,403,116	\$640
Apr-19	2,100				5	-16.4	2,181	\$1,395,712	\$640
May-19	2,100				0	-16.4	2,165	\$1,385,244	\$640

- With this scenario, how many unit months would we lease?

- Are we over or under the number we need to lease and by how much?

- How much HAP are we projected to spend?

- Are we over or under the year's HAP amount to be spent annually and by how much?

This looks pretty good! Now, let's test further and look at year two.

## HCV Program Management

### HCV Program Utilization

#### Section 2: Creating a Leasing Plan with the Two-Year Tool

WHC – Year two:

- The Forecasting Tool automatically takes the current year's projected HAP expenditure as the starting point for the following year.
  - WHC = \$15,999,793
- It then applies any funding proration the PHA entered in the tool.
  - WHC used 100 percent

Aug-18	2,100	0	\$0	55	35	-15.5	2,088	\$1,335,821	\$640
Sep-18	2,100	0	\$0	55	35	-15.7	2,108	\$1,348,490	\$640
Oct-18	2,100	0	\$0	53	36	-15.8	2,128	\$1,361,250	\$640
Nov-18	2,100	0	\$0	53	35	-16.0	2,147	\$1,373,748	\$640
Dec-18	2,100	0	\$0	50	35	-16.1	2,166	\$1,385,862	\$640
Total	25,200	2,075	\$1,327,654	528	262	-186.9	25,006	\$15,999,793	\$640
2019						16.2	194	\$207	
Jan-19	2,100				34	-16.2	2,184	\$1,397,385	\$640
Feb-19	2,100				27	-16.4	2,194	\$1,404,102	\$640
Mar-19	2,100				15	-16.5	2,193	\$1,403,116	\$640
Apr-19	2,100				5	-16.4	2,181	\$1,395,712	\$640
May-19	2,100				0	-16.4	2,165	\$1,385,244	\$640
Jun-19	2,100				0	-16.2	2,149	\$1,374,855	\$640
Jul-19	2,100				0	-16.1	2,133	\$1,364,543	\$640
Aug-19	2,100				0	-16.0	2,117	\$1,354,309	\$640
Sep-19	2,100				0	-15.9	2,101	\$1,344,152	\$640
Oct-19	2,100				0	-15.8	2,085	\$1,334,071	\$640
Nov-19	2,100				0	-15.6	2,069	\$1,324,065	\$640
Dec-19	2,100				0	-15.5	2,054	\$1,314,135	\$640
Total	25,200	0	\$0	0	81	-193.0	25,625	\$16,395,688	\$640
						-35.4	-425	\$395,688	

- With this scenario, how many unit months would we lease next year?

- Are we over or under the number we need to lease and by how much?

- How much HAP are we projected to spend?

- Are we over or under the year's HAP amount to be spent and by how much?

## HCV Program Management

### HCV Program Utilization

#### Section 2: Creating a Leasing Plan with the Two-Year Tool

WHC needs to try again, as the leasing plan which worked so well for the current year leaves them both overleased and overspending in year two.

“Catching up” on leasing always creates issues.

- Can create the “see-saw” effect the TYT was designed to eliminate.

WHC increased HAP expenditures in later months to compensate for underspending early in the year.

- Started next year expending too much per month.

To put into perspective:

- \$16,000,000 annual spending goal translates to spending goal of \$1,333,333 per month

- WHC underspent by:

- \$5,679	Jan
- \$15,636	Feb
- \$25,519	Mar
- \$31,169	Apr...until August when the overspending began

This scenario also demonstrates how falling behind in utilization—putting leasing off—can quickly put a PHA in a dangerous situation.

WHC will be alright, though.

- WHC reduces late year voucher issuances as they have less impact on the current year but full impact on year two.

2018	UMAs	Actual UMLs	Actual HAP	Vouchers Issued/Projected To Be Issued	New Leasing from Issued Vouchers	Estimated Attrition	UMLs: Actual/Projected	HAP: Actual/Projected \$16,000,000	PUC: Actual/Projected \$634.92
Jan-18	2,100	2,075	\$1,327,654				2,075	\$1,327,654	\$640
Feb-18	2,100	0	\$0		0	-15.6	2,059	\$1,317,697	\$640
Mar-18	2,100	0	\$0	60	0	-15.4	2,044	\$1,307,814	\$640
Apr-18	2,100	0	\$0	60	8	-15.3	2,036	\$1,302,996	\$640
May-18	2,100	0	\$0	60	21	-15.3	2,043	\$1,306,948	\$640
Jun-18	2,100	0	\$0	50	33	-15.3	2,060	\$1,318,356	\$640
Jul-18	2,100	0	\$0	38	38	-15.5	2,083	\$1,332,590	\$640
Aug-18	2,100	0	\$0	36	34	-15.6	2,101	\$1,344,264	\$640
Sep-18	2,100	0	\$0	35	29	-15.8	2,114	\$1,352,689	\$640
Oct-18	2,100	0	\$0	35	25	-15.9	2,123	\$1,358,556	\$640
Nov-18	2,100	0	\$0	25	23	-15.9	2,131	\$1,363,235	\$640
Dec-18	2,100	0	\$0		22	-16.0	2,136	\$1,366,797	\$640
Total	25,200	2,075	\$1,327,654	399	233	-187.1	25,006	\$15,999,595	\$640
2019						16.2	194	\$405	
Jan-19	2,100			9	16	-16.0	2,136	\$1,366,736	\$640
Feb-19	2,100			9	9	-16.0	2,130	\$1,362,536	\$640
Mar-19	2,100			9	6	-16.0	2,119	\$1,355,936	\$640
Apr-19	2,100			9	5	-15.9	2,108	\$1,348,948	\$640
May-19	2,100			9	6	-15.8	2,098	\$1,342,573	\$640
Jun-19	2,100			9	6	-15.7	2,088	\$1,336,247	\$640
Jul-19	2,100			9	6	-15.7	2,079	\$1,329,968	\$640
Aug-19	2,100			9	6	-15.6	2,069	\$1,323,737	\$640
Sep-19	2,100			9	6	-15.5	2,059	\$1,317,552	\$640
Oct-19	2,100			8	6	-15.4	2,050	\$1,311,413	\$640
Nov-19	2,100			8	6	-15.4	2,040	\$1,305,237	\$640
Dec-19	2,100			8	5	-15.3	2,030	\$1,298,962	\$640
Total	25,200	0	\$0	105	82	-188.3	25,006	\$15,999,845	\$640
						16.1	194	\$155	

Section 2: Creating a Leasing Plan with the Two-Year Tool

No more leasing “events”! The PHA will be better equipped to manage voucher issuance next year and future years as they have a plan!

Success! WHC is pleased with the results as the PHA recognizes that the work that takes place this year will leave them with a regular, ongoing voucher issuance plan!

- WHC’s planning does not end here.
- Each month, figures will be updated:
  - Actual UML and HAP
  - Success rates
  - Leasing intervals
  - Attrition
- And the team will meet to review and tweak the plan.

WHC recognizes that other factors may change that will require updating the plan:

- Actual PUC increases/decreases
  - Payment standard changes
  - Utility allowance changing
  - Rent increases
- Success rates and leasing intervals change
- Attrition is higher or lower than anticipated

Ongoing monthly meetings will assist the PHA to proactively manage voucher issuance.

Right now, the program manager must take the plan to the next step and select families from the waiting list.

- How many families? Let’s see....



## Section 2: Creating a Leasing Plan with the Two-Year Tool

**Step 6. Determine the Number of Families to Select from the Waiting List**

Now that the PHA has decided on how many vouchers to issue each month, the Waiting List Management Tool will calculate the number of families to select from the waiting list.

The screenshot shows the 'Additional Two-Year Analysis Tools' window with a grid of 12 tools. A diagram to the right shows a blue arrow pointing down to a 'Program Projection Variables' section with buttons for 'Save', 'Access Additional Tools', and 'Success Rate' (70%) and 'Annual Turnover Rate'.

Choose which additional tool to make available.		
<b>New ACC Units</b> Input information pertaining to newly-awarded ACC Units and Funding	<b>Budget Authority Detail</b> Analyze the funding information used to populate the Two-Year Tool	<b>Summary Document</b> Uses information directly from the Two-Year Tool to create a summary one-pager of a PHA's leasing and spending projections
<b>SEMAP Data</b> Historical SEMAP Indicator Rating and Designation & Prior Year Leasing Indicator Source Numbers	<b>FMC Add'l Disb/Cash Mgmt</b> Analyze the cash situation for a PHA and prepare an FMC frontload request	<b>Success Rate Tracking</b> Analyze the success rate and time-to-lease variables to determine most appropriate numbers to use in the Tool
<b>Input Accrual Information</b> Analyze a PHA's spending by including HAP expenses not yet reported in VMS	<b>VMS Data Upload</b> Upload VMS Data Collection Report (DCR) data into the Tool	<b>Years 3 and 4</b> Determine effects of leasing and spending decisions on future years
<b>Administrative Fee Analysis -</b> Analyze a PHA's projected administrative fee situation	<b>Waiting List Management</b> Determine the number of people on the waiting list to pull to reach desired issuance level	<b>PBV/RAD Breakout</b> Separately analyze different components (PBV, RAD) of a PHA's voucher program
<b>SPVs</b> Historical Leasing and Spending Data for Special Purpose Vouchers (including MS)	<b>Nesting TYTs</b> Select the MS, EHV, or VASH separate TYT analysis	

WHC needs its actual "eligibility success rate."

- This is the number of families selected from the waiting list that end up receiving a voucher.
- Eighty-two percent of families selected from WHC's HCV waiting list receive vouchers.

The screenshot shows the 'Draw to Issuance' window with a text input field for 'What percent of those pulled from the wait list result in an issued voucher?' set to 82%. Below it is a section for 'High Percentage of Movers' with a text input field for the percentage of movers.

What percent of those pulled from the wait list result in an issued voucher?  %

**High Percentage of Movers**  
(If, in your projection of issuances - Column F of the "Projection Analysis" tab - you have a significant amount of movers - those that have been EOPed and are searching for a new units - you will want to exclude these from your wait list pull, as you won't need to access the wait list to issue these vouchers. Please input the percentage of movers. Leave blank if not, or this makes no sense to you whatsoever.)

%

**Full Steam Ahead**

## Section 2: Creating a Leasing Plan with the Two-Year Tool

Now, the PHA knows how many families to select in order to reach its desired lease up rates.

Waiting List Draw Analysis ×

Based on the input rate at which draws from the waiting list result in an issued voucher, the below analysis shows the number of potential program participants required to be pulled from the waiting list to result in the current input issuing scenario found in the Two-Year Tool.

Year 1			Year 2		
	TYT - Issued	<b>Draw Needed</b>		TYT - Issued	<b>Draw Needed</b>
January			January	9	<b>11</b>
February			February	9	<b>11</b>
March	60	<b>73</b>	March	9	<b>11</b>
April	60	<b>73</b>	April	9	<b>11</b>
May	60	<b>73</b>	May	9	<b>11</b>
June	50	<b>61</b>	June	9	<b>11</b>
July	38	<b>46</b>	July	9	<b>11</b>
August	36	<b>44</b>	August	9	<b>11</b>
September	35	<b>43</b>	September	9	<b>11</b>
October	35	<b>43</b>	October	8	<b>10</b>
November	25	<b>30</b>	November	8	<b>10</b>
December			December	8	<b>10</b>
Total	399	<b>487</b>	Total	105	<b>128</b>

Change Draw to Issuance Rate

That's a big 10-4, Captain.

Section 2: Creating a Leasing Plan with the Two-Year Tool

## ELIGIBILITY SUCCESS RATE

What the TYT doesn't show is how long eligibility determination will take.

- Why is this important?

The longer eligibility determination takes, the earlier you must select from the waiting list.

WHC's plan calls for 60 vouchers to be issued in March.

- They need to select 73 families now to get those vouchers issued in March.
- Delays will impact their voucher issuance plan.

So, although the tool is showing that the PHA must select 73 families to issue 60 March vouchers, the PHA must translate that into **when** the selection must be done.

- How long does eligibility determination take at your PHA?

We've just walked through WHC's process for building their leasing plan.

One question remains unanswered: How did they determine the actual eligibility success rate?

Do you track the rate at your PHA?

- The Two-Year Tool now tracks what it calls the "Wait List Success Rate"
- In addition, your online NMA resources include a simple, user-friendly tool: Eligibility Success Rate Tracking

## Section 2: Creating a Leasing Plan with the Two-Year Tool

- The TYT Wait List Success Rate tracking only captures numbers:

Wait List Success Rate				
Month	Pulled	Issued	Failed	%
Jan-17				
Feb-17				
Mar-17				
Apr-17				
May-17	12	8	4	66.7%
Jun-17	15	9	6	60.0%
Jul-17	15	11	4	73.3%
Aug-17	15	10	5	66.7%
Sep-17	15	11	4	73.3%
Oct-17	15	12	3	80.0%
Nov-17	14	9	5	64.3%
Dec-17	14	9		
Jan-18				
Feb-18				
Mar-18				
Apr-18				
May-18				
Jun-18				
Wait List Success Rate				69.3%

The TYT Wait List Success Rate will track a cumulative success rate only using those months with “failed” numbers entered.

- Number of families selected that did not receive a voucher
- NMA’s Eligibility Success Rate Tracking tool allows tracking of individual families.

## Section 2: Creating a Leasing Plan with the Two-Year Tool

**Learning Activity 5-3: Eligibility Success Rate Based on NMA Tool**

Using the data on the spreadsheet, calculate the eligibility success rate:

Eligibility Success Rate,  
MTD:

		Date	Voucher Issued	
Count	Name	Selected	(Y or N)	If not issued voucher, why
1	Candy Cane	10/29/2017	Y	
2	Amy Jones	10/29/2017	N	Overincome
3	Ian Charleston	10/29/2017	Y	
4	John Appleseed	10/29/2017	N	No longer has preference
5	Jeremy Ballard	10/29/2017	Y	

- What is the eligibility success rate?

**Important:**

It is best to save the TYT down to your hard drive or network.

- The data you update will not save to HUD's version on their website.
- Updated leasing numbers, PUC overrides, success rate data, leasing interval not will save to HUD's data version.

## Section 3      Other Resources for Housing Authorities

Along with the Two-Year Tool, HUD has these additional resources on their website to aide PHA's with running a high performing HCV program.

### Resources for Housing Authorities



HCV Program  
Utilization  
Tools



HCV Data  
Dashboard



Guidance and  
Notices



Webinars  
and Trainings

### HCV DATA DASHBOARD

HCV Data Dashboard provides charts and graphs for:

- Budget and Reserves
- Leasing and the changes in leasing
- Per Unit Costs
- Information on Special Purpose Vouchers
- Agencies leasing potential
- PBV leasing and the PHA's PV portfolio
- Voucher comparison

## Section 3: Other Resources for Housing Authorities

## Housing Choice Voucher Program

Welcome to the Housing Choice Voucher Program Dashboard!

These reports attempt to portray detailed information on Public Housing Authorities' current budget and unit utilization, spending and leasing trends over time, and examine HUD-Held Reserves, and Leasing Potential. All data is sourced from HUD Administrative Systems including HUDCAPS, VMS and PIC and is current as of May 2022. These reports include [Moving-to-Work \(MTW\)](#) agencies.

Charts with an asterisk (\*) may be impacted by the MTW program reporting. MTW PHAs may expend HCV funds on any MTW-eligible purpose, including local, non-traditional activities. Due to the flexible nature of their funding, leasing potential cannot be calculated for these agencies. Click [here](#) for more information on Moving to Work Program.



To navigate this report please click on the arrows below to examine various aspects of this dashboard.

Microsoft Power BI

1 of 14

63%

### Housing Choice Voucher - Summary Page

[Summary Page](#)

This page defaults to a national view. Please select the State and Public Housing Authority you are interested in viewing using the dropdown menus below. The data will adjust based on your selection.

Data is current as of May 2022.

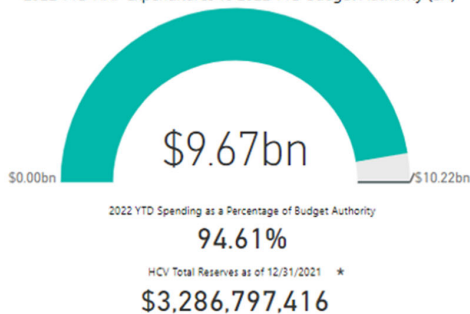
Select a State: All  
Select a Public Housing Authority: All  
MTW: All

Clear All Filters:

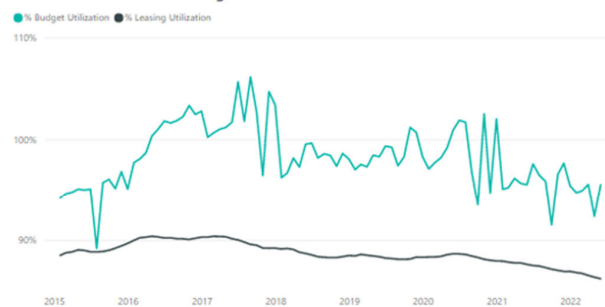
	Current Units under ACC	Current Reported Leasing	Units Remaining under ACC
	2,631,509	2,269,392	362,117
	2022 YTD Leasing Percentage	Average Per Unit Cost *	Current Leasing Potential
	86.55%	\$839.61	127,373

[Budget Overview](#)

2022 YTD HAP Expenditures vs 2022 YTD Budget Authority (BA)



Budget & Unit Utilization since 2015



Microsoft Power BI

2 of 14

63%

Section 3: Other Resources for Housing Authorities

## **GUIDANCE AND NOTICES**

Guidance and Notices provides PHA's with links to information for:

- Highlights
- Notices and Guidance for PHA's
- Guidance for HCV families
- Communication with PHA's

### **HCV GUIDANCE AND NOTICES**



#### **Highlights**

---

- [HCV Guidebook](#)
- [HCV Frequently Asked Question Page](#)
- [HOTMA Resources](#)
- [NSPIRE](#)
- [SEMAP](#)



Section 3: Other Resources for Housing Authorities

## WEBINARS AND TRAININGS

Webinars and Trainings provides PHA's with information on:

- Upcoming training opportunities
- Recent trainings and webinars
- Essential training series for PHA's
- Essential training series for HCV families

### HCV PROGRAM TRAININGS AND RESOURCES



REMINDER: HUD offers many other training materials and resources on the [HUD Exchange](#) and [HUD's Youtube Channel](#)

## MONITORING FOR SUCCESS

Enter the actual data each month and re-project to determine if additional data tweaks are needed.

Proactively work with finance to factually determine the number of families to pull from the list and issue vouchers to.

For more information on the HUD Forecasting Tool, call your account rep to schedule an online consulting webinar with you, using your own data.

Section 3: Other Resources for Housing Authorities

Notes

## **CHAPTER 6      SEMAP – Beyond the Regulations**

---

### **WHAT SUCCESS LOOKS LIKE**

- The PHA maintains a ring binder with adequate documentation for each SEMAP indicator with the proper universe used.
- The PHA reviews trends on an ongoing basis.
- The PHA's documentation results in a SEMAP high performer status.

### **KNOWLEDGE FOR SUCCESS**

The HCV manager can competently:

- Gather and maintain all resources needed to verify the SEMAP certification provided to HUD
- Gather data on indicators at least monthly to develop and correct negative trends prior to the SEMAP data scoring period
- Utilize and document random selection for various indicator universes

## Section 1      SEMAP Overview

### PURPOSE OF SEMAP

SEMAP was created to:

- Objectively measure in key areas
- Identify management capabilities/deficiencies
- Improve HUD risk assessment for each problem identification
- Provide a self-assessment tool for PHAs

### KEY PERFORMANCE INDICATORS

Indicator		Possible Points
1	Selection from the Waiting List	15
2	Reasonable Rent	20
3	Determination of Adjusted Income	20
4	Utility Allowance (UA) Schedule	5
5	HQS Quality Control Inspections	5
6	HQS Enforcement	10
7	Expanding Housing Opportunities	5
8	Payment Standards	5
9	Annual Reexaminations	10
10	Correct Tenant Rent Calculations	5
11	Pre-Contract HQS Inspections	5
12	Biennial HQS Inspections	10
13	Lease-Up	20
14	Family Self-Sufficiency (FSS)	10

## SEMAP INDICATORS IN DEPTH

SEMAP Indicators		
Performance Indicator	PHA Response / How Verified	Rating
<b>1. Selection from the Waiting List.</b> This indicator shows whether the PHA has written policies in its administrative plan for selecting applicants from the waiting list and whether the PHA follows these policies when selecting applicants for admission from the waiting list. (24 CFR 982.54(d)(1) and 982.204(a)) (Enter Yes or No)	Y or N PHA supervisory audit verified by IA annual audit report and confirmatory review if performed	PHA's SEMAP certification states that: (A) The PHA has written waiting list selection policies in its administrative plan and, (B) Based on the PHA's quality control samples, drawn separately for applicants reaching the top of the waiting list and for admissions, documentation shows that at least 98 percent of the families in both samples of applicants and admissions were selected from the waiting list for admission in accordance with these policies and met the selection criteria that determined their places on the waiting list and their order of selection. 15 points. PHA's SEMAP certification does not support the statement above. 0 points.
<b>2. Reasonable Rent.</b> This indicator shows whether the PHA has and implements a reasonable written method to determine and document for each unit leased that the rent to owner is reasonable based on current rents for comparable unassisted units: at the time of initial leasing; if there is any increase in the rent to owner; and at the HAP contract anniversary if there is a 10 percent decrease in the published fair market rent (FMR) in effect 60 days before the HAP contract anniversary. The PHA's method must take into consideration the location, size, type, quality and age of the units, and the amenities, housing services, and maintenance and utilities provided by the owners in determining comparability and the reasonable rent. (24 CFR 982.4, 24 CFR 982.54(d)(15), 982.158(f)(7) and 982.507). (Enter Yes or No)	Y or N PHA supervisory audit verified by IA annual audit report and confirmatory review if performed	PHA's SEMAP certification states that: (A) The PHA has and implements a reasonable written method to determine and document reasonable rent which considers location, size, type, quality and age of the units and the amenities, housing services, and maintenance and utilities provided by the owners; and (B) Based on the PHA's quality control sample of tenant files, the PHA follows its written method to determine reasonable rent and has documented its determination that the rent to owner is reasonable in accordance with 982.507 for at least 98 percent of units sampled at the time of initial leasing, if there is any increase in the rent to owner and, at the HAP contract anniversary if there is a 10 percent decrease in the published FMR in effect 60 days before the HAP contract anniversary. 20 points. PHA's SEMAP certification includes the statements above, except that the PHA documents its determination of reasonable rent for only 80 to 97 percent of units. 15 points. PHA's SEMAP certification does not support the statements above. 0 points.

SEMAP Indicators		
Performance Indicator	PHA Response / How Verified	Rating
<p><b>3. Determination of Adjusted Income.</b> This indicator shows whether, at the time of admission and annual reexamination, the PHA verifies and correctly determines adjusted annual income for each assisted family and, where the family is responsible for utilities under the lease, the PHA uses the appropriate utility allowances for the unit leased in determining the gross rent. (24 CFR part 5, subpart F and 24 CFR 982.516) (Enter Yes or No)</p>	<p>Y or N</p> <p>PHA supervisory audit verified by IA annual audit report and confirmatory review if performed</p>	<p>PHA's SEMAP certification states that, based on the PHA's quality control sample of tenant files, for at least 90 percent of families:</p> <p>(A) The PHA obtains third party verification of reported family annual income, the value of assets totaling more than \$5,000, expenses related to deductions from annual income, and other factors that affect the determination of adjusted income, and uses the verified information in determining adjusted income, and/or documents tenant files to show why third-party verification was not available;</p> <p>(B) The PHA properly attributes and calculates allowances for any medical, child care, and/or disability assistance expenses; and</p> <p>(C) The PHA uses the appropriate utility allowances to determine gross rent for the unit leased. 20 points.</p> <p>PHA's SEMAP certification includes the statements above, except that all items done for only 80 to 89 percent of families. 15 points.</p> <p>PHA's SEMAP certification does not support the statements above. 0 points.</p>
<p><b>4. Utility Allowance Schedule.</b> This indicator shows whether the PHA maintains an up-to-date utility allowance schedule. (24 CFR 982.517) (Enter Yes or No)</p>	<p>Y or N</p> <p>PHA SEMAP certification verified by annual audit report and confirmatory review if performed</p>	<p>The PHA's SEMAP certification states that:</p> <p>The PHA reviewed utility rate data within the last 12 months, and adjusted its utility allowance schedule if there has been a change of 10 percent or more in a utility rate since the last time the utility allowance schedule was revised. 5 points.</p> <p>The PHA's SEMAP certification does not support the statement in paragraph (d)(3)(i) of this section. 0 points.</p>
<p><b>5. HQS Quality Control Inspections.</b> This indicator shows whether a PHA supervisor or other qualified person reinspects a sample of units under contract during the PHA fiscal year, which meets the minimum sample size, for quality control of HQS inspections. (24 CFR 985.2)</p> <p>The PHA supervisor's reinspected sample is to be drawn from recently completed HQS inspections (i.e., performed during the three months preceding reinspection) and is to be drawn to represent a cross section of neighborhoods and the work of a cross section of inspectors. (24 CFR 982.405(b)) (Enter Yes or No)</p>	<p>Y or N</p> <p>PHA QC audit verified by IA annual audit report and confirmatory review if performed</p>	<p>PHA's SEMAP certification states that a PHA supervisor or other qualified person performed quality control HQS reinspections during the PHA fiscal year for a sample of units under contract which meets the minimum sample size.</p> <p>PHA's SEMAP certification also states that the reinspected sample was drawn from recently completed HQS inspections (i.e., performed during the three months preceding the quality control reinspection) and was drawn to represent a cross section of neighborhoods and the work of a cross section of inspectors. 5 points.</p> <p>PHA's SEMAP certification does not support the statements above. 0 points.</p>

SEMAP Indicators		
Performance Indicator	PHA Response / How Verified	Rating
<p><b>6. HQS Enforcement.</b> This indicator shows whether, following each HQS inspection of a unit under contract where the unit fails to meet HQS, any cited life-threatening HQS deficiencies are corrected within 24 hours from the inspection and all other cited HQS deficiencies are corrected within no more than 30 calendar days from the inspection or any PHA-approved extension. In addition, if HQS deficiencies are not corrected timely, the indicator shows whether the PHA stops (abates) housing assistance payments beginning no later than the first of the month following the specified correction period or terminates the HAP contract or, for family-caused defects, takes prompt and vigorous action to enforce the family obligations. (24 CFR 982.404) (Enter Yes or No)</p>	<p>Y or N</p> <p>PHA supervisory audit verified by IA annual audit report and confirmatory review if performed</p>	<p>PHA's SEMAP certification states that:</p> <p>The PHA's quality control sample of case files with failed HQS inspections shows that, for all cases sampled, any cited life-threatening HQS deficiencies were corrected within 24 hours from the inspection and, for at least 98 percent of cases sampled, all other cited HQS deficiencies were corrected within no more than 30 calendar days from the inspection or any PHA-approved extension, or, if any life-threatening HQS deficiencies were not corrected within 24 hours and all other HQS deficiencies were not corrected within 30 calendar days or any PHA-approved extension, the PHA stopped (abated) housing assistance payments beginning no later than the first of the month following the correction period, or took prompt and vigorous action to enforce family obligations. 10 points.</p> <p>PHA's SEMAP certification does not support the statement above. 0 points.</p>

SEMAP Indicators		
Performance Indicator	PHA Response / How Verified	Rating
<p><b>7. Expanding Housing Opportunities.</b> Applies only to HAs with jurisdiction in metropolitan FMR areas. The indicator shows whether the PHA has adopted and implemented a written policy to encourage participation by owners of units located outside areas of poverty or minority concentration; informs voucher holders of the full range of areas where they may lease units both inside and outside the PHA's jurisdiction; and supplies a list of landlords or other parties who are willing to lease units or help families find units, including units outside areas of poverty or minority concentration. (24 CFR 982.54(d)(5), 982.153(b)(3) and (b)(4), 982.301(a) and 982.301(b)(4) and 982.301(b)(12))</p>	<p>Y or N</p> <p>PHA SEMAP certification verified by IA annual audit report and confirmatory review if performed</p>	<p>PHA's SEMAP certification states that:</p> <p>(A) The PHA has a written policy in its administrative plan which includes actions the PHA will take to encourage participation by owners of units located outside areas of poverty or minority concentration, and which clearly delineates areas in its jurisdiction that the PHA considers areas of poverty or minority concentration;</p> <p>(B) PHA documentation shows that the PHA has taken actions indicated in its written policy to encourage participation by owners of units located in such areas.</p> <p>(C) PHA has prepared maps that show various areas with housing opportunities outside areas of poverty or minority concentration both within its jurisdiction and neighboring its jurisdiction; has assembled information about the characteristics of those areas which may include information about job opportunities, schools, transportation and other services in these areas; and can demonstrate that it uses the maps and area characteristics information when briefing voucher holders about the full range of areas where they may look for housing;</p> <p>(D) PHA's information packet for rental voucher holders contains either a list of owners who are willing to lease (or properties available for lease) under the program; or a current list of other organizations that will help families find units and the PHA can demonstrate that the list(s) includes properties or organizations that operate outside areas of poverty or minority concentration;</p> <p>(E) The PHA's information packet includes an explanation of how portability works and includes a list of portability contact persons for neighboring housing agencies, with the name, address, and telephone number of each, for use by families who move under portability; and</p> <p>(F) PHA documentation shows that the PHA has analyzed whether voucher holders have experienced difficulties in finding housing outside areas of poverty or minority concentration and, if such difficulties have been found, PHA documentation shows that the PHA has analyzed whether it is appropriate to seek approval of area exception rents in any part of its jurisdiction and has sought HUD approval of exception rents when necessary. 5 points.</p> <p>PHA's SEMAP certification does not support the statements above. 0 points.</p>
<p>Note: Indicators 1 - 7 will not be rated if the PHA expends less than \$750,000 a year in federal awards and its Section 8 programs are not audited by an IA. A PHA that expends less than \$750,000 in federal awards in a year must still complete the certification for these indicators.</p>		



SEMAP Indicators		
Performance Indicator	PHA Response / How Verified	Rating
<p><b>8. Payment Standards.</b> The PHA has adopted current payment standards for the voucher program by unit size for each Fair Market Rent (FMR) area in the PHA jurisdiction and, if applicable, for each PHA-designated part of an FMR area, which do not exceed 110 percent of the current applicable FMR and which are not less than 90 percent of the current FMR (unless a lower percent is approved by HUD). (24 CFR 982.503)</p> <p>The current PHA payment standards and FMRs must be listed.</p> <p>If the PHA has jurisdiction in more than one FMR area, and/or if the PHA has established separate payment standards for a PHA-designated part of an FMR area, payment standards and FMRs for each FMR area and designated area must be included.</p>	Y or N PHA data submitted on the SEMAP certification form concerning payment standards.	<p>The PHA's voucher program payment standard schedule contains payment standards which do not exceed 110 percent of the current applicable published FMR and which are not less than 90 percent of the current applicable published FMR (unless a higher or lower payment standard amount is approved by HUD). 5 points.</p> <p>The PHA's voucher program payment standard schedule contains payment standards which exceed 110 percent of the current applicable published FMRs and which are less than 90 percent of the current applicable published FMRs (unless a higher or lower payment standard amount is approved by HUD). 0 points.</p>
<p><b>9. Annual Reexaminations.</b> The PHA completes a reexamination for each participating family at least every 12 months. (24 CFR 5.617) (Enter Yes or No)</p>	Y or N PIC	<p>Fewer than 5 percent of all PHA reexaminations are more than 2 months overdue. 10 points.</p> <p>5 to 10 percent of all PHA reexaminations are more than 2 months overdue. 5 points.</p> <p>More than 10 percent of all PHA reexaminations are more than 2 months overdue. 0 points.</p>
<p><b>10. Correct Tenant Rent Calculations.</b> The PHA correctly calculates the family's share of the rent to owner in the voucher program. (24 CFR 982, Subpart K) (Enter Yes or No)</p>	Y or N PIC	<p>2 percent or fewer of PHA tenant rent and family's share of the rent to owner calculations are incorrect. 5 points.</p> <p>More than 2 percent of PHA tenant rent and family's share of the rent to owner calculations are incorrect. 0 points.</p>
<p><b>11. Pre-contract HQS Inspections.</b> Newly leased units pass HQS inspection before the beginning date of the assisted lease and HAP contract. (24 CFR 982.305) (Enter Yes or No)</p>	Y or N PIC	<p>98 to 100 percent of newly leased units passed HQS inspection before the beginning date of the assisted lease and HAP contract. 5 points.</p> <p>Fewer than 98 percent of newly leased units passed HQS inspection before the beginning date of the assisted lease and HAP contract. 0 points.</p>
<p><b>12. Biennial HQS Inspections.</b> The PHA inspects each unit under contract at least biennially. (24 CFR 982.405) (Enter Yes or No)</p>	Y or N PIC	<p>Fewer than 5 percent of biennial HQS inspections of units under contract are more than 2 months overdue. 10 points.</p> <p>5 to 10 percent of all biennial HQS inspections of units under contract are more than 2 months overdue. 5 points.</p> <p>More than 10 percent of all biennial HQS inspections of units under contract are more than 2 months overdue. 0 points</p>

SEMAP Indicators		
Performance Indicator	PHA Response / How Verified	Rating
<b>13. Lease-Up.</b> The PHA enters assistance contracts on behalf of eligible families for the number of units that has been under ACC, or under budget for at least one year. (24 CFR 982.157) (Enter Yes or No)	a. The # units leased last PHA CY b. The # units awarded last PHA CY % leased: a / b Calculated by HUD based on the Voucher Management System (VMS)	The percent of units leased during the last PHA calendar year was 98 percent or more. 20 points. The percent of units leased during the last PHA calendar year was 95 to 97 percent. 15 points. The percent of units leased during the last PHA calendar year was less than 95 percent. 0 points.
<b>14. Family Self-Sufficiency Enrollment and Escrow Account Balance.</b> This indicator applies only to HAs with mandatory FSS programs. The indicator consists of two components which show whether the PHA has enrolled families in the FSS program as required, and the extent of the PHA's progress in supporting FSS by measuring the percent of current FSS participants with FSS progress reports entered in PIC that have had increases in earned income which resulted in escrow account balances. (24 CFR 984.105 and 984.305)	a. # mandatory slots b. # families currently enrolled % FSS slots filled (b/a) PIC	PHA has filled 80 percent or more of its mandatory FSS slots and 30 percent or more of FSS families have escrow account balances. 10 points. PHA has filled 60 to 79 percent of its mandatory FSS slots and 30 percent or more of FSS families have escrow account balances. 8 points. PHA has filled 80 percent or more of its mandatory FSS slots, but fewer than 30 percent of FSS families have escrow account balances. 5 points. 30 percent or more of FSS families have escrow account balances, but fewer than 60 percent of the PHA's mandatory FSS slots are filled. 5 points. PHA has filled 60 to 79 percent of its mandatory FSS slots, but fewer than 30 percent of FSS families have escrow account balances. 3 points. PHA has filled fewer than 60 percent of its mandatory FSS slots and less than 30 percent of FSS families have escrow account balances. 0 points.

SEMAP Indicators		
Performance Indicator	PHA Response / How Verified	Rating
<p><b>*** Deconcentration Bonus.</b> Bonus points will be awarded if half or more of all Section 8 families with children assisted by the PHA in its principal operating area reside in low poverty census tracts; if the percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's principal operating area during the last PHA FY is at least 2 percent higher than the percent of all Section 8 families with children who reside in low poverty census tracts at the end of the last PHA FY; or if the percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's principal operating area over the last 2 PHA FYs is at least 2% higher than the percent of all Section 8 families with children who resided in low poverty census tracts at the end of the second to last PHA FY. (APPLIES ONLY TO PHAS WITH JURISDICTION IN METROPOLITAN FMR AREAS)</p>	<p>PHA data on SEMAP certification and Annual audit report</p>	<p>PHA data shows that one of the standards has been met, and the latest IA audit report states that the auditor has determined that the PHA has on file documentation of its analysis of data which supports its submission to HUD for bonus points. 5 points</p> <p>N = 0 points</p> <p><b>NOTE:</b> For a PHA using one or more payment standard amount(s) that exceed(s) 100 percent of the published FMR set at the 50<sup>th</sup> percentile rent to provide access to a broad range of housing opportunities throughout a metropolitan area in accordance with 24 CFR 888.113(c), starting with the second full PHA fiscal year following initial use of payment standard amounts based on the FMR set at the 50th percentile rent, submission of deconcentration data in the HUD-prescribed format for this indicator is <b>mandatory</b>. However, the SAFMR final rule, published November 16, 2016, established requirements to transition out of the use of 50th percentile rents over a three-year period. PHAs scoring the maximum number of points on this indicator in the prior year or two out of the last three years may request HUD approval of payment standard amounts based on the 50th percentile.</p> <p>Submission of deconcentration data for this indicator is optional for all other PHAs.</p>
<p><b>New Indicator: Success rate of voucher holders</b> This indicator shows whether voucher holders were successful in leasing units with voucher assistance.  This indicator applies only to PHAs that have received approval to establish success rate payment standard amounts in accordance with §982.503(e). This indicator becomes initially effective for the second full PHA fiscal year following the date of HUD approval of success rate payment standard amounts</p>	<p>Y/N PIC data.</p>	<p>5 points: The proportion of families issued rental vouchers during the last PHA fiscal year that have become participants in the voucher program is more than the higher of:  75 percent; or  The proportion of families issued rental vouchers that became participants in the program during the six-month period utilized to determine eligibility for success rate payment standards under 24 CFR 982.503(e)(1) plus 5 percentage points; and  The percent of units leased during the last PHA fiscal year was 95 percent or more, or the percent of allocated budget authority expended during the last PHA fiscal year was 95 percent or more following the methodology of 24 CFR 985.3(n).</p>

## THE SEMAP 50058 CONNECTION: A GUIDE TO 50058 DATA

### ELEMENTS USED TO GENERATE SEMAP SCORES

	Description	50058 Lines Used	Comments
<b>#9 - Annual Reexaminations</b>	Measures % of participants with late reexaminations of income, meaning 2 months overdue. Total count of all families = line 2a = 1 (new Admission) or 2 (Annual Reexam). Number of months between reexams is Date of Summarization (i.e., date measure is taken) minus the Effective Date of Action - Line 2b. For example, line 2b of the 50058 is dated 7/1/97 and the measure of late reexams is done in PIC on 10/1/98, then the number of intervening months is 16 months and is considered a late reexam. Reexams are considered late if over 15 months. For example, 16 months equals one month overdue. Calculation assumes a 30-day month and rounds to the nearest month.	2a and 2b	Measure is skewed against PHA if PHA fails to execute End of Participation 50058s for participants who left program. Result is old 50058s still in system with time since last reexam growing.
<b>#10 - Correct Tenant Rent Calculations</b>	Most complex and extensive calculation involving all rent related 50058 lines, with PIC calculating its own version of the correct rent using family data supplied by PHA and comparing it with the PHA's rent determination	various	Important to monitor error rate throughout year to determine cause of discrepancies noted in PIC.
<b>#11 - Pre-Contract HQS Inspections</b>	For newly leased units, measures the % of units which pass inspection prior to the HAP contract effective date. Total units is determined by number of 50058s with line 2a = 1, 2, or 7 (new admission, annual reexamination, or other change of unit) or 12b = Y, meaning family is moving to the unit. Compares Effective Date of Action (line 2b) to Date Unit Passed Inspection (line 5h). If line 5h is later than line 2b d (Effective Date of Action), unit is not counted toward % that passed inspection prior to HAP Contract.	2a, 2b, 12b, and 5h	Ensure accuracy of date entered into Line 2b Effective Date of Action. 50058 instruction booklet defines Effective Date of Action when lease was signed. The HAP Contract term and lease term are required to be the same. The PHA should ensure there is no confusion over the proper date to enter into line 2b.
<b>#12 - Annual HQS Inspections</b>	Measures % of HQS inspections conducted over 27 months from the last inspection (24 months plus 3 months data transmission leeway). Actual calculation is: Count the number of units where the Summarization date (date measurement is taken) minus date of last inspection (line 5h) exceeds 27 months. That number divided by total certs and vouchers in the system.	5h	Like late reexams, failure to delete old terminated records by sending in an End of Participation 50058 will result in aging inspections with no new inspections, increasing number of "late HQS Inspections."
<b>#13 - Family Self Sufficiency - Component A: Enrollment</b>	Measures the number of families enrolled as % of mandatory slots. Counts the number of families enrolled indicated in Line 16a of the FSS Addendum to the 50058 as "New Enrollment," or "Progress Report." For SEMAP Report, PIC will only report number of families enrolled. HUD Field Office will calculate % of mandatory slots. PHAs certify to number of mandated slots.	16a	Failure to submit FSS Addenda to 50058s is most prevalent problem, having the effect of understating number enrolled. Changes in the new Housing Statute affect the mandatory number of slots.

	<b>Description</b>	<b>50058 Lines Used</b>	<b>Comments</b>
<b>#13 - Family Self Sufficiency - Component B: Escrow</b>	Measures % of FSS families with balances in their escrow account by counting the number of FSS families (16a) shown with FSS account balances from line 16d(2) and (3).	16a, 16d(2), 16d(3)	See above re submission of 50058 Addenda.
<b>Report Rate</b>	PIC report rate needs to be determined to ensure that PHA has met threshold of 95%. Report rate calculated by dividing the number of families reported (successful submission) under PIC by the number of unit months reported in the year-end financial statement divided by 12.	HUDCAPS containing data from financial statement imported to prepare PIC SEMAP report.	Achieving 85% report rate is a threshold for being assessed under PIC indicators, otherwise these indicators will receive fail ratings.

## SEMAP CERTIFICATION

SEMAP certification based on the 14 key performance indicators and the bonus indicator must be completed:

- Annually by each PHA with 250 or more allocated units (unless Troubled)
- Biennially by each non-troubled PHA with less than 250 allocated units, unless the PHA elects to have its performance assessed annually

Indicators 1–7 will not be rated if the PHA expends less than \$300,000 a year in federal awards and its Section 8 programs are not audited for compliance with regulations by an independent auditor. A PHA that expends less than \$300,000 in federal awards in a year must still complete the certification for these indicators.

Small PHAs with less than a year of operation are required to certify but will not be rated.

PHAs are required to submit SEMAP certifications electronically within 60 days after fiscal year end (FYE).

PHAs that do not submit their certifications within 60 days of their FYE will be rated troubled.

HCV Program Management  
SEMAP – Beyond the Regulations

Section 1: SEMAP Overview

## SEMAP TIMELINE

<b><i>Within</i></b> 60 calendar days of PHA's fiscal year end (FYE)	Agency SEMAP certification is due
60 calendar days from FYE	IMS/PIC runs an overnight process establishing a zero-rating profile for each PHA that failed to submit their SEMAP certification; PHAs that do not submit on time are rated 'troubled'
Within 120 calendar days of FYE	HUD must issue SEMAP score notification letters to PHAs; SEMAP score available online
30 days from notification	PHA may appeal its overall performance rating; must provide justification for the appeal. PHA can only appeal if the result will change the overall designation <ul style="list-style-type: none"> <li>• <i>Troubled to Standard</i></li> <li>• <i>Troubled to High</i></li> <li>• <i>Standard to High</i></li> </ul>
45 days from notification	If a PHA receives a rating of zero on any indicator, PHA must report in writing to HUD on how it corrected the deficiency; field office (FO) may require a corrective action plan within 30 days of HUD notice
30 days from submission of a PHA's appeal	HUD must notify PHA of decision in writing
30 days after HUD's denial of an appeal	PHA may appeal to PIH Assistant Secretary at HUD headquarters for final determination
Within 90 days of notifying a PHA of their troubled status	HUD must conduct a review to determine the seriousness and magnitude of noncompliance with program requirements (onsite for large PHAs; may be onsite for small PHAs [<250 units]) and provide report of findings to PHA
Within 30 days of receiving results of review	PHA must submit a corrective action plan to HUD
Within 30 days of receiving PHA's corrective action plan	HUD to approve corrective action plan
Within 9 months of FYE	Annual audit report must be submitted to HUD. HUD FO determines whether report indicates PHA's certifications on indicators 1-7 were inaccurate; must modify score if the report shows different level of performance than certified. FO generates a letter; must explain why the score was modified. FO must assign a rating of troubled if the last audit report indicates the auditor is unable to provide an opinion on the PHA's financial statements.

## AUDIT PERIOD

The time period being scored under SEMAP is the PHA's fiscal year (except for Indicator 13, Lease-Up). For indicator 13, PHAs are scored on the leasing data at the end of the calendar year (CY) that ends on or before their fiscal year.

## THE PHA PROFILE

The SEMAP ratings make up the PHA profile. The profile contains:

- A point score for each indicator
- Total point score
- Percentage score
- An overall rating

### PERCENTAGE SCORE

- Total points earned
- Divide by total points that apply to your PHA
  - High performer 90%+
  - Standard performer 61-89%
  - Troubled performer 60% or less

## PIC REPORTING RATE

PHAs are required to have a minimum reporting rate of 94.5 percent in order to be scored on the PIC-related SEMAP indicators. Failure to reach this reporting rate results in zero points for each of the PIC-scored indicators.

The reporting rate is computed using the number of family reports (Form HUD-50058) in PIC as the numerator, and the number of units leased at the end of the last month of the PHA's fiscal year (as reported in VMS and then imported into PIC) as the denominator. (That is, family reports divided by number of units leased.)



## Section 2 PHA Supervisory Audits

Supervisory quality control (QC) reviews are performed annually as part of a PHA's SEMAP certification process. Files to be reviewed must be selected randomly, in an unbiased manner. The PHA needs to leave a clear audit trail demonstrating how the files were randomly selected, and clearly demonstrating the results of the audit.

The reviewer must be a supervisor or qualified person other than the person who did the work.

### FIRST SEVEN SEMAP INDICATORS (\*INDICATES PHA AUDIT NEEDED)

Selection from the Waiting List*	15
Reasonable Rent*	20
Determination of Adjusted Income*	20
Utility Allowance (UA) Schedule	5
HQS Quality Control Inspections*	5
HQS Enforcement*	10
Expanding Housing Opportunities	5

## 24 CFR 985.2 DEFINITIONS

The minimum required sample size is defined in regulations, and varies for each indicator.

Where the universe is:

- The number of admissions in the last year for each of the two quality control samples under the SEMAP Indicator 1 at 985.3(a) Selection from the Waiting List;
- The number of families assisted for the SEMAP indicators at 985.3(b) Reasonable Rent (Indicator 2), and 985.3(c) Determination of Adjusted Income (Indicator 3);
- The number of units under HAP contract during the last completed PHA fiscal year for the SEMAP indicator at 985.3(e) HQS Quality Control Inspection (Indicator 5);
- And the number of failed HQS inspections (of units under contract) in the last year for the SEMAP indicator at 985.3(f) HQS Enforcement (Indicator 6).

For clarity, the period used to determine the minimum required sample size is not the same for all indicators. Indicator 5 is based on the previous audit period, whereas the other indicators are based on the most current audit period.

## **RANDOM FILE SELECTION**

Select the files randomly in order to get an accurate sample.

- [www.random.org/integers](http://www.random.org/integers)

Maintain clear audit records that prove the random selection policy was followed.

## **AUDIT SAMPLE SELECTION**

50 or less	5
51-600	5 + 1 for each 50 (or part of 50) over 50
601-2000	16 + 1 for each 100 (or part) over 600
Over 2000	30 + 1 for each 200 (or part) over 2000

## **YOUR SEMAP SYSTEM**

### **AUDIT FILES**

Don't wait until you have to certify to HUD—prepare throughout the year with ongoing audits. Performing reviews throughout the year supports timely SEMAP certification and allows you to identify emerging issues before they become serious problems.

Establishing a solid audit trail can be as important as the indicator results. Auditors should determine if you scored indicators correctly.

Make up 15 (plus bonus if applicable) paper or electronic file folders.

- One general file folder (random methodology)
- One file folder for each indicator
  - Description of indicator and performance standard
  - Data from audit for each indicator reviewed
  - Any other proof of certification score

# SEMAP Binder

## Table of Contents

Note: Actual review data is captured on the SEMAP spreadsheet excluding file reviews for indicator 3.

Tab Name	Document	Purpose	Description	Comments
SEMAP Certification	Form HUD-52648 executed by ED and Board Chairperson	Documentation of SEMAP certification	Hard copy of SEMAP certification with PHA results	<ul style="list-style-type: none"> <li>Physically note date electronically submitted to HUD, and by whom</li> </ul>
SEMAP User Manual	Obtain from HUD's website. Link: <a href="https://www.hud.gov/sites/documents/DOC_11655.PDF">https://www.hud.gov/sites/documents/DOC_11655.PDF</a>			<ul style="list-style-type: none"> <li>Retained for reference only</li> </ul>
General SEMAP	SEMAP Indicator description (in NMA's SEMAP book)	Reference	Describes each indicator, how scored, maximum points available	
1. Selection from Waiting List – General	<ul style="list-style-type: none"> <li>Sample Size Determination</li> <li>Back up data on how determined minimum required file selection</li> </ul>	Prove that minimum required sample size was properly determined	<ul style="list-style-type: none"> <li>New admissions report with each family numbered</li> </ul>	<ul style="list-style-type: none"> <li>Physical note as to # of admitted families and resulting minimum required sample size</li> </ul>
1A. WL Selections	Numbered list of all families selected from the WL with randomly selected files highlighted	Document that all appropriate families were on the list for possible random selection		<ul style="list-style-type: none"> <li></li> </ul>
	Random.org printouts	Proof of random selection	<ul style="list-style-type: none"> <li>Print outs of random.org page showing: <ul style="list-style-type: none"> <li>Parameters entered</li> <li>Randomly selected families (numbers selected)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>

Tab Name	Document	Purpose	Description	Comments
1A. WL Selection (cont)	Copy of initial application for each file reviewed	Ensure that date/time of application, claimed preferences are correct on WL when selected		
	Purge/update letters and returned data, if any, for each file reviewed	Ensure that claimed preferences, date/time of application are correct on WL when selected		
	Copy of selection letter for each file reviewed	Document family notified of selection		
1B. WL Selections	Numbered list of all families admitted to the program with randomly selected files highlighted	Document that all appropriate families were on the list for possible random selection		•
	Random.org printouts	Proof of random selection	<ul style="list-style-type: none"> <li>• Print outs of random.org page showing: <ul style="list-style-type: none"> <li>• Parameters entered</li> <li>• Randomly selected families (numbers selected)</li> </ul> </li> </ul>	•
	Copy of initial application for each file reviewed	Ensure that claimed preferences, date/time of application are correct on WL when selected		
	Purge/update letters and returned data, if any, for each file reviewed	Ensure that claimed preferences, date/time of app are correct on WL when selected		

Tab Name	Document	Purpose	Description	Comments
	Copy of selection letter for each file reviewed	Document family notified of selection		
2. Rent Reasonable-ness	Numbered list of all assisted families with randomly selected files highlighted	Document that all appropriate families were on the list for possible random selection		Physical note as to # of assisted families and resulting minimum required sample size
	Random.org printouts	Proof of random selection	<ul style="list-style-type: none"> <li>• Print outs of random.org page showing: <ul style="list-style-type: none"> <li>• Parameters entered</li> <li>• Randomly selected families (numbers selected)</li> </ul> </li> </ul>	
	Tracking log of alternate families selected (along with random.org proof)	Proof that alternate families were properly selected, and for valid reason	If selecting from assisted families, some selected families may not have had a qualifying event. List families with no qualifying event and list replacement family selected	
	RR documentation packet for each reviewed file	Proof that RR was properly done at required event	RFTA/RI request from LL, RR documentation, letter to LL approving rent (if any)	
3. Determination of Adjusted Income	Numbered list of all assisted families with randomly selected files highlighted	Document that all appropriate families were on the list for possible random selection		Physical note as to # of assisted families and resulting minimum required sample size

Tab Name	Document	Purpose	Description	Comments
	Random.org printouts	Proof of random selection	<ul style="list-style-type: none"> <li>• Print outs of random.org page showing: <ul style="list-style-type: none"> <li>• Parameters entered</li> <li>• Randomly selected families (numbers selected)</li> </ul> </li> </ul>	
	All applicable utility allowance schedules			
	All applicable payment standard schedules			
	Hard copy file review sheets, if used			If hard copy file review sheets are not used, no other file review data is needed
4. Utility Allowance	Documentation of utility rate review; changed utility allowance schedule (with eff date), if any	Proof that review was completed and PHA changed UA schedule for any Utility with a rate change of 10% or more within required 12-month period		
5. HQS QC Inspections	Numbered list of all units under contract during FY with randomly selected files highlighted	Document that correct minimum required sample size was determined		Physical note as to # units under HAP contract and resulting minimum required sample size
	List of all completed inspections during period from which files are chosen for QC inspections	Proof of random selection	Typically, PHAs conduct throughout the year. EX: every other month, conduct QC inspections for two months prior. The file would include a list of all inspections that took place in those two months.	

Tab Name	Document	Purpose	Description	Comments
HQS QC Inspections (cont)	Random.org printouts	Proof of random selection	<ul style="list-style-type: none"> <li>• Print outs of random.org page showing: <ul style="list-style-type: none"> <li>• Parameters entered</li> <li>• Randomly selected families (numbers selected)</li> </ul> </li> </ul>	For each time units were randomly selected for QC inspections
	Packet for each QC inspection conducted		Letter sent to family, QC Form HUD-52580	
	Document showing that any discrepancies were discussed with original inspector		May be noted on form HU-52580 (example: 'Discussed with X. Xavier on (date). (initials of QC inspector)	
6. HQS Enforcement	Numbered list of all families in a unit under contract that failed any HQS inspection during the FY with randomly selected files highlighted	Document that all appropriate families were on the list for possible random selection		Physical note as to # of assisted families in a unit under contract that failed any HQS inspection during the FY with resulting minimum required sample size
	Hard copy file review sheets, if used			If hard copy file review sheets are not used, no other file review data is needed



Tab Name	Document	Purpose
7. Expanding Housing Opportunities	The PHA has a written policy in its administrative plan which includes actions the PHA will take to encourage participation by owners of units located outside areas of poverty or minority concentration, and which clearly delineates areas in its jurisdiction that the PHA considers areas of poverty or minority concentration.	Provide proof PHA has written policy
	PHA documentation shows that the PHA has taken actions indicated in its written policy to encourage participation by owners of units located outside areas of poverty or minority concentration.	Proof PHA followed policy
	The PHA has prepared maps that show various areas with housing opportunities outside areas of poverty or minority concentration both within its jurisdiction and neighboring its jurisdiction; has assembled information about the characteristics of those areas which may include information about job opportunities, schools, transportation and other services in these areas; and can demonstrate that it uses the maps and area characteristics information when briefing rental voucher holders about the full range of areas where they may look for housing.	Proof PHA provides required maps and data
	The PHA's information packet for rental voucher holders contains either a list of owners who are willing to lease (or properties available for lease) under the rental voucher program; or a current list of other organizations that will help families find units and the PHA can demonstrate that the list(s) includes properties or organizations that operate outside areas of poverty or minority concentration.	Proof that PHA provides rental information to owner. (Go8 brochures acceptable)
	The PHA's information packet includes an explanation of how portability works and includes a list of portability contact persons for neighboring housing agencies, with the name, address and telephone number of each, for use by families who move under portability.	Copy of PHA's portability packet
	PHA documentation shows that the PHA has analyzed whether rental voucher holders have experienced difficulties in finding housing outside areas of poverty or minority concentration and, if such difficulties have been found, PHA documentation shows that the PHA has analyzed whether it is appropriate to seek approval of exception payment standard amounts in any part of its jurisdiction and has sought HUD approval of exception payment standard amounts when necessary.	Housing Search Logs suffice

<b>Tab Name</b>	<b>Document</b>	<b>Purpose</b>	<b>Description</b>	<b>Comments</b>
8. Payment Standards	Payment Standard Schedule in place as of FYE			
Administrative Plan	All Admin Plans in place during FY	Ensure auditors have access to correct policy when reviewing files and records		

## Section 3 Self-Assessment of the SEMAP Indicators

### SEMAP REFERENCE TOOLS

References – turn to References section in workbook:

- SEMAP Indicators Chart
- A Guide to HUD 50058 Data for elements used to score SEMAP
- HUD User Manual for SEMAP. [https://www.hud.gov/sites/documents/DOC\\_11655.PDF](https://www.hud.gov/sites/documents/DOC_11655.PDF)
- Common errors
- Form

### INDICATOR 1: SELECTION FROM THE WAITING LIST

General requirements:

- PHAs must have written selection policies in the administrative plan
- At least 98 percent of families in both samples must be selected from the waiting list in accordance with the PHA's policies

#### UNIVERSE

- Number of families admitted to the program during audit year.
- Two separate samples drawn from:
  - Applicant names that reached the top of the waiting list during audit period
  - Families admitted to the program during audit period
- *Example:* Last FY, the PHA admitted 75 families. The minimum required sample size is six. The PHA now selects six families from all families that were selected during the audit period. The PHA also selects six families from all families admitted during the audit period.
  - The PHA is reviewing all 12 files to ensure the families were properly selected from the waiting list.

Section 3: Self-Assessment of the SEMAP Indicators

- In the second file review (families admitted), you may also have special admissions that were admitted without regard to the waiting list. This is why you need to keep records on all special admissions and document the file accordingly.

Supervisory audit requirement:

- Review whether written waiting list selection policies are in the admin plan.
- Determine whether the PHA follows policies in selecting families for each of the two required samples.
- Determine whether selected families met the criteria that determined their place on waiting list and order of selection.

Common errors include:

- Lack of clearly written selection policies
- Policies don't meet regulatory requirements
- Not educating staff on special admissions
- Failure to document skipping a family (waiting list)
- Lack of waiting list controls
- Incorrectly assessing an indicator—not using two samples

Points:

- 15 pts      98 percent met criteria
- 0 pts      Less than 98 percent met criteria

## INDICATOR 2: REASONABLE RENT

General requirements:

- The PHA must have a written method to determine the owner's rent is reasonable based on current rents charged for comparable unassisted units.
- The method must take into consideration nine comparability factors: the location, size, type, quality, and age of the assisted unit and any amenities, housing services, maintenance, and utilities provided by the owners.
- The PHA must follow its written method.
- Document determination that the rent to owner is reasonable at required times.
  - Initial leasing of a unit
  - Any increase in rent to owner
  - 10 percent decrease in the FMR in effect 60 days before HAPC anniversary date
- The universe is the number of families assisted.
  - The sample is drawn from families assisted during PHA fiscal year.
  - Files must have a "qualifying event."
- It involves two comparisons between the rent charged for an HCV unit and the rent charged:
  - For similar units in the private unassisted market
  - For similar unassisted units on the premises
- PHAs are required to supply documentation about each rent reasonableness determination.
  - Include data on unassisted units compared.
  - Identify who made the rent reasonableness determination and when.

### UNIVERSE

- Number of families assisted for PHA fiscal year.
- Sample drawn from families assisted during PHA fiscal year.

Section 3: Self-Assessment of the SEMAP Indicators

**COMMON ERRORS**

- Failure to include clear methodology in admin plan or follow it
- Failure to identify all rent increases for audit
- Failure to identify all families impacted by 10 percent decrease
- Lack of or poor documentation in file

**POINTS**

Points for this indicator are awarded based on whether the PHA has a rent reasonableness methodology, has followed its written method to determine reasonable rent, and has documented that the rent to owner is reasonable at required times:

- For at least 98 percent of units sampled 20 points
- For 80-97 percent of units sampled 15 points
- Certification does not support above 0 points

**INDICATOR 3: DETERMINATION OF ADJUSTED INCOME**

At admission and reexamination, the PHA must properly:

- Obtain third-party verification of income
- Use the verified information
- Properly attribute allowances for expenses
- Where the family is responsible for utilities under the lease, use the appropriate utility allowances

**UNIVERSE**

Number of families assisted.

Sample drawn from:

- New admissions and annual reexaminations during the PHA's fiscal year

Section 3: Self-Assessment of the SEMAP Indicators

**SUPERVISORY AUDIT**

- Third-party verification, or documentation as to why third-party verification could not be obtained
- Annual income properly calculated
- Proper deductions are used
- Proper utility allowance given

**COMMON ERRORS**

- Asset income
- Employment income
- Training program income
- Earned income disallowance
- Disability assistance and medical expenses
- Conflict between utility documentation
- Failure to document how figures used were actually calculated
- Failure to document that verification requirements were followed or what verification was used
- Overscoring

**POINTS**

At least 90 percent of files sampled are correct	20 points
80 to 89 percent of files sampled are correct	15 points
Less than 80 percent of files sampled are correct	0 points

#### INDICATOR 4: UTILITY ALLOWANCE (UA) SCHEDULE

PHA has reviewed utility rate data within the prior 12 months.

PHA has adjusted the schedule if there was a ten percent or more change in the rate since the last utility allowance schedule revision.

*Note:* The PHA needs a record of the date each utility rate on each utility allowance is revised.

##### COMMON ERRORS

- Comparing utility costs instead of utility rates when determining whether to adjust the utility allowance schedule.
- Incomplete documentation of utility rate review and schedule changes.

##### POINTS

5 points: Yes

0 points: No

#### INDICATOR 5: HQS QUALITY CONTROL INSPECTIONS

The PHA performs a quality control (QC) inspection of units under contract.

HUD does not score PHAs on whether inspectors are correctly and/or uniformly applying HQS standards. However, HUD Field Offices have been known to take away these points if a PHA does nothing with the results of their QC inspections. Regardless, the results of HQS QC inspections should be tracked and used for job performance discussions.



Section 3: Self-Assessment of the SEMAP Indicators

**UNIVERSE**

Recently completed inspections (i.e., performed during the three months preceding reinspection).

- Cross-section of neighborhoods
- Cross-section of inspectors' work

**Example**

Ross PHA's FYE was 12/31/19. The PHA will be conducting HQS Quality Control Inspections (Indicator 5) throughout 2020. The PHA will therefore determine the total number of units that were under contract for the fiscal year that ended 12/31/19 and base their minimum required sample size on that number. The results will be reported with the SEMAP results for fiscal year ending 12/31/20.

Ross PHA will also determine the minimum required sample size for each of the other indicators based on the fiscal year that ended 12/31/20. However, they will use their totals to determine the minimum number of files to review for the 12/31/20 SEMAP fiscal year end results.

**COMMON ERRORS**

- Failure to choose inspections randomly for quality control inspections.
- Notifying an inspector that a quality control inspection will take place on a specific unit's inspection.
- Failure to conduct the quality control inspection within three months of the original inspection.
- Failure to adequately document the HQS QC inspection information.

**POINTS**

5 points: Yes

0 points: No

Because the required HQS QC inspection sample size is typically low, PHAs should perform more inspections than required to ensure inspectors are correctly and uniformly applying HQS standards.

## **INDICATOR 6: HQS ENFORCEMENT**

When a unit fails an HQS inspection, your PHA must ensure that:

- Life-threatening deficiencies are corrected within 24 hours
- All other HQS deficiencies are corrected within 30 calendar days or PHA-approved extension

If deficiencies are not corrected within the required time frame, your PHA must:

- Stop housing assistance payments; or
- Take prompt action to enforce family obligations

### **UNIVERSE**

Number of failed HQS inspections in the last year of units under contract.

Sample drawn from:

- HQS fails of units under contract

### **SUPERVISORY AUDIT**

All life-threatening fails were corrected within 24 hours, or the PHA took appropriate and timely action.

98 percent of all other fails were corrected within 30 days or any PHA-approved time extension, or the PHA took action as follows:

- For owner fails: Abated HAP no later than the first of the month following the specified correction period or terminated the HAP contract.
- For family fails: Took prompt and vigorous action to enforce family obligations.

Section 3: Self-Assessment of the SEMAP Indicators

**SCORING STEPS**

1. Determine universe.
2. Run/obtain report of all units under contract that failed an HQS inspection.
3. For each HQS failure, determine whether the HQS deficiency was or was not a 24-hour emergency fail. (One HQS inspection can have both.)
4. For each HQS failure, determine whether the HQS deficiency was the owner's responsibility or the family's responsibility. (One HQS inspection can have both.)
5. For each HQS unit audited, determine:
  - Was the deficiency corrected as of the reinspection? Yes or No?
  - Was the deficiency corrected prior to the scheduled effective date of the negative action (abatement or notification to family of program termination)? Yes or No?
  - If required, did the abatement or enforcement of family obligations take place on time? Yes or No?
  - If the answer to any one of the questions above is yes, HQS enforcement requirements were met.
  - Be sure to mail out the intent to terminate assistance or abate HAP on time.
  - If the fail item was corrected prior to the effective date of the scheduled negative action, you have rescinded the action.
  - If you mailed the notices, you can document to an auditor that you were prepared to take the required action in a timely manner.

Section 3: Self-Assessment of the SEMAP Indicators

**COMMON ERRORS**

- Failure to manage the indicator beforehand. If the review finds a situation where one emergency fail item was not corrected within 24 hours, and the HAP was not abated on time, the agency will receive zero points under this indicator.
- Failure to pull correct data from the housing software to properly review the indicator.

**POINTS**

10 points: Yes, met criteria

0 points: No, didn't meet criteria

Section 3: Self-Assessment of the SEMAP Indicators

### Learning Activity 6-1: Selecting Sample Size for Universe

The Anytown PHA is preparing to review files for the agency’s SEMAP certification. Anytown’s fiscal year end is December 31. In the last completed fiscal year, the agency selected 275 families from the waiting list and admitted 105. As of 12/31, the agency was assisting 2,143. During the year, 87 families left the program due to termination, and 15 families were absorbed by other PHAs under portability.

Anytown inspected 315 units for initial lease-up, with 250 of those units failing the first inspection. Anytown conducted 2,252 annual HQS inspections and nine complaint inspections of units under contract. Of the 2,252 annual HQS inspections, 1,179 failed HQS. All nine complaint inspections failed HQS.

Using the worksheet below, determine the minimum sample size for each indicator listed.

What is Anytown PHA’s minimum required sample size for:

1. Indicator 1: Selection from the Waiting List:

a. Families selected from the waiting list?

---

b. Families admitted to the program?

---

2. Indicator 3: Determination of Adjusted Income?

---

3. Indicator 6: HQS Enforcement?

---

**WORKSHEET: DETERMINE THE MINIMUM NUMBER OF FILES REQUIRED FOR REVIEW**

Indicator 1: Selection from the Waiting List

How many families were admitted to the program during the fiscal year under review?

\_\_\_\_\_

Indicators 2: Rent Reasonableness and 3: Determination of Adjusted Income

How many families were assisted as of year end?

\_\_\_\_\_

How many families were EOP'd during the fiscal year?

\_\_\_\_\_

How many port-out participant families were absorbed during the FY?

\_\_\_\_\_

**Total**

\_\_\_\_\_

Indicator 5: Quality Control Inspections

How many units were under contract as of the previous year's FY?

\_\_\_\_\_

During that period, how many families were EOP'd?

\_\_\_\_\_

During that period, how many families ported out and were absorbed?

\_\_\_\_\_

During that period, how many families transferred units?\_

\_\_\_\_\_

**Total**

\_\_\_\_\_

Indicator 6: HQS Enforcement

During the FY under review, how many failed inspections took place (of units under contract, only)?

\_\_\_\_\_

## **INDICATOR 7: EXPANDING HOUSING OPPORTUNITIES (MSAs ONLY)**

The PHA must answer yes to all of the following statements:

- The PHA has written policies to encourage owner participation outside areas of poverty or minority concentration.
- Areas of concentration are clearly delineated in these policies.
- The PHA has documentation to show these policies were followed.
- The PHA has maps that show various areas and information about facilities and services (transportation, social services, etc.) outside areas of concentration within PHA jurisdiction and in neighboring jurisdictions.
- The PHA uses these maps in family briefings.
- The information packet includes a list of owners willing to lease and other organizations (housing counseling, advocacy groups, service providers) that assist families in finding units.
- The PHA can demonstrate that these properties or organizations operate outside areas of poverty or minority concentration.
- The information packet explains portability and provides a list of contacts at neighboring PHAs, including names, addresses, and phone numbers.
- The PHA has analyzed the difficulties of voucher holders in finding units outside areas of poverty and minority concentration, and if such difficulties have been found, has analyzed whether to seek area exception payment standard amounts.
- The PHA has sought approval for exception payment standard amounts if needed.

Section 3: Self-Assessment of the SEMAP Indicators

**COMMON ERRORS**

- Failure to monitor briefings to ensure proper information continues to be provided to families
- Failure to provide required information in the briefing packet

**POINTS**

5 points: Yes to all statements

0 points: Audit report does not support statements



## INDICATOR 8: PAYMENT STANDARDS

Your PHA must adopt payment standards for the voucher program, by unit size, for each FMR area in the PHA jurisdiction and, if applicable, for each PHA-designated part of an FMR area, which are between 90 and 110 percent of the HUD-published FMR.

PHAs should provide their latest payment standard schedule in force at the time of the FYE.

Only include payment standards within the PHA’s discretion to set—don’t include any exception payment standard schedules that were approved by HUD (but include comments so that HUD knows).

PIC will review each payment standard schedule and will flag (in red) any payment standard that is outside the basic range of the PHA-reported FMR.

Your HUD field office will review to see if your PHA used the correct FMR.

If any payment standard schedule contains a payment standard that is out of range from the appropriate FMR, the field office will assign zero points for the indicator.

### COMMON ERRORS

Remember, when setting a payment standard at 110 percent of the FMR—standard rounding rules do not apply!

### POINTS

5 points	98 percent of newly leased units are within the basic range
0 points	Statement is not true

## Section 4 HUD Indicators Verified by PIC

### STANDARD REPORTS

The standard reports available through PIC are:

- Summary reports
- Detailed reports
- Delinquency reports
- FSS reports
- SEMAP reports

### PIC REPORTING

Data will come from the last available summarization of data preceding the beginning of your PHA's fiscal year. For instance, if a PHA has a fiscal year ending September 30, HUD will use data through August, summarized in mid-September (except for Indicator 13, Lease-Up).

If a PHA has not reported at least 94.5 percent of its program participants to PIC, any indicator for which HUD verifies performance using PIC data will be rated zero!

### PIC REPORTING RATE

$$\frac{\text{Number of families reported to PIC}}{\text{Number of families administered*}}$$

\*Average number of units leased in last fiscal year (from VMS)

*Plus* families porting in for which the PHA is billing

*Minus* families porting out for which the PHA is being billed

## Section 4: HUD Indicators Verified by PIC

**PIC FACTORS**

Indicators affected by the 94.5 percent reporting rate include:

- Annual Reexaminations 10 Points
- Correct Tenant Rent Calculations 5 Points
- Pre-Contract HQS Inspections 5 Points
- Annual HQS Inspections 10 Points
- Family Self-Sufficiency (FSS) 10 Points

The PHA will get zero for each of these if a 94.5 percent reporting rate is not achieved.

Housing Authority FYE: **June 30**

[Download in Excel](#) [Print Page](#) [View Entire Report](#)

Current SEMAP Indicator Information		Most Recent SEMAP Indicator Information			
Indicator 9: Annual Reexaminations	Indicator 10: Correct Tenant Rent Calculations	Indicator 11: Precontract HQS Inspections	Indicator 12: Continuing HQS Inspections	Indicator 13: Lease-Up	Indicator 14: Family Self- Sufficiency Enrollment

Reporting Rate as of September 30, 2017

Program Type	VMS Units Leased	As of MM/YY	Port- Outs	Port- Ins	Number of 50058s Required (#)	Number of 50058s Reported (#)	Reporting Rate (%)
All Voucher Funded Assistance	850	08/17	27	20	843	855	100

**Note:** For Indicators 9-12 and 14, HUD mandates for SEMAP a Reporting Rate of at least 95 percent by the PHA's fiscal year end. If this threshold is not met, the PHA will receive zero points for these four indicators.

## INDICATOR 9: ANNUAL REEXAMINATIONS

Your PHA must complete a reexamination for each participating family at least every 12 months.

The PIC SEMAP Indicators Report shows the percentage of families with late annual reexaminations.

- Must be less than five percent for full 10 points

The PIC Reexamination Report provides a list of families whose reexams are late.

### COMMON ERRORS

- PHA uses code 7, changes effective date of next reexamination, but does NOT actually conduct an annual
- Policy must support procedures

### POINTS

10 points	Less than 5 percent are late
5 points	5-10 percent are late
0 points	More than 10 percent are late

The PIC SEMAP Reexamination Report will list all families with annual reexaminations more than two months overdue in IMS/PIC. Review the report every month.

Click “+” if there are any late reexaminations listed to obtain the family name, and how long PIC shows it has been since the last annual reexamination.

Review all listed overdue reexaminations to determine if the reexamination is actually late, if the family left the program, or if there is a submission error.

The report will indicate reporting rate of the summarization date.

## HCV Program Management

### SEMAP – Beyond the Regulations

#### Section 4: HUD Indicators Verified by PIC

 <https://hudapps.hud.gov/pic/mtcs/reports/mtcssemapreport.asp>

Current SEMAP Indicator Information		Most Recent SEMAP Indicator Information			
<b>Indicator 9: Annual Reexaminations</b>	<b>Indicator 10: Correct Tenant Rent Calculations</b>	<b>Indicator 11: Precontract HQS Inspections</b>	<b>Indicator 12: Continuing HQS Inspections</b>	<b>Indicator 13: Lease-Up</b>	<b>Indicator 14: Family Self- Sufficiency Enrollment</b>

Reporting Rate as of September 30, 2017

Program Type	VMS Units Leased	As of MM/YY	Port- Outs	Port- Ins	Number of 50058s Required (#)	Number of 50058s Reported (#)	Reporting Rate (%)
All Voucher Funded Assistance	850	08/17	27	20	843	855	100


**Note:** For Indicators 9-12 and 14, HUD mandates for SEMAP a Reporting Rate of at least 95 percent by the PHA's fiscal year end. If this threshold is not met, the PHA will receive zero points for these four indicators.

<b>Percent of Families with reexaminations overdue (%)</b> (Percentage includes all reexaminations more than 2 months overdue. SEMAP scores: Under 5% = 10 points; 5% - 10% = 5 points; greater than 10% = 0 points. Percentages shown as red and bold result in reduced SEMAP scores.)		<b>0</b>
<b>Number of Families with Active Record</b>	<b>Number of Late Reexaminations</b>	
856	2	

[\[+\] Families with reexaminations overdue](#)

Number of Families with Active Record	Number of Late Reex
13926	76

[\[-\] Families with reexaminations overdue:](#)

Last name, First name, Middle Initial	Date of last annual reexamination	Number of
	09/16/2014	36
	03/01/2016	29
	12/22/2015	27
	07/01/2015	26
	12/22/2015	24
	09/16/2015	24
	09/17/2015	24
	12/22/2015	24
	12/22/2015	24
	12/11/2015	24

**INDICATOR 10: CORRECT TENANT RENT CALCULATIONS**

This indicator measures whether your PHA software is correctly calculating the family's share of rent to owner in the voucher program.

The PIC system rejects records with calculation errors. While rejected 50058s affect the PHA's reporting rate, the score for this indicator is based on records accepted by PIC.

The PIC SEMAP Indicators Report shows the percentage of all families with tenant rent discrepancies.

- Must be two percent or less discrepancies for five points
- The PIC Tenant Rent Discrepancy Report provides a list of families with rent discrepancies. Review the report each month.

Housing Authority FYE: **June 30**



Download in Excel Print Page View Entire Report
**Current SEMAP Indicator Information****Most Recent SEMAP Indicator Information**

Indicator 9: Annual Reexaminations	<b>Indicator 10: Correct Tenant Rent Calculations</b>	Indicator 11: Precontract HQS Inspections	Indicator 12: Continuing HQS Inspections	Indicator 13: Lease-Up	Indicator 14: Family Self- Sufficiency Enrollment
--	---	---	--	---------------------------	--

Reporting Rate as of September 30, 2017

Program Type	VMS Units Leased	As of MM/YY	Port- Outs	Port- Ins	Number of 50058s Required (#)	Number of 50058s Reported (#)	Reporting Rate (%)
All Voucher Funded Assistance	850	08/17	27	20	843	855	100

Percent of Families with incorrect rent calculation (%) (SEMAP scores zero points when more than 2 percent of the Housing Authority's tenant rent calculations are incorrect as indicated by percentages shown in red and bold.)	<b>0</b>
---	----------

Number of Families with Active Record	Number of Rent Discrepancies
509	0

[\[+\] Families with incorrect rent calculation\(s\)](#)

Click "+" if there are any discrepancies listed to obtain the family name. Review the family records to correct electronic errors.

Section 4: HUD Indicators Verified by PIC

If your PHA fails Indicator 3: Determination of Adjusted Income, your HUD field office may award zero points under this indicator.

**POINTS**

5 points	Less than or equal to two percent rent calculation discrepancies
0 points	Greater than two percent rent calculation discrepancies

HCV Program Management  
SEMAP – Beyond the Regulations

Section 4: HUD Indicators Verified by PIC

## INDICATOR 11: PRE-CONTRACT HQS INSPECTIONS

Newly leased units must pass HQS inspection on or before the effective date of the HAP contract.

The PIC SEMAP Reexamination Report will list all families with HAP contract effective dates prior to the HQS inspection pass date. Review the report every month.

Click “+” if there are discrepancies listed to obtain the family name. Pull the physical file to determine if there were data entry errors and correct as needed.

Housing Authority FYE: **June 30**

[Download in Excel](#) [Print Page](#) [View Entire Report](#)

Current SEMAP Indicator Information			Most Recent SEMAP Indicator Information		
Indicator 9: Annual Reexaminations	Indicator 10: Correct Tenant Rent Calculations	<b>Indicator 11: Precontract HQS Inspections</b>	Indicator 12: Continuing HQS Inspections	Indicator 13: Lease-Up	Indicator 14: Family Self-Sufficiency Enrollment

Reporting Rate as of September 30, 2017

Program Type	VMS Units Leased	As of MM/YY	Port-Outs	Port-Ins	Number of 50058s Required (#)	Number of 50058s Reported (#)	Reporting Rate (%)
All Voucher Funded Assistance	850	08/17	27	20	843	855	100

Percent of units that did pass HQS inspection before the beginning date of the assisted lease and HAP contract (%) (SEMAP scores zero points when fewer than 98 percent of newly leased units pass the HQS inspection before the beginning of the lease/HAP as indicated by percentages as shown in red and bold.)	99
---	----

Number of Families with Active Record	Number of Inspections On or Before Effective Date
76	75

[\[+\] Families where HQS inspection did not pass before lease and HAP contract](#)

IMS/PIC rates are based on field 5h of Form HUD-50058.

Line 5h:	Section 8 only, except Homeownership and Project-based Vouchers. The last date the unit passed a full housing quality standards (HQS) inspection.
Line 5i:	Section 8 only, except Homeownership and Project-based Vouchers. The last date a PHA Inspector performed a full annual housing quality standards (HQS) inspection of the unit that the household occupies.



Section 4: HUD Indicators Verified by PIC

Establish a control system to ensure units pass the HQS inspection before the HAP contract is executed.

Monitor the assisted lease and HAP contract effective dates.

**COMMON ERRORS**

- Data entry errors
- Reversing dates, picking up incorrect dates from data source
- Using HQS 50058 fields incorrectly

**POINTS**

5 points 98-100 percent passed prior to effective date

0 points Less than 98 percent passed prior to effective date

**INDICATOR 12: CONTINUING HQS INSPECTIONS**

This indicator checks that your PHA is inspecting each unit under contract at least biennially.

- “At least biennially” means within 24 months from the last date that an inspector conducted a full HQS inspection.

**MANAGING THE INDICATOR**

Action code 13 on Form HUD-50058 allows reporting of HQS inspections at the time they occur.

The IMS/PIC SEMAP report will list the percentage of inspections that are more than two months overdue.

- The two-month allowance is to accommodate reporting; the two-month allowance does not change the requirement that the inspections are to be completed within 24 months of the last full HQS inspection.

Run PIC HQS Report monthly.

- If HQS inspections show, expand PIC report to see which families are listed as late (+ sign).
- Check for missing End of Participation action codes, and late or failed submissions.

Housing Authority FYE: **June 30**

[Download in Excel](#) [Print Page](#) [View Entire Report](#)

Current SEMAP Indicator Information			Most Recent SEMAP Indicator Information		
Indicator 9: Annual Reexaminations	Indicator 10: Correct Tenant Rent Calculations	Indicator 11: Precontract HQS Inspections	<b>Indicator 12: Continuing HQS Inspections</b>	Indicator 13: Lease-Up	Indicator 14: Family Self- Sufficiency Enrollment

Reporting Rate as of September 30, 2017

Program Type	VMS Units Leased	As of MM/YY	Port- Outs	Port- Ins	Number of 50058s Required (#)	Number of 50058s Reported (#)	Reporting Rate (%)
All Voucher Funded Assistance	850	08/17	27	20	843	855	100

Percent of units under contract where required HQS inspection is overdue (%) (SEMAP scores: Under 5% = 10 points; 5% - 10% = 5 points; greater than 10% = 0 points. Percentages shown as red and bold result in reduced SEMAP scores.)	<b>0</b>
--	----------

Number of Families with Active Record	Number of Late Inspections
827	0

[\[+\] Families with overdue HQS inspections](#)

Section 4: HUD Indicators Verified by PIC

**COMMON ERRORS**

- Data entry errors
- Reversing dates, picking up incorrect dates from data source
- Using HQS 50058 fields incorrectly

**POINTS**

10 points	Less than 5 percent inspections late
5 points	5-10 percent late
0 points	More than 10 percent late

## INDICATOR 13: LEASE-UP

This indicator measures whether your PHA executes assistance contracts on behalf of eligible families for the number of units that has been under (budget) for at least one year.

### LEASE-UP: NOT ENOUGH BUDGET AUTHORITY

In the event a PHA has insufficient allocated budget authority to lease 98 or 95 percent of the units under ACC, HUD will consider whether the PHA has used at least 98 or 95 percent of its allocated budget authority.

Rule: “The percent of units leased, or the percent of allocated budget authority expended during the last PHA calendar year was 98 percent or more.”

All PHAs are assessed based on calendar year results for this indicator.

Notice PIH 2012-44, issued October 25, 2012, further clarified that all PHAs will be scored based on leasing data at the end of the CY that ends on or before their FY. All leasing and expense data, as well as any known prior months’ corrections for the CY, should be in VMS by January 22.

### HOW THE LEASE-UP INDICATOR IS CALCULATED

**Average # of units leased last CY from VMS\***  
**# of units under ACC (not units budgeted)**

\*VMS unit months under contract divided by 12

Units for which HAP is abated due to an HQS fail do not count towards lease-up.

Units under ACC will include units obligated for public housing relocation and replacement for CY.

### POINTS

20 points	98 percent ACC units leased
15 points	95-97 percent ACC units leased
0 points	Less than 95 percent ACC units leased

## **INDICATOR 14: FAMILY SELF-SUFFICIENCY (FSS)**

The final SEMAP indicator applies only to PHAs that are required to administer a family self-sufficiency (FSS) program. It is scored in two parts: first, 14a., which measures FSS enrollment, and second, 14b., which measures the percentage of FSS participants with escrow account balances.

The PHA checks off on the certification form if the indicator is not applicable. If checked, the HUD field office verifies that the PHA is not required to administer an FSS program.

### **INDICATOR 14A: FSS ENROLLMENT**

Under this indicator, your PHA certifies:

- a. The number of mandatory slots or the number of slots with HUD-approved exception
- b. The number of FSS families currently enrolled
- c. The number of families currently enrolled who have moved under portability and whose Section 8 assistance is administered by another PHA
- d. The percentage of FSS slots that are currently filled ( $b + c$ , divided by a)

### **Rating FSS Enrollment**

The HUD field office will verify the number of mandatory FSS slots reported on the PHA's certification.

PIC supplies the number of FSS families currently enrolled.

### **INDICATOR 14B: PERCENTAGE OF FSS PARTICIPANTS WITH ESCROW ACCOUNT BALANCES**

Under this indicator, HUD assesses whether your PHA has made progress in supporting family self-sufficiency as measured by the percentage of currently enrolled FSS families with escrow account balances. To receive full points, at least 30 percent is required.

The PHA certifies:

- Yes or no

Section 4: HUD Indicators Verified by PIC

As the initial PHA under portability, enter the number of families that are currently enrolled, but who have moved under portability and whose Section 8 assistance is administered by another PHA.

**Rating FSS Escrow Account Balances**

The percentage of FSS families with escrow account balances comes directly from PIC.

$$\frac{\text{Number of FSS families with positive escrow balance or with a positive amount of escrow disbursed}}{\text{Number of families in PIC w/progress reports}} = \text{Percent with escrow accounts balance}$$

Families whose latest FSS report on their Form HUD-50058 is an FSS enrollment report are excluded from the calculation.

**POINTS**

**14a: FSS Enrollment**

5 points	80 percent or more of mandatory FSS slots filled
3 points	60-79 percent of slots filled
0 points	Less than 60 percent filled

**14b: FSS Escrow Account Balance**

5 points:	30 percent or more of FSS families have escrow account balances
0 points	Less 30 percent of FSS families have escrow account balances

**BONUS INDICATOR: DECONCENTRATION**

The deconcentration indicator is mandatory for any PHA that uses payment standard amounts that exceed 100 percent of an FMR set at the 50th percentile. It is optional for all other PHAs.

- FMRs are normally set at the 40th percentile.
- Historically, PHAs have had 50th percentile FMRs to provide access to a broad range of housing opportunities throughout a metropolitan area, and scoring started with second full PHA fiscal year following the initial use of payment standards based on the 50th percentile.
- However, the SAFMR final rule, published November 16, 2016, eliminated the regulations governing FMRs using 50th percentile rents and establishes requirements to transition out of the use of 50th percentile rents over a three-year period. Specifically:
  - PHAs operating in a metropolitan area designated for small area FMRs (SAFMRs) will transition to SAFMRs
  - PHAs operating in an area not designated for SAFMRs may either:
    - Adopt SAFMRs immediately
    - Remain subject to 50th percentile FMRs until the expiration of the three-year period, then revert to the 40th percentile FMRs; or
    - Revert to the 40th percentile FMRs at the end of the three-year period, and then establish exception payment standards up to 110 percent of the relevant SAFMR area
  - If the PHA scores the maximum number of points on the deconcentration indicator in the prior year or in two of the last three years, then the PHA may request HUD approval of payment standard amounts based on the 50th percentile rent.
- Scoring is verified by SEMAP certification data and annual audit.
- This bonus indicator relates to families with children who are living in or have moved to low poverty impacted census tracts.

**CRITERIA**

1. Fifty percent or more of all Section 8 families with children resided in low poverty census tracts in the last fiscal year.
2. The percentage of Section 8 mover families with children who moved to low-poverty census tracts during the last completed fiscal year is at least two percent higher than the percentage of all Section 8 families with children who reside in low-poverty census tracts at the end of the last completed fiscal year; or
3. The percentage of Section 8 families with children who moved to low-poverty census tracts over the last two completed PHA fiscal years is at least two percent higher than the percentage of all Section 8 families with children who resided in low-poverty census tracts at the end of the second to last completed PHA fiscal year.

**POINTS**

5 points

**ADDITIONAL INFORMATION**

A PHA may include with its SEMAP certification any information or comments bearing on the accuracy or completeness of the information used by the PHA in completing its certification.

A PHA may also send paper documentation to the HUD field office.



## GENERAL SEMAP ERRORS

Below is a list of SEMAP errors or failings commonly encountered by NMA consultants:

- Failure to monitor year-to-date performance to identify issues before they become problems.
- Having someone involved in the work conduct SEMAP reviews.
- Not understanding specific indicator requirements.
- Over scoring!
  - Only count as an error those that relate to the indicator's requirement.
  - Other errors: identify, address and correct, but do not count against your agency under SEMAP.
- Failure to maintain a clear audit trail and clear records on the internal SEMAP reviews.
- Failure to certify in a timely manner.
- Failure to train staff on SEMAP and on how their work impacts the agency's SEMAP score.

## SEMAP DATA COLLECTION TOOL

NMA's SEMAP Tool is available for your use from the class SharePoint reference site. There are four versions, one for each fiscal year end.

The easy-to-use tool will capture your data, calculate scores for each indicator, and provide a summary overall score.

Each month throughout the fiscal year, log onto the IMS/PIC SEMAP site and enter in the most current SEMAP data.

Contact your account representative for a complete webinar using the tool.

## **Section 5            Remote Confirmatory Reviews**

HUD has begun conducting remote confirmatory SEMAP reviews. Those PHAs that are selected for such a review will receive notification via email. An instruction letter will be attached, along with an Excel spreadsheet.

## CHAPTER 7      **Quality Control**

---

### **WHAT SUCCESS LOOKS LIKE**

- An effective quality control plan is implemented to result in continuing decreases in the overall error rate.
- Quality control results are tracked and used in conjunction with performance standards.

### **KNOWLEDGE FOR SUCCESS**

The manager needs to:

- Focus on internal quality control
  - *Internal quality control* refers to:
    - File quality control that is done prior to the submission of the file for owner payment
    - The plan is to conduct as much quality control as possible prior to the HAP payment being made
- Identify sample tools for conducting QC file reviews
- Correct QC errors in a timely manner
- Identify errors trends
- Implement training and mentoring to eliminate repetitive errors

**Learning Activity 7-1: Assessment – Quality Control**

Use the rating scale to assess your program:

- 0 Not applicable
- 1 Poor – needs extensive work
- 2 Fair – needs work soon
- 3 Adequate – needs work
- 4 Very good – needs a little work
- 5 Excellent – needs no work

<b>HCV Assessment: Quality Control</b>	<b>Rating (0-5)</b>	<b>Comments</b>
SEMAP indicators are tracked and regularly reviewed		
SEMAP documentation is clear and self-evident		
Staff is trained based on ongoing QC reviews		
File protocol is documented, and all staff are trained		
Document management and security systems are in place		
Levels of quality control are set up and monitored		
Quality control feedback is provided to staff		
Quality control forms are used consistently at every level		
A file review tool is used to compare software results with QC staff results		

## QUALITY CONTROL PROGRAM

The HCV manager should design a quality control program to meet the goals and outcomes the PHA wants to achieve.

A first step is to identify key performance indicators.

Note that quality control is much more than just file reviews.

For each area of review, you should be able to answer pertinent questions.

- Focus. What aspect of this program requirement is being measured?
- Review element. What are the most critical outcomes to monitor?
- Satisfactory measurement threshold. What represents a successful outcome?
- Review requirement. Specifically, what will be reviewed? For those quality control actions that require a review of a number of records, how many records/files will be reviewed?
- Frequency. How often will quality control actions take place?
- Responsibility. What staff position is responsible for conducting the quality control actions?

This is an example of how you could set up a quality control chart.

Program Area	Focus	Review Elements	Satisfactory Measurement Threshold	Review Requirements on Forms HUD-50058	Frequency	Responsibility
<b>3. IMS - PIC</b>	<b>A</b> Timely Submissions	Determine whether IMS – PIC data is submitted timely	<ul style="list-style-type: none"> <li>98% timely submission of IMS – PIC data</li> </ul>	Addressed with 2.F (annual reexams) and 2.H (annual HQS inspections)	Monthly	
	<b>B</b> Accuracy of information submitted	Monitor accuracy of submitted IMS – PIC data	<ul style="list-style-type: none"> <li>98% of data submitted to IMS – PIC is accurate</li> </ul>	Compare PIC data to Yardi data	Monthly	
	<b>C</b> Correction of IMS – PIC errors	Monitor timely correction of IMS – PIC errors	<ul style="list-style-type: none"> <li>Corrected within 5 business days of submission / month end reconciliation</li> </ul>	<ul style="list-style-type: none"> <li>Monitor IMS – PIC transaction logs to ensure addressed within 5 bus days of 50058 transmission</li> </ul>	Monthly	
<b>4. Portability</b>	<b>A</b>	Determine whether required documents were submitted to RHA accurately and timely	<ul style="list-style-type: none"> <li>98% of documents were submitted to RHA accurately, and by HUD required deadlines</li> </ul>	<ul style="list-style-type: none"> <li>Review portability log to ensure all family data is properly entered, and requirements were met</li> </ul>		
	<b>B</b>	Monitor timeliness of initial and monthly payments to RHA	<ul style="list-style-type: none"> <li>98% of payments were made timely to RHA</li> </ul>	<ul style="list-style-type: none"> <li>Review financial records to determine if payment deadlines were met</li> </ul>		
	<b>C</b>	Monitor 'closure' of outcomes of families porting out	<ul style="list-style-type: none"> <li>100% of port out families properly accounted for</li> </ul>	<ul style="list-style-type: none"> <li>Review portability log to ensure family status is determined or that follow up actions have been taken</li> </ul>		
	<b>D</b>	Monitor accuracy / timeliness of documents received by IHA	<ul style="list-style-type: none"> <li>100% of required documents are received in a timely manner or appropriate action is taken</li> </ul>	<ul style="list-style-type: none"> <li>Review portability log to ensure all family data is properly entered and requirements were met</li> </ul>		
	<b>E</b>	Monitor accuracy / timeliness of document submission to IHA	<ul style="list-style-type: none"> <li>98% of documents were submitted to IHA accurately, and by HUD required deadlines</li> </ul>	<ul style="list-style-type: none"> <li>Review portability log to ensure all family data is properly entered and requirements were met</li> </ul>		
		Monitor receipt of IHA payments	<ul style="list-style-type: none"> <li>98% of payments are rec'd in a timely manner or</li> </ul>	<ul style="list-style-type: none"> <li>Review financial records to determine payments</li> </ul>		

Program Area	F	payments		appropriate action is taken	were received		Responsibility
		Focus	Review Elements	Satisfactory Measurement Threshold	Review Requirements	Frequency	
5. EIV	A	Income Validation Tool (IVT)	Determine whether HUD's EIV IVT has been run and if discrepancies have been addressed in accordance with established threshold	<ul style="list-style-type: none"> <li>100% : IVT has been obtained and analyzed</li> <li>98% of families with discrepancy levels over the threshold have been addressed</li> </ul>	<ul style="list-style-type: none"> <li>Review IVT with responsible party</li> <li>Review dates obtained</li> <li>Review actions taken</li> <li>Review tracking logs</li> </ul>	Monthly	
	B	EIV security	Determine whether family EIV records are maintained separate from files in a secure location	<ul style="list-style-type: none"> <li>100%</li> </ul>	<ul style="list-style-type: none"> <li>Review EIV storage location to ensure secure</li> <li>In the course of file reviews, identify any EIV data stored inappropriately in the family file</li> </ul>	Quarterly	
6. Criminal History	A	General criminal history checks	Determine whether required criminal history background checks took place in accordance with policy	<ul style="list-style-type: none"> <li>100% policy followed</li> </ul>	<ul style="list-style-type: none"> <li>Review new admission files to determine if background checks took place in accordance with policy</li> <li>Sample size:10%</li> </ul>	TBD	TBD
	B	Consent Forms	Determine whether required consent for release of criminal conviction records is on file for adult household members	<ul style="list-style-type: none"> <li>100%</li> </ul>	<ul style="list-style-type: none"> <li>Concurrent with 6.A, review new admission files to determine if required consent forms are on file</li> <li>(Same sample as 6.A)</li> </ul>		
	C	Sex offender lifetime registrant criminal history check	Determine whether required sex offender registrant check took place for all applicants	<ul style="list-style-type: none"> <li>100% applicant check</li> </ul>	<ul style="list-style-type: none"> <li>Concurrent with 6.I., review new admission files to determine if sex offender registration checks took place</li> <li>(Same sample as 6.A)</li> </ul>		

Program Area	Focus	Review Elements	Satisfactory Measurement Threshold	Review Requirements	Frequency	Responsibility
7. Inspections (Non-SEMAP)	A	Initial inspection	<ul style="list-style-type: none"> <li>100% unit inspection within 15 days, unless owner or family causes delay</li> </ul>	<ul style="list-style-type: none"> <li>Review initial inspection logs and related RTAs</li> <li>Sample size: 10%</li> </ul>	Quarterly	
	B	Customer communication Review notification of inspection to owner/family Review notification of results to owner/family	<ul style="list-style-type: none"> <li>Annual/biennial inspections: owner/family provided written notice at least two weeks prior to inspection: 99%</li> <li>Inspection results: owner/family provided written notice within 5 business days of inspection: 99%</li> </ul>	<ul style="list-style-type: none"> <li>Review inspection logs and copies of written communications</li> <li>Sample size: 5%</li> </ul>	Quarterly	
	C	Determine that owner HAP abatements are lifted in a timely manner	<ul style="list-style-type: none"> <li>98% of HAP abatements are lifted within 5 business days of HQS deficiency correction</li> </ul>	<ul style="list-style-type: none"> <li>Review documentation of owner correction of HQS deficiency, date of inspection, date of abatement being lifted</li> <li>Sample size: 10%</li> </ul>	Monthly	
8. Briefings	A	Briefing Information	<ul style="list-style-type: none"> <li>100%</li> </ul>	<p>Attend briefing, review:</p> <ul style="list-style-type: none"> <li>is information provided compliant with policy and 982.301 (a);</li> <li>does briefing packet include requirements in policy and 982.301 (b), and LBP notice</li> </ul>	Quarterly; once a quarter per location	



Program Area	Focus	Review Elements	Satisfactory Measurement Threshold	Review Requirements	Frequency	Responsibility
<b>9. Voucher Issuance</b>	<b>A</b>	Voucher size	Determine if voucher size is correct	<ul style="list-style-type: none"> <li>Review family composition per policy</li> </ul>	Ongoing	
	<b>B</b>	Voucher term	Determine that initial voucher term is correct	<ul style="list-style-type: none"> <li>Review issuance date and expiration date</li> </ul>	Ongoing	
	<b>C</b>	Extensions	Determine that extensions were granted correctly	<ul style="list-style-type: none"> <li>Review extension requests and outcome</li> </ul>	Ongoing	
	<b>D</b>	Receipt of RTA	Determine if RTA was received prior to voucher expiration	<ul style="list-style-type: none"> <li>Review voucher and receipt date of RTA</li> </ul>	Ongoing	
<b>10. HAP Contract Execution</b>	<b>A</b>	RTA	Determine that RTA is complete and signed by family and owner	<ul style="list-style-type: none"> <li>Review RTA for completeness</li> </ul>	Ongoing	
	<b>B</b>	Eligible Unit	Determine that unit is eligible type	<ul style="list-style-type: none"> <li>Concurrent with 9.A.</li> </ul>	Ongoing	
	<b>C</b>	Lease	Determine that the lease is in the file	<ul style="list-style-type: none"> <li>Review file for presence of lease</li> </ul>	With monthly file reviews	
	<b>D</b>	Tenancy addendum	Determine that the lease includes the tenancy addendum	<ul style="list-style-type: none"> <li>Concurrent with 9.D., review file for tenancy addendum</li> </ul>	With monthly file reviews	
	<b>E</b>	Affordable rent	Determine that the rent to owner is affordable under 24 CFR 982.305 (a) (5)	<ul style="list-style-type: none"> <li>Run affordability check in appropriate circumstances</li> </ul>	With monthly file reviews	
	<b>F</b>	Utilities/ unit type	Determine that utility responsibilities and unit type/size are consistent in documentation	<ul style="list-style-type: none"> <li>With SEMAP: Ind. #3; review RTA, inspection forms, lease, HAPC</li> </ul>	With monthly file reviews	
	<b>G</b>	HAPC execution	Determine that the HAP contract is executed within 60 days of beginning of the lease term	<ul style="list-style-type: none"> <li>Review lease effective dates and HAPC execution dates</li> <li>Sample size: 5%</li> </ul>	With monthly file reviews	
	<b>H</b>	HAPC	Determine that a properly executed HAP contract is in file	<ul style="list-style-type: none"> <li>Concurrent with 10.G</li> <li>Sample size: 5%</li> </ul>	With monthly file reviews	

Program Area		Focus	Review Elements	Satisfactory Measurement Threshold	Review Requirements	Frequency	Responsibility
11. Denials and Terminations	A	Supervisor Approval	Determine denial / termination was approved by Team Leader	<ul style="list-style-type: none"> <li>100%</li> </ul>	<ul style="list-style-type: none"> <li>Review files to check for Team Leader approval</li> <li>Sample size: 5%</li> </ul>	TBD recommend Quarterly	
	B	Opportunity to Dispute	If denial/term. is due to criminal background record, determine that applicant/participant was provided an opportunity to appeal the criminal record as inaccurate or irrelevant prior to denial or termination	<ul style="list-style-type: none"> <li>100%</li> </ul>	<ul style="list-style-type: none"> <li>Review files for notice of opportunity to appeal criminal record</li> <li>Sample size: 5%</li> </ul>	TBD recommend Quarterly	
	C	Action Appropriate	Determine if denial/termination action was in accordance with requirements/policy	<ul style="list-style-type: none"> <li>100%</li> </ul>	<ul style="list-style-type: none"> <li>Review denial / termination documents to determine if action was taken appropriately</li> <li>Sample size: 10%</li> </ul>	TBD recommend Quarterly	
12. Hearings and Reviews	A	Notice to family	Determine that family was correctly notified of opportunity to appeal	<ul style="list-style-type: none"> <li>98%</li> </ul>	<ul style="list-style-type: none"> <li>Review notice to family to ensure provided timely; information included as to what can be appealed; how to appeal; and deadline by which to appeal</li> <li>Sample size: 5%</li> </ul>	TBD recommend Quarterly	
	B	Scheduling	Determine if Informal Review / Hearing was scheduled timely	<ul style="list-style-type: none"> <li>95%</li> </ul>	<ul style="list-style-type: none"> <li>Review family request for Review/Hearing; review scheduled date of review/hearing</li> <li>Review schedule</li> <li>Sample size: 5%</li> </ul>	TBD recommend Quarterly	
	C	Discovery	Family informed of family / PHA right to Discovery	<ul style="list-style-type: none"> <li>95%</li> </ul>	<ul style="list-style-type: none"> <li>Concurrent with 12.B., review notice of Review/Hearing date for Discovery information</li> <li>Sample size: 5%</li> </ul>	TBD recommend Quarterly	

Program Area		Focus	Review Elements	Satisfactory Measurement Threshold	Review Requirements	Frequency	Responsibility
13. Family Files	A	File structure	Review files for consistency of organization	TBD	<ul style="list-style-type: none"> <li>With SEMAP Ind. #3, review files for proper filing and consistency of organization</li> </ul>	With monthly file reviews	
	B	File security	Determine if family files are secure	<ul style="list-style-type: none"> <li>100%</li> </ul>	<ul style="list-style-type: none"> <li>Perform random area checks to ensure security of applicant/participant files</li> </ul>		
14. Customer Service	A	Overall customer satisfaction	Monitor complaints, outcomes, customer service survey results	<ul style="list-style-type: none"> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>Review customer complaint records, including outcomes, review customer service surveys to determine positive trends</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> </ul>	
	B	Owner rent increase requests	Determine if owner rent increase requests are processed and that owners are notified of results in a timely manner	<ul style="list-style-type: none"> <li>98% of owner rent increases are processed, and owners notified, within 5 business days of receipt of rent increase request</li> </ul>	<ul style="list-style-type: none"> <li>Review documentation of owner request for rent increase, date RR was performed, and notification to owner (and family, when increase is approved) of result</li> <li>Sample size: 5%</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>	
15. Zero Income Families	A	Multiple subsidy reports	Ensure agreed upon treatment of Zero Income families is being followed	<ul style="list-style-type: none"> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>Once every 6 months</li> </ul>	

## Learning Activity 7-2: Quality Control Methods

Instructions: Complete the form and then share your responses as a **group** activity.

- Choose one area of program operation in which your PHA currently conducts ongoing quality control from the following areas:
- IMS-PIC
- Portability
- EIV
- Criminal History
- Inspections (non-SEMAP)
- Briefings
- Voucher Issuance
- HAP Contract Execution
- Denials and Terminations
- Hearings and Reviews
- Family Files
- Customer Service
- Zero Income Families

1. What is the area of focus?

---

2. What is the measurement?

---

3. What is considered satisfactory performance?

---

4. What, specifically, is reviewed (files, software reports, etc.)?

---

5. How often are reviews performed?

---

6. Who conducts the reviews?

---

7. How are results communicated to staff?

---

8. How are results communicated to management?

---

## LEVELS OF FILE REVIEWS

### **LEVEL 1: HOUSING SPECIALISTS SELF-REVIEW THEIR OWN WORK**

An auditor should be able to determine how the housing specialist actually calculated an income source and what verification was used in the final calculation. They also should be able to ascertain whether the verification hierarchy was followed or, if not, why not.

A data analysis form will capture the needed information, supporting the housing specialist in performing and documenting the correct actions and allowing their supervisor to quickly review for accuracy and appropriate documentation.

Another common file error is the calculation of the HCV utility allowance. Given the variety of forms with varying terminology and definitions used in determining a correct utility allowance, such as structure type, a clear written policy on how to interpret several of these areas is needed. In addition, the same information such as unit size and who is providing what utilities, need to be consistent on the forms. This data collection and analysis form allows that consistency comparison.

## SAMPLE HOUSING SPECIALIST SELF-REVIEW FORM

Initial Caseworker QC

HOH LAST NAME				HOH FIRST NAME			
Action:		Eff Date:		Specialist:			
FAMILY COMPOSITION				ASSETS: <i>Guidance - HUD requires all assets be reported</i>			
# Dependents		Total Cash Value of Assets					
Elderly / Disabled Family	Y or N	Tot Anticipated Income from Assets					
Total in Household		Final Asset Income					
ANNUAL INCOME - For Annuals, EIV MUST be in file.							
Member	Income type	Verification used	How annualized	Annual \$	<i>Guidance: Verification must meet policy or file must be documented</i>		
Tot Annual Income w/o asset income				Tot Annual Income w/ asset income			
ADJUSTED INCOME							
Family qualifies for medical expenses				Y or N	<i>Guidance: Document medical expenses clearly</i>		
If Y, family allowed anticipated expenses for all family members				Y or N			
UTILITY INFORMATION	Lease		HAP Contract		UA Schedule		<i>Guidance: Unit type, unit size, utility responsibility MUST be consistent on all forms. Any discrepancy must be resolved and the outcome noted in the file. Use the lower of the size of the unit rented or the family's voucher size to calculate the utility allowance.</i>
Utility	Type	Paid by	Type	Paid by	Type	Amount	
Heating							
Cooking							
Water							
Heating							
A/C							
Water							
Sewer							
Trash							
Range							
Refrigerator							
Other							
			Total Utility Allowance				
UNIT INFORMATION							
	RFTA	Inspection	UA	Lease	HAPC		
Structure type							
Number of bedrooms							
RENT TO OWNER							
RENT CALCULATION							
Voucher Bedroom size			<i>Guidance: Unless the voucher size changed, the payment standard to be used is the lower of the voucher bedroom size or the actual number of bedrooms in the unit. Also, if the PHA lowered the payment standard, a protection may apply till the 2nd annual reexam.</i>				
Payment Standard used							
I hereby certify that I have reviewed the work I completed for this transaction and the information on this sheet is correct.				I hereby certify that I have reviewed this file and addressed any issues or errors with the caseworker.			
Signature of Caseworker		Date	Signature of Supervisor		Date		

## **LEVEL 2: SUPERVISOR CURSORY REVIEW OR IN-DEPTH REVIEW**

For a cursory review, the supervisor:

- References the housing specialist self-review sheet
- Checks file data for accuracy
- Hits known “hot spots”
- Certifies to their actions, specifically, that they reviewed the file and addressed issues and errors with the housing specialist

For an in-depth review, the supervisor would conduct a full file review (described later in this chapter).

## **LEVEL 3: QUALITY CONTROL “TEAM” IN-DEPTH FILE REVIEWS**

An in-depth file review example is provided later in this section.

## **LEVEL 4: QUALITY CONTROL THE QUALITY CONTROLLERS**

This level of QC is often overlooked but is critical in ensuring that PHA quality control reviewers are themselves accurate, consistent, and documenting clearly and objectively.

There must be uniform standards and consistency of findings among quality control staff. When QC staff creates findings that are arbitrary or based on their personal opinion, it will undermine your quality control efforts.

## **CONSISTENCY**

Train quality control staff—including supervisors—well.

Check work of QCers to verify accuracy.

Hold ongoing discussions with QC staff and supervisors to discuss issues as they arise.

Cultivate a corporate culture in which questions are respected, opinions are listened to, and voices are heard.

## **TRACKING RESULTS**

Results should be tracked by the:

- Individual
- Supervisor
- Department
- Agency

Take appropriate action with findings.

- Document and track to determine if completed.
- Track results by specialist and tie into performance standards (supervisory responsibility).
- Notify the specialist of the results.
- Track trends.

## **COMMUNICATION**

Look objectively at how quality control feedback is given to housing specialists within your agency.

Errors are likely not to be repeated if the housing specialist is allowed to correct the file.



## DOS AND DON'TS OF PROVIDING FEEDBACK

Giving feedback regarding errors in a supportive and positive manner does not come naturally to most individuals. Yet, it is rare to find training provided on this critical skill.

To assist, here are some “Dos and Don’ts” that may help your staff in making these conversations result in a positive experience.

### Dos

The discussion should be a two-way exchange. Approach it as a conversation.

Start and end the discussion with a compliment.

- For example, you might open with a comment on how certain file difficulties were handled well, or that file documentation was complete and concise. You might end with expressing appreciation for the opportunity to genuinely exchange thoughts and ideas regarding the case, or for the specialist bringing up a particularly difficult situation from which all staff could learn.

Listen to your own voice.

- Tone matters and can send as much of a message as do your words.
- Voice tone can communicate anger, frustration, worry, disappointment, interest, and more.

More Dos:

- Make eye contact and smile.
- Talk about “behavior” or results, not the person.
- Use gentle humor, if possible.
- Make your point, and then move on.
- Make it clear, in a manner that is not condescending, that this is a learning opportunity—for both of you.
- Approach in a non-threatening manner.

*Example:* “We are working very hard to ensure we all (include yourself) are consistent in approach. Your input will help. So, would you help me understand how you annualized this income?”

### **DON'TS**

Don't forget the good stuff!

Don't call it "constructive criticism."

- All that is heard is "criticism."

Don't speak to weaknesses or needs for improvement in public.

- Praise in public.

If you receive a sincere "thank you" after giving feedback, you will know.

### **WHAT TO DO WITH THE RESULTS**

Correct the errors.

- Be sure staff understands what corrections are required and have them correct the errors themselves to learn from the errors.

Provide focused training.

- Use the error discussion as an opportunity to coach on requirements.

Use results as the basis for fact-based performance evaluations.

### **IN-DEPTH FILE REVIEWS**

The primary elements include family composition, income and rents, verifications, and required forms and documentation.

Mirror HUD's approach to file reviews:

- Calculate and review independently.
- Compare reviewer results to HUD-50058.
- Capture discrepancies and describe clearly.

Steps involved:

- Identify the critical file elements for review.
- Design data collection tools for consistency.
- Establish a system to ensure ongoing reviews.
- Train reviewers to ensure accuracy of the outcome.

## **FAMILY COMPOSITION**

Is it supported by file documentation?

Is required verification of household member status in file?

- Declaration 214 and related forms
- Proof of age, disability status, FTS status
- Social security number verification

Are release forms in file?

## **VOUCHER ISSUANCE**

Is the voucher size correct?

- Admin plan (is it clear, would you know?)
- Are you testing all combinations?

Were extensions handled correctly?

Is the proper name on the voucher?

## **ADJUSTED INCOME**

Is all income properly verified and calculated?

Are all assets and asset income properly verified and calculated?

Are all allowances and deductions properly verified and calculated?

## **TOTAL TENANT PAYMENT**

Was the minimum rent properly applied?

If requested, was the minimum rent hardship exemption considered and properly applied?

## **HAP AND TENANT RENT TO OWNER**

Is the rent to owner correct?

Is the payment standard correct?

Was the correct utility allowance used?

## **HCV LEASE-UP**

Did the unit pass HQS prior to the lease effective date?

Are the lease and HAP contract effective dates the same?

Was the HAP contract executed within 60 days of the lease effective date?

How long were critical lease-up intervals?

## **FILE REVIEW TOOL**

It's on the portal—for this class only!

It reviews 25 families per spreadsheet.

The results of reviews performed using the spreadsheet roll up into a report.

Each specialist can be reviewed on a single spreadsheet—multiple spreadsheets links for supervisory report.

### **CONCEPT**

An automated tool determines whether information entered in software is correct by comparing printed HUD-50058 data with file reviewer data entered from the file.

How is it accomplished?

- File reviewer enters data from the printed 50058.
- File reviewer enters data from file.
- Tool compares and determines where there were differences.
- Reviewer prints reports identifying specific errors and dollar amounts.

### **DATA ENTRY**

- Overall PHA information (once for 25 cases)
- Data from HUD-50058
- Family declaration on family composition
- Independent data from file
- Interval tracking (e.g., voucher issuance to RFTA)
- HAP contract information

## **MONITORING FOR SUCCESS**

- Written QC plan is in place
- QC is monitored at all levels
- File review tool or substitute is consistently used by QC staff
- QC results are monitored and tied to performance standards
- Results and trends are tracked

## Notes

## **CHAPTER 8      Managing Program Functions**

---

### **Section 1      Introduction**

The objective of this chapter is to identify and explore the program functions that require the attention and skills of an HCV manager and to provide guidance and insight on how to manage these functions. These functions are easy to identify, but it is challenging to manage the processes and coordinate the activities of the staff that perform them. All HCV managers must manage the same program functions no matter the size of the agency. Each may have different production quotas, resources, staffing and community challenges, but managing functions such as outreach, intake, leasing, annual reexaminations and inspection are inherent to every HCV program.

The functional elements of the HCV program are:

- Outreach
- Intake
- Leasing
- Unit inspections
- Rents
- Moves
- Interim activities
- Annual activities
- Terminations
- Portability
- Informal reviews and hearings

The PHA world revolves around written material such as federal regulations, PIH notices, HUD and local policies, procedures and numerous forms. Implementing the program to achieve outcomes satisfactory to HUD, the commissioners, the public, your boss, and your employees requires knowledge and planning. This chapter contains practical suggestions and insights to help you to manage the functional areas of the program in order to better serve your customers.

## **Section 2      Managing the Owner Base**

### **INTRODUCTION**

Rental property owners are a key resource of the HCV program, and they should not be taken for granted. PHAs cannot operate a viable HCV program unless they have enough qualified families in need of housing and enough rental property owners willing to lease units to voucher holders. The availability of standard rental housing is essential for HCV managers to maintain acceptable leasing rates, and in many parts of the country, there are more families that need rental housing than there are owners willing to do business with a PHA. Utilization is measured in percentages and numbers, but it ties directly to whether families can find suitable housing. Tight markets, and even competition between housing providers, can make this a challenge—and in today’s funding environment, PHAs cannot afford to lose funding.

For this reason, attracting owners and managing the owner base becomes increasingly important for the health and survival of tenant-based assistance. In most jurisdictions there are sufficient families who need housing assistance, but it is still the responsibility of the HCV manager to ensure that the availability of housing assistance is made known to those least likely to apply. This section provides tools and ideas to improve owner recruitment, retention, and owner relations.



## **MANAGING YOUR OWNER BASE**

To grow and manage a base of acceptable owners takes some planning on the part of the HCV manager. Your objective, as an HCV manager, is to attract and retain standard property owners in low poverty areas. Here are some questions to consider:

- Do you accept substandard performance by owners for fear of losing them?
- Do you spend too much time resolving owner complaints?
- Do you really give owners the information they need to succeed in the program? Do you make it easy for them to do business with you?
- Do staff and inspectors deal with owners on a professional level? Do you emphasize interpersonal as well as technical skills when training staff and inspectors?
- Do you have owners who habitually under-perform?

### **KEY REGULATIONS AFFECTING OWNER DISAPPROVAL**

If you evaluate your owner base, you will probably find that HCV owners include those who employ excellent property management practices, those who offer marginal units and do the bare minimum in order to collect their HAP payments, and those who are repeatedly in noncompliance with the HAP contract. HCV managers should have a strategy to improve the performance of marginal owners and eliminate those who have a pattern of noncompliance. It will take a conscious effort and a plan.

HUD regulations at 24 CFR 982.306 give PHAs the authority to disapprove owners for a variety of reasons, including:

- The owner has violated his or her obligations under an HCV contract
- The owner has committed fraud, bribery, or any other corrupt or criminal act involving any federal housing program
- The owner has engaged in any drug-related criminal activity

Section 2: Managing the Owner Base

- The owner has a history or practice of failing to terminate the tenancy of participants whose family members, guests, or other persons under their control engage in activities that threaten the right to peaceful enjoyment of the premises by other residents, or threaten the health or safety of other residents, employees of the PHA or owner, or persons residing in the immediate vicinity of the premises
- The owner has a history or practice of renting units that fail state or local housing codes
- The owner has not paid state or local real estate taxes, fines, or assessments

**AN OWNER MANAGEMENT STRATEGY**

There are many things your PHA can do to build an acceptable owner base, but there are four main aspects that managers should consider. They are:

- Internal program administration: Installing the right systems and practices
- Owner outreach: Telling and selling the program
- Owner retention through excellent customer service: Doing the right things with the right attitude
- Contract monitoring and enforcement: Rehabilitating or eliminating problem owners

## **INTERNAL PROGRAM ADMINISTRATION**

### **MANAGING THE INSPECTIONS FUNCTION**

#### **Prioritize Initial Inspections**

Effective communication between the housing specialist, the inspector, and the owner from date the RFTA is received all the way through the date of contract execution is crucial, and as a manager, it is your job to make sure this is happening. The timeliness and efficiency of initial inspections is important to all parties. Every day the unit is vacant is a day that rent will not be collected by the owner. It's also another expired day of the voucher term for the family. It's a day for which the PHA will not collect an administrative fee. The initial inspection is also an opportunity to educate the owner about the inspection process and standards.

#### **Ensure Consistency in the Application of HQS Standards**

A major complaint by HCV owners across the country is that the HQS change depending upon which inspector shows up. For this reason, managers should ensure that inspectors do not adopt their own arbitrary standards that exceed HQS. Managers should also periodically review inspection reports to determine if there are fail conditions noted that don't violate HQS. Many units are failed because of conditions that may be used in rent negotiation but are not HQS fail items.

Under SEMAP, PHAs are required to conduct HQS quality control inspections. Managers should use the results of these inspections to initiate discussions with HQS inspectors to ensure consistency in the application of HQS requirements.

#### **Document Pass-with-Comment Items on Initial and Annual/Biennial Inspection Reports**

This protects both the family and the owner. Because the family is responsible for certain breaches of HQS, it is important to document noteworthy items that do not fail the unit but could later be construed as tenant damages (e.g., worn carpet or scratches on a kitchen counter top).

Section 2: Managing the Owner Base

**RENT REASONABLENESS AND MARKET-BASED COMPARABLES**

You should ensure that rent comparable data is current to defend approvals (to HUD) and disapprovals of rents (to the owner). The approval of rents should not be based on the perception or opinion of PHA personnel, but on the truth of the rental market in the area where the unit is located. It's also important to make sure that staff does not "undercut" rents arbitrarily if they are reasonable. Owners should be encouraged to provide data on comparable unassisted units and advised how to improve the condition of their units. Your PHA's staff should be prepared to explain the specific reasons for rent disapproval.

**PREPARE VOUCHER-HOLDERS TO SUCCEED**

Managers should analyze effectiveness of tenant briefings and briefing materials. If possible, use visuals (video or PowerPoint) to improve how information is delivered. Provide worksheets to assist in determining affordability but make certain that information on available units is current. PHAs should also attempt to identify properties and owners with accessible units that may be needed by persons with disabilities. Some PHAs provide blank "renter résumé forms" for families who wish to complete them in order to make owner screening easier.

**ESTABLISH CUSTOMER SERVICE STANDARDS FOR STAFF/INSPECTORS**

The level of customer service is directly related to retaining good owners on the program. In order to make this happen, managers should establish standards for the prompt return of telephone calls, and the prompt response to written inquiries and complaints. The management team sets the example and creates expectations for quality customer service. Always demand a customer-friendly attitude towards owners.

Section 2: Managing the Owner Base

**INTAKE MANAGEMENT**

Remember, PHAs should periodically update the waiting list to ensure high response levels when families are selected. Most PHAs maintain a pool of eligible families so that funding can be quickly utilized when it becomes available. To accomplish this, use HUD tools and fact-based forecasting based on program statistics. Know your wait list factor, your lease-up factor, and turnover rate, and collaborate with finance to make accurate projections.

**TRACK SUCCESS RATES GEOGRAPHICALLY**

Look at a map of your jurisdiction and evaluate where families are leasing units on the program. What percentage are in high poverty areas? What percentage are in low poverty areas? Look at the low poverty areas where few families lease units. This will give you insight into areas that should be targeted for owner outreach. We recognize that families will not lease in high-cost areas, but there may be many low poverty areas that are not being utilized by voucher holders. Evaluate why families are unable to lease in these areas. Pay attention to reasons for extension requests and review the payment standards in these areas. Are they set too low?

Section 2: Managing the Owner Base

### **OWNER OUTREACH**

The objective of owner outreach for the HCV manager is to ensure that enough owners participate so that families may locate and lease suitable housing in low-poverty areas. Owner outreach involves marketing the benefits of participating in the HCV program to owners and managers of qualified rental property. However, for owner outreach to be successful, PHAs need to acknowledge the value of participating owners and provide them with professional service. Professional service means educating and orienting new owners when they come onto the program, being responsive to owner questions and concerns, and ensuring that owner payments are correct and timely. Often the main obstacles in marketing to new owners are the myths, misunderstandings, and negative perceptions about the program. These negative perceptions include examples such as excessive paperwork, lower than market rent limits, poor tenant housekeeping, and stringent inspection standards. In the past, statutory provisions have made the program unattractive to owners, but many of those provisions have been eliminated.

The key aspects of successful owner outreach and retention include:

- Conducting targeted outreach to owners in low poverty areas and areas that are under-leased with voucher holders.
- Educating new and existing owners to minimize noncompliance. PHAs train owners on how to do business with them by commission or omission. It is not to assume the owner will read the HAP contract and fully understand the program. You must meet the owner's informational needs from the first point of contact.
- Improving retention and cooperation by providing first-class customer service. Emphasize high interpersonal skills with all housing and inspection staff who interact with owners.

Section 2: Managing the Owner Base

- Enforcing the HAP contract and dealing with owners who consistently offer marginal units and under-perform with slow and poor quality HQS repairs. In the absence of owner outreach, some PHAs often allow marginal and substandard owners to continue to participate for fear that there will not be enough units available for leasing. Many PHAs keep a file on owners and document repeated owner noncompliance or contract violations. If these owners cannot be rehabilitated, they should be replaced.

The formula to avoid a shrinking owner base is to conduct ongoing outreach, make the program as transparent as possible to owners, respond appropriately to nonperformance and breaches of the HAP contract, and provide excellent customer service.

**Problem Identification Checklist**

There are many reasons why a PHA might not be able to cultivate enough owners and managers to promote a more even distribution of housing choices throughout the jurisdiction. Consider whether any of these reasons are applicable in your jurisdiction:

- Poor owner relations in the past
- Lack of community support
- Negative perception of assisted families
- Tight rental market
- High market rents
- Lack of current rent reasonableness data
- Misconceptions about the program and the HUD related paperwork
- Inconsistency among inspectors; failing units for non HQS violations

Section 2: Managing the Owner Base

### **Marketing Solutions Checklist**

There are several marketing and retention solutions your PHA can use to better serve owners and attract new owners.

- Create a new-owner's packet of information about the program in easy-to-understand language and user-friendly material.
- Create FAQs about the program from the owner's perspective and include with 1099s and HAP checks if you mail HAP checks.
- Provide a designated contact person for owners.
- Utilize your website for owners to register properties and access information about the program.
- Take advantage of technology. Email property management companies that do not do business with the PHA.
- Meet with new owners to execute HAP contracts. This practice creates a teaching opportunity to explain the program.
- Use owner handbooks that provide accurate information about the program and represent your PHA in a professional manner.
- Hold a workshop for nonparticipating owners. Place an ad in the local newspaper "Wanted: rental property owners and managers with vacancies." This is an opportunity to debunk the myths and misconceptions about the program.
- Contact participating owners to get names of potential new owners. Owners can be surveyed by including a flyer with HAP checks.
- Identify areas where targeted owner outreach may be needed. Get a map of your jurisdiction and mark the areas (zip codes) where families on the program are leased. This will give you an idea of areas where they are not leasing units. Now evaluate those areas to determine if they have rents that are compatible with the program and target those areas into your marketing plan.



Section 2: Managing the Owner Base

- Publish an owner newsletter. Many PHAs include a brief monthly owner newsletter with the HAP payment to provide owners with program information and promote a positive, professional image. Some PHAs mail a copy of the newsletter to all property rental and real estate agencies in middle income areas
- Form an owner advisory committee to ensure that the program addresses landlord concerns and issues.
- Speak at meetings of realtor and apartment associations, write articles for their publications, and link to their websites.
- Use public service announcements to create interest in the program.
- Appear on local television and radio talk shows to recruit new owners and educate the public about the programs.
- Submit articles to community newspapers and other local publications.
- Give presentations to civic and other community-based organizations and write articles for their newsletters.
- Use commissioners who have public speaking skills and an interest in marketing the program. Program advocacy is a significant role of the board of commissioners.
- Contact new owners by telephone and welcome them to the program and answer any questions they may have. Give them a name and contact number. Let new owners know that they are dealing with a professional organization that will be easy to do business with.
- Ensure that interpersonal skills are valued as highly as technical skills for administrative staff and inspectors

Regardless of how you choose to market your program, one thing is certain: Implementing an outreach plan requires the commitment of resources by PHA management.

Section 2: Managing the Owner Base

Soliciting owner participation to expand opportunities for housing choices by families is an integral HCV program outreach function and an effective way to promote family mobility or deconcentration. In many communities, HCV participants are concentrated in high-poverty areas where there tend to be fewer jobs, higher crime rates, and poor schools and community services. Encouraging voucher holders to explore housing in low-poverty areas is more likely to promote self-sufficiency because of the broader range of educational and economic opportunities in those areas.

Owner outreach does not have to rely solely on PHA staff. If your PHA has not yet pursued it, consider using the board of commissioners. One of the board's major responsibilities is to serve as an advocate for the program. Does your board have a community relations committee?

Also, if your PHA has a family self-sufficiency (FSS) program, you might use a program coordinating committee member to champion the program, especially if there is a member from the business community. Your outreach strategy can involve multiple approaches. Other ideas to promote family mobility include:

- Counseling applicants and participants on the advantages of living in low-poverty areas
- Providing information about better quality neighborhoods
- Using proper rent reasonableness which will probably result in limiting rents in high-poverty areas and allowing higher rents in low-poverty neighborhoods
- Providing information to prepare families for successful interviews with prospective landlords

Section 2: Managing the Owner Base

### Positive Program Features

It's important when communicating with prospective owners to point out the positive features of the program, such as:

- The owner gets a large portion of the rent from the PHA in a timely manner.
- The owner may collect the same security deposit collected for other tenants.
- The owner may screen families for prior rental history in the same manner as unassisted renters.
- The PHA will provide the owner with the family's current and prior owner name and address if requested.
- The owner can evict tenants for noncompliance with the lease as they would their unassisted tenants.
- The owner can offer a lease with fixed definite terms after the initial term.
- The owner is not responsible for certain breaches of the HQS caused by the family.

Owners are more positive about participation when they have a direct line of communication with the PHA, and the PHA is responsive to owner requests and concerns. Some PHAs have a designated staff person to answer questions from prospective owners, but all HCV staff should be able to answer typical questions, such as "What are my responsibilities as an owner? How much can I charge for rent? What paperwork is involved?"

The ultimate success of outreach lies in not just convincing owners to participate in the program but retaining those that you recruit. You can do this by implementing an owner education program, setting high standards for customer service by the housing staff and inspectors, and following up to ensure owner satisfaction. As a manager you should quality control owner satisfaction. How do they feel about doing business with your agency?

## **Exhibit 8-1: Owner Open House and Outreach Program**

The Anytown Housing Authority Housing Choice Voucher program was experiencing problems with owner public relations, new owner recruitment, and community knowledge. New owners were not participating, and existing owners expressed frustration about program regulations.

Landlord outreach programs previously consisted of annual seminars for existing owners. Attendance at these seminars was low and information was delivered in a lecture manner. Very little information was actually covered because much time was spent with the concerns of only a few owners that all had to listen to. These seminars were frustrating to staff and owners and did not encourage new owners to participate.

The HCV department then designed and implemented the Landlord Open House and Outreach Program. Instead of the usual lecture seminar, the department organized an “open house.” At the open house, booths are set up, with one topic covered at each booth. Staff members are stationed at each booth, where handouts are available. Booth topics include general information, leases and contracts, moving clients, annual reviews of clients, HQS inspections, portability, mod rehab, 504 regulations, family changes, terminations, evictions, new clients, rent increases, vendor changes, and fraud.

Local agencies are invited to attend the open house and have a booth providing their information. Agencies attending are: Anytown Police Department, Anytown University Mediation and Arbitration Division, Housing Information and Referral Services, Anytown Community Development Agency, Anytown Health and Hospitals (for information on dealing with disabled clients), The Weatherization Project, and HUD. The participating agencies have a new and greater understanding of the HCV program and have developed a very cooperative working relationship.

The open house hours are from 10:00 am to 2:00 pm. Flyers are sent in owners’ HAP checks for two months preceding the open house. Notices are printed in local and daily newspapers, inviting potential owners to attend. Landlords are encouraged to come at any time during the open house hours. Landlords are able to get individualized staff attention at each booth, as well as handouts to reinforce the information presented. Landlords can pick and choose which booths they want to visit or can visit all of them. Refreshments are provided. The atmosphere is very positive and fun.

A large number of owners have commented on how informative the open house is, how much they appreciate it, and that they would like to attend again. Many potential owners attend and have since listed their units in the client referral listing. The Landlord Open House and Outreach Program has drastically improved owner relations. It has provided the AHA HCV program with a very positive image, both with owners and the community. Landlord retention in the program has greatly improved, and many new owners are now willing to participate.

The costs of this program were very minimal. They only involved:

- Printing flyers
- Newspaper advertisements
- Printing handouts
- Printing banners for booths
- Renting hotel meeting space
- Coffee and donuts

Section 2: Managing the Owner Base

### **FAMILY OUTREACH**

PHAs sometimes need to conduct family outreach. The objective here is to have sufficient families on the waiting list to use available funding. While many PHAs have a long waiting list and do not need to conduct outreach for families, competing resources can make outreach necessary in some communities to achieve full program lease-up and full use of funding. In addition, market conditions can affect the rate at which a PHA goes through their waiting list, thereby increasing the need for additional families.

### **MONITORING ACTIVITY CHECKLIST**

As with marketing strategies for owner participation, there are likewise several activities your PHA can use to market the program to families if your waiting list is short. These include:

- Target minority and nonminority newspapers and media sources
- Write public service announcements for radio and TV
- Place flyers and brochures in social service agency offices and other places families go for assistance
- Place flyers and brochures in grocery stores, drug stores, churches, etc.
- Target senior citizen clubs and other organizations
- Contact apartment associations, so owners can contact their renters for lease-in-place clients

### **MARKETING**

There are several factors to consider when conducting outreach to market the program. They include developing a marketing plan, timing outreach activities and finding your target group.

### **Developing a Marketing Plan**

When developing a good marketing plan, take past marketing efforts into consideration. Build on the things that worked in the past and avoid the things that didn't.

You could survey applicants and ask where they heard about the program. This will help you determine whether current sources are adequate. If no outreach has been done for quite a while, you may find that other agencies and other participant families are the most common source of referrals.

Also, local politics may affect your marketing strategy, so it's crucial to identify your allies and your opponents. Consider which other groups might help in outreach.

There are books available that may assist you to develop a marketing plan. These include:

- Contemporary Apartment Marketing (IREM)
- The Guide to Practical Property Management (IREM)
- The Practice of Real Estate Management (IREM)
- Marketing Planning Guide (bookstore)
- Marketing on a Shoestring (bookstore)
- The Do-able Marketing Plan (1-800-685-8333)
- How to Write a Good Advertisement (bookstore)

**Note:** Although books on marketing are written about marketing project-based rental units (IREM) or on general marketing principles, the techniques described in the books can be applied to marketing the voucher program.

### **Marketing Timing**

Timing your outreach activities appropriately is another important marketing factor to consider. PHAs need to conduct outreach if there are not enough extremely low-income families on their waiting lists to meet the 75 percent income targeting requirement. Outreach may be required when there are too few applicants to adequately fill the available voucher openings in a timely manner, or when more applicants within a certain preference category are desired, such as elderly and disabled families, working families, or families pursuing their education.

Section 2: Managing the Owner Base

Outreach may be an ongoing function, and managers should monitor the length of the waiting list periodically. A rule of thumb is to maintain enough applicants on your list to fill your projected openings for at least two years. If outreach is not conducted regularly, it will take a while to implement outreach activities and get results. Managers should not wait until there is a problem that affects utilization.

### **Marketing to a Target Group**

Your PHA doesn't necessarily need to market to all families if there are funds only for specific families available. For this reason, incorporating this kind of marketing strategy into your administrative plan could be useful. For example, you could insert language about marketing to families with the preferences identified in your plan or marketing to families for whom you have received targeted funds.

- You may have a special allocation of vouchers for a specific group of people, such as Mainstream for Persons with Disabilities. In this case you would only market to your target group.

The most logical marketing target for special purpose vouchers may be social services agencies. Networking with social service agencies can help to ensure referrals.

In addition, as more emphasis is placed on working families participating in subsidized housing, it may be necessary to perform additional recruitment to attract working families. If your agency gives a preference to working families and those pursuing their education, a strategy should be developed for reaching those families who qualify for the preference and are likely to qualify for the program. Ideas for outreach to working families include:

- Are there major employers in the area? People in the community may think that subsidized housing is only for the very poor. You could visit the human resource department and discuss the benefits of the voucher program for some of their working families and leave brochures or flyers to post on their employee bulletin boards. At the same time, explain your preference system and anticipated waiting list time.

Section 2: Managing the Owner Base

- You might also organize a focus group consisting of families, agencies, employers, and higher education resources that can help you with an outreach campaign that will appeal to higher income applicants.

### **Brochure Development**

One way you can ensure that your targeted group will understand and respond to the information you provide is by preparing easy-to-understand brochures, flyers, lectures, or advertisements. Avoid technical terms and regulatory language to the extent possible.

A focus group could also assist in providing input for designing brochures or flyers. A focus group is an inexpensive and effective way to get assistance in preparing marketing tools and resources.

### **Marketing Resources**

When marketing to families, first decide if you are going to target a specific group (such as families who qualify for a preference), or to all families within your jurisdiction. Your administrative plan should describe your outreach procedures and equal housing opportunity requirements.

- The administrative plan should specify newspapers and minority publications to use when advertising. You could also post PHA notices on community bulletin boards and at banks, credit unions, houses of worship, and union halls if applicable to your community. Using radio or TV spot advertisements might even attract a new group of people.
- You should try to attract a diversity of minority and ethnic groups and a variety of family sizes. You should also determine if you are reaching the groups eligible for your preference categories.

Owners can be one of your primary marketing sources. When you brief owners on the HCV program, encourage them to contact tenants they think might be eligible and inform them of the program.



## Section 2: Managing the Owner Base

### **Dealing with Competition**

We may not normally think about competition when marketing the HCV program, but there may be excess subsidized housing units in your community available through other programs.

Because tenant-based programs are sometimes not counted as a resource when marketing studies are prepared, there may be too many resources and not enough people.

If so, you do have one advantage other programs do not have. You can provide assistance to families where they currently live, if the unit and owner meet the program requirements, or allow them to seek other privately-owned housing in the community. Therefore, it's a good idea to include owners of rental property in your marketing strategy for tenants and emphasize program differences in your advertisements.

### **Evaluation**

Once your outreach strategy is in place, you should evaluate the results to determine its effectiveness. Refer to your marketing goals: Whom and how many are you trying to attract? If your goal is to attract more working families, monitor the number of applicants who meet the targeted goal.

### **Staying Involved with the Affordable Housing Community**

Even if your waiting list is currently closed and you are not actively marketing, you should still stay involved in the affordable housing community. You may need these resources in the future.

To stay involved, first find out what entities or organizations are involved in affordable housing in your community. Once you locate these groups or individuals, you could get personally involved in the community by serving on committees or boards where you might meet other people interested in affordable housing. You can network with nonprofit groups who have affordable housing by becoming familiar with their programs and informing them of the HCV program benefits. Then they can become a resource.

Section 2: Managing the Owner Base

- How much flexibility you have in making these contacts and taking work time to serve on the committees will be up to the executive director. Plan and present your strategy, outlining the objectives and the benefits.

Building the tools for successful marketing leads to the successful participation of owners and families in the HCV program. Successful participation, in turn, leads to a fully utilized program that meets community needs.

It's also important to make sure that staff does not "undercut" rents arbitrarily if they are reasonable. Owners should be encouraged to provide data on comparable unassisted units and advised how to improve the condition of their units. Your PHA's staff should be prepared to explain the specific reasons for rent disapproval.

## **OWNER RETENTION THROUGH EXCELLENT CUSTOMER SERVICE**

An important part of customer service for PHAs is to fulfill their contractual responsibilities. The HAP contract is a legal agreement between the PHA and the owner, and timely HAP payments are the PHA's responsibility. PHAs that are consistently late in making HAP payments will not retain standard property owners.

### **STAFF ATTITUDE TOWARD OWNERS**

All HCV programs have owners who under perform and do not comply with their responsibilities as landlords. But there are also owners who take care of their properties, screen their tenants, and enforce their leases. Managers should not tolerate a generalized negative attitude towards owners. Training for new and experienced housing specialists and inspectors should emphasize interpersonal skills as much as technical skills.

Section 2: Managing the Owner Base

### **EDUCATE OWNERS**

PHAs should have specific procedures for bringing new owners onto the program. When an RFTA is received from a new owner, a PHA representative should contact the owner by telephone and thank them for submitting the request. This is a perfect opportunity to briefly explain the program, give the owner a contact name and number, and to mail the owner informational literature about the program. New owners should be provided an inspection booklet at the initial inspection so that they can be better prepared for future inspections as well.

Owners should also be notified of changes in PHA policy or HUD regulations that affect them. Many PHAs have a Web site where owners can obtain information about the program (FAQs), list available units, ask questions, and even determine the status of inspections and other information.

### **GET FEEDBACK FROM OWNERS**

Feedback is essential to the growth and success of any organization. HCV managers should implement systems to get feedback from owners (and families) about their experiences dealing with the PHA. For example, a brief survey can be mailed with 1099s. Alternatively, new owners can be contacted by telephone after the initial HAP contract is executed to get their feedback on their experiences in leasing a unit. Such calls can provide vital information as well as indicate to the owner that they are dealing with a professional organization that cares about quality service. Managers cannot be everywhere at the same time. If you do not seek feedback, you may never know about problems until the consequences are major. Some managers set a schedule of periodic quality control telephone calls to owners to obtain valuable feedback. This feedback may indicate the need to retrain (or replace) problem staff.

### **ANALYZE OWNER COMPLAINTS**

Some owner complaints are not valid, but some are legitimate. Investigate complaints and determine if the cause is a PHA performance issue. Look for patterns. Are they about the same issue, transaction, or the same individual? Keep in mind that overly restrictive policies or practices can invite complaints and result in owner dissatisfaction.

Section 2: Managing the Owner Base

**PROFESSIONALIZE PHA CORRESPONDENCE**

Managers should ensure that all PHA correspondence, forms, and form letters are clear and concise, and that staff only use PHA-approved forms and letters. Avoid bold type, UNNECESSARY CAPITALIZATION, and UNDERLINING for emphasis. Do not copy the forms until they are so light they are unreadable.

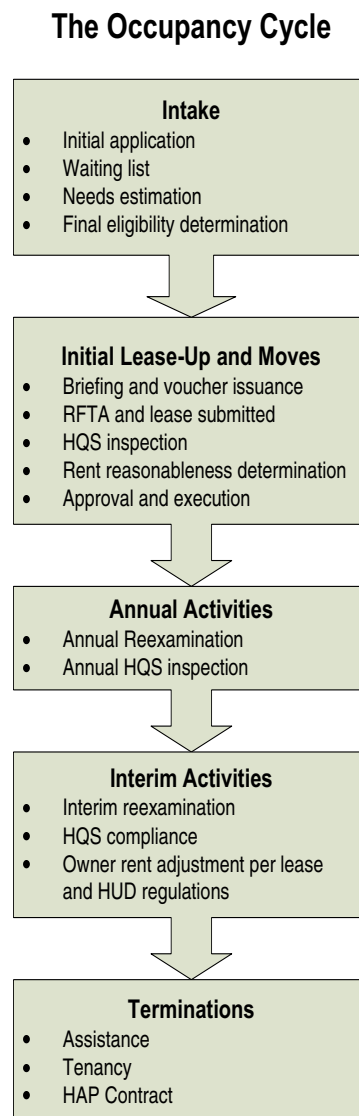
**CONTRACT MONITORING AND ENFORCEMENT**

Most owners play by the rules and comply with program requirements, but some do not. Many PHAs establish a file for owners where they keep copies of complaints about the owner, documentation of owner noncompliance (abatement, warning letters), and any other correspondence when the PHA must take action against the owner. This practice makes it easy to identify problem owners and to determine when it is necessary to take more serious action. Owners should be put on notice when a pattern of noncompliance appears, and a meeting should be scheduled with the HCV manager. The purpose of the meeting is to determine whether the PHA will continue to do business with the owner. Owners should be given an opportunity to self-correct, but if they do not, you may want to consider refusing to enter into new contracts with them. The key point here is not to let repeated behavior become a pattern. The earlier you communicate with an owner who does not comply with their responsibilities, the sooner you can decide the appropriate remedy.

## Section 3      The Occupancy Cycle

### INTRODUCTION

In general, the occupancy cycle in the HCV program has six phases, each composed of its own processes and requirements. We will discuss each of these later in this section. Here is an overview of the occupancy cycle.



## INTAKE PROCESS

While on the surface it appears that the intake process consists of only a few steps, each step carries with it a high level of complexity. For the HCV program, these steps consist of the following:

- The initial application for assistance, commonly referred to as a pre-application. The initial application normally contains just enough information for placement on the waiting list. If a PHA has adopted local admission preferences, they must be listed on the initial application.
- Placement on and management of the waiting list. Families are placed on the list according to the PHA's administrative plan. Most PHAs purge the list periodically and must comply with HUD requirements for removal from the waiting list.
- Needs estimation refers to the process whereby a PHA estimates how many units need to be leased based on the availability of funding and projected turnover and estimate the number of families that need to be contacted based on historical success rates and other factors.
- The determination of eligibility is made when families are selected from the waiting list. The family is typically interviewed by the PHA and completes a full application. All factors of eligibility and any preferences claimed by the family must be verified at this time. Families will either be determined to be eligible or denied admission.

## INITIAL LEASE-UP

After eligibility has been determined, the next phase of the occupancy cycle is the initial leasing of a unit.

The initial lease-up phase involves:

- Conducting the HUD-required oral briefing, providing the family with the briefing packet, and issuing the voucher.
- Processing the Request for Tenancy Approval (RFTA) and the lease with the required tenancy addendum when the family has located a unit.
- Approval of the unit involves two aspects: conducting the pre-contract HQS inspection to ensure that the unit passes inspection prior to the effective date of the lease and determining whether or not the rent is reasonable as compared to comparable unassisted units in the market area.
- Approval of the owner: Ensuring that the owner has not been barred from participation in the program by HUD or the PHA.
- Approval of the tenancy for an initial leasing when the gross rent exceeds the payment standard (affordability).
- Executing the HAP contract with the owner and ensuring that the owner and tenant have entered into a written lease agreement.

## PROGRAM ACTIVITIES

There are two required activities that must occur for each participant family on the program; they are the annual reexamination of the family income and composition and the biennial or annual inspection of the housing unit.

- Annual reexaminations must be completed within 12 months of the prior initial or annual reexamination effective date.
  - The PHA may elect to conduct a streamlined income determination for family members with a fixed source of income.
  - If adopting such a policy, the PHA must do so in accordance with the requirements set forth in 24 CFR 982.516(b).
- The regulations require that unit inspections occur at least biennially. However, the PHA may opt to conduct inspections annually, or may conduct a mix of annual and biennial inspections, as long as the criteria are fairly and uniformly applied [24 CFR 982.405].
  - HUD discourages PHAs from adopting biennial inspections for reasons unrelated to the owner's record of HQS compliance [Notice PIH 2016-05].
- For example, a policy based on the unit's distance from PHA facilities would not be acceptable.
- A full HQS inspection must be performed at least once every 24 months to ensure that the unit remains in compliance with housing quality standards.



## INTERIM ACTIVITIES

Interim activities are also a part of the occupancy cycle.

- **Interim reexaminations:** Interim reexaminations are conducted in accordance with PHA policy when changes in family circumstances occur between regular annual reexaminations. They can be initiated by the family or the PHA. Note that PHAs are no longer required to conduct interim reexaminations of income when a new family member is added, although they are still required to verify all other aspects of program eligibility.
- **Interim HQS compliance:** Interim inspections (or complaint) inspections can be requested by the family or the owner. They are similar to annual/biennial inspections, but only the items or conditions in question are inspected. If the reported condition is not life-threatening (i.e., the PHA would require the owner to make the repair within no more than 30 calendar days), then the PHA must inspect the unit within 15 days of when the PHA received the complaint. If the condition *is* life-threatening (i.e., the owner must make the repair within no more than 24 hours), the PHA must inspect the unit within 24 hours of when the PHA received the notification [24 CFR 982.405(g)].
- **Rent adjustments:** Owners may request a rent increase by providing at least a 60-day notice to the PHA. Rent increases are not permitted during the initial term of the lease.
- **Moves:** After the initial term of the lease, families are eligible to move to another unit with continued assistance under the program. PHAs may have a policy to limit moves to one in a 12-month period.

## **TERMINATIONS**

The last phase of the occupancy cycle is terminations. There are three types of terminations based upon the contractual relationships between the PHA, the tenant, and the owner.

- Termination of assistance by the PHA. Termination of assistance occurs when the family violates a family obligation of the voucher, withdraws from the program or no longer qualifies for assistance under the program.
- Termination of tenancy: Either an owner or a family may terminate the lease after the initial term by giving proper notice in accordance with the lease. Owners may also terminate tenancy for cause during the lease term.
- Termination of the HAP contract. A PHA may terminate a HAP contract with an owner for non-compliance or violation of a contract requirement. The HAP contract terminates automatically when a PHA terminates assistance to the family, or the tenancy is terminated by the owner or tenant.

## **SUMMARY**

Managing each phase of the occupancy cycle in accordance with HUD requirements and PHA policy is essential to the integrity of the program. Now that we have identified the elements of the occupancy cycle, we will explore each phase in greater detail and provide suggestions and ideas to manage them.

## **Section 4            Managing the Waitlist and the Intake process**

### **INTRODUCTION**

Intake is one of the more critical of the program elements for two reasons. First, the intake process establishes the professional and service-directed relationship between the PHA and its most important customer. Second, it is the beginning of the all-important paper trail which will be audited throughout the family's participation in the program.

For these reasons the HCV manager must prepare the workers and create the work systems to achieve the primary objectives of an effective intake process.

Before the intake process occurs, however, there are important policy decisions that fundamentally determine who gets housed ahead of other applicants. For this reason, it is important to develop a waiting list preference system that addresses the needs of your community and is relatively easy for applicants to understand. The preferences may need to be revised as the PHA's mission changes and/or needs in your jurisdiction change. And it's essential that your preference system be quantifiable enough that it actually works when processing applicants from the waiting list.

The sections below discuss the various aspects of the intake process and managing the waiting list. Our purpose here is not to cover the regulatory aspects of these processes. Instead, we will focus on the essential functions and how to manage them. As we review these essential functions, think about the decision points in your admin plan, your internal processes, and how well the intake function works at your PHA.

The HCV manager's objectives are to:

- Ensure that the waiting list process is managed with integrity.
- Periodically assess, with the leadership team, if the waiting list preference system meets the needs of the community and can be efficiently implemented and managed by the PHA.

Section 4: Managing the Waitlist and the Intake process

- Ensure that the waiting list is managed and families are selected from it in accordance with the administrative plan. This directly relates to SEMAP Indicator 1 and also to the PHA's ability to defend legal challenges of discrimination.
- Ensure that there are always enough qualified families to quickly utilize funding as it becomes available to achieve maximum utilization of program funding. This involves prior planning by the HCV manager, knowledge of the PHAs turnover and success rate, and other factors.
- Ensure that only eligible families are admitted to the program. This relates to effective tools (forms that ask the right questions) for collecting and verifying data and a staff that is well-trained in HUD regulations, PHA policies, and effective interviewing techniques.
- Ensure that all applicants receive a high level of customer service from a trained and professional staff that reflects the PHA's commitment to the community. A culture of excellent service flows from the organization's leaders. The HCV manager must model it, demand it, and inspect it.

## **TAKING APPLICATIONS**

### **ACCEPTING INITIAL APPLICATIONS**

It is the responsibility of the PHA to make certain that applications are readily available to those likely to apply and that they are reviewed for completeness when received. In general, applications may be received by mail or fax, hand-carried to the office, or filled out at the PHA. PHAs may also utilize automated waiting lists, where families may apply and update information online. If the PHA does offer an online application system, the PHA should ensure that the needs of persons with disabilities are met by also accepting applications through other means. Applications must be date and time stamped to ensure proper placement on the waiting list.

Section 4: Managing the Waitlist and the Intake process

### **INITIAL APPLICATION FORMS**

The HCV manager's objective is to ensure that the initial application form collects the HUD-required data for the waiting list as well as enough information to place the family on the waiting list in accordance with the PHA preference system, and to identify applicants with an interest in targeted funding, if applicable.

Points to consider: What information do you collect on the initial application form? Will you verify any of the eligibility factors at the time of initial application? Will you permit ineligibles on the waiting list?

Most PHAs use a "preliminary application" (pre-app) for the initial application form. This pre-app is a shortened version of the full application that PHAs use for eligibility determination at the time of selection from the list.

HUD does not provide application forms but does define what information must be collected by the PHA for the waiting list. At a minimum, the following information must be obtained (all of which are required by HUD).

- Name of applicant
- Family size/bedroom size
- Date and time of application
- Qualification for preference
- Racial/ethnic designation of head of household

Optional information that you may want to include on the initial application might be:

- Disability claims for purposes of allowances or reasonable accommodation
- Social Security numbers

Section 4: Managing the Waitlist and the Intake process

- Physical address (legal residence may be needed for portability)
- Mailing or contract address for those in temporary housing at the time of their application
- Telephone numbers
- Annual income (so PHA can determine income limit for income targeting)
- Opportunity for placement on other waiting lists, if available

An example of an initial application form can be found on the page that follows.

## Exhibit 8-2: Initial Preliminary Application Form

Accessible format available on request. Contact the ADA Coordinator.

<b>Who is the Head of Household? (Use Legal Name):</b>			Sex	SSN	DOB	Age	Monthly Income: \$
Last	First	M.I.					Income Source
<b>Race:</b> <input type="checkbox"/> White <input type="checkbox"/> Black <input type="checkbox"/> American Indian/Alaska Native <input type="checkbox"/> Asian or Pacific Islander			<b>Ethnicity:</b> <input type="checkbox"/> Hispanic <input type="checkbox"/> Non-Hispanic				
<b>Which of the following housing programs are you applying for?</b>			<input type="checkbox"/> Public Housing <input type="checkbox"/> Section 8 Voucher <input type="checkbox"/> Mutual Help <input type="checkbox"/> Moderate Rehabilitation <input type="checkbox"/> Project-based <input type="checkbox"/> Other Housing program				

**What is your present street address?**

Street address _____						<b>Emergency Contact Person</b>	
Street		City		State	Zip	Name _____	
Mailing address _____						Address _____	
Street		City		State	Zip	Tel. _____	
Business Telephone _____							

**What other adults will be living in the unit?**

Legal Name	Sex	Relationship to head	SSN	DOB	Age	School Name or Occupation	Monthly Income
							\$
							\$

**What minors will be living in the unit?**

Legal Name	Sex	Relationship to head	SSN	DOB	Age	School Name

**Do you claim any of the following local preferences?**

List: _____ _____ _____	_____	<b>Do you require any modifications or accommodations in order to fully utilize the unit or the program and its services?</b>  <input type="checkbox"/> Yes <input type="checkbox"/> No
	_____	
	_____	
	_____	

**Have you or anyone in your household been evicted from Public or Assisted Housing for drug related activity within the past 5 years?** ☐ Yes   ☐ No

Signature _____	Date _____
-----------------	------------

**NOTICE:** You are required to notify the housing agency (in writing) of any change of address. If we cannot contact you at the above address, your name may be removed from the waiting list, and you will have to re-apply

Section 4: Managing the Waitlist and the Intake process

Some PHAs provide applicants a receipt to show the application was received and some provide a confirmation number showing that the application was received. This number can be used to locate the family's place on the waiting list when requested.

HUD does not require PHAs to verify eligibility factors at the time of the original application. Most PHAs do not unless they have a very short waiting list. PHAs with longer waiting lists do not verify eligibility factors at the initial application due to the requirement that verification must be received within 60 days of voucher issuance. Some PHAs do only criminal background screening at the time of initial application, and some run a Former Tenant EIV report on all adult members.

HUD also permits PHAs to place families on the waiting list without regard to their income eligibility for the program. Income eligibility is only required at the time the PHA determines eligibility for a voucher. The argument for this practice is that the family's income may change by the time they are selected from the waiting list. The argument against it is that the PHA only wants families on the list who are likely to qualify for a voucher.

Although PHAs are permitted to screen applicants for suitability as renters, most PHAs do not. Screening is the responsibility of the landlord.

PHAs should review the initial application form to ensure that it captures the required information, is not redundant, does not contain prohibited questions pertaining to disabilities, and lists the current admission preferences, if any.



Section 4: Managing the Waitlist and the Intake process

### **READMITTING PAST PARTICIPANTS**

Unless the PHA runs a Former Tenant EIV report or recognizes the name of an applicant family member, it is unlikely that the PHA would know that an applicant or family member was a past participant in the program or owes money to a PHA. Your administrative plan should address how to process these families.

- You may want to consider factors such as how long ago the termination took place, the reason for termination, or if there is a debt to a PHA.

Typically, PHAs use one of the options below:

- The applicant is required to pay the balance in full prior to placement on the waiting list, or
- The applicant is required to pay the balance in installments while on the waiting list or in full by the time of selection from the waiting list.

### **INELIGIBLE FAMILIES**

The HCV manager's objective is to ensure that families who are denied admission at the time of application are denied in accordance with HUD regulations and the PHA administrative plan, and that the reasons for such denials are adequately documented in the applicant file.

If a family is determined to be ineligible at the time of the initial application, the PHA must notify the family in writing of the reason for the denial and of their right to request an informal review. Refer to your PHAs informal review policies and procedures.

#### Section 4: Managing the Waitlist and the Intake process

PHAs should maintain a file of ineligible families for at least three years, generally in separate file folders. The most important information to maintain is:

- The initial application form
- Race and ethnicity of the head of household
- Notification of the reason for ineligibility and related documentation
- The notification to the applicant and PHA of the results of the informal review (from the informal review officer)
- Any documents pertaining to requests for a reasonable accommodation

Because you will want to purge these files eventually, you may want to maintain the files alphabetically by year.

#### **Disparate Impact and Fair Housing Considerations**

In applying preferences—and in determining eligibility and selecting from the waiting list in general—PHAs must ensure that policies that although applied equally do not in fact have an adverse effect on members of a protected class in comparison to members of a majority group. This type of discrimination is referred to as disparate impact, and it occurs when an action or policy appears neutral on its face but is discriminatory when applied.

- For example, a PHA may have a policy that any person with a felony arrest conviction in the past five years will not be approved for assistance. This is a neutral policy applied to all applicants.
- In a particular PHA's community, however, African-American men may be much more likely than any other group to have a felony arrest or conviction on their record. The PHA's policy would therefore have a disparate impact on African-American men compared to other groups such as Caucasian men or African-American women.
- This policy is not necessarily illegal, but the PHA should understand the implications and be able to show that its policy, despite its disparate impact on African-American men, is necessary for the operation of its work.

Section 4: Managing the Waitlist and the Intake process

In 2015, the Supreme Court of the United States upheld disparate impact as a form of discrimination, clarifying that the Fair Housing Act reaches otherwise lawful activities which, while free of discriminatory intent, are nonetheless found to have a “disparate impact” on protected groups.

The ruling prompted a number of HUD notices and memos from the Office of General Counsel (OGC), including but not limited to memos touching on the use of arrest records, nuisance ordinances, harassment, and limited English proficiency.

Guidance from the OGC memos provide a three-step analysis for claims of discrimination:

- Assessing the discriminatory effect
- Evaluating whether the challenged policy or practice is necessary to achieve a substantial, legitimate, nondiscriminatory interest
- Evaluating whether there is a less discriminatory alternative

On September 24, 2020, HUD issued a final rule involving discriminatory effect allegations requiring charging parties to “sufficiently plead facts” to support various criteria set forth in the rule.

Amid allegations of unlawfulness, on October 25, 2020, a federal judge postponed implementation of that rule pending review.

- Though the 2020 rule never went into effect, on March 31, 2023, HUD issued a final rule officially repealing it and reinstating the 2013 discriminatory effects rule.
  - However, the 2023 rule does adopt an amendment made under the 2020 rule providing illustrations of prohibited activities under the Fair Housing Act that are not specific to discriminatory effects cases.
- Under the 2023 rule, and in line with the OGC memos, the framework is straightforward: any policy that has a discriminatory effect on a protected class is unlawful if it is not necessary to achieve a substantial, legitimate, nondiscriminatory interest, or if a less discriminatory alternative could also serve that interest.

Section 4: Managing the Waitlist and the Intake process

- The 2023 rule also revises the regulations at 24 CFR 100.500 to standardize the three-step burden-shifting approach that HUD has long been practicing:
  - The charging party is first required to prove that the challenged practice caused or predictably will cause a discriminatory effect.
  - If so, the defendant or respondent must then prove that the challenged practice is necessary to achieve one or more substantial, legitimate, nondiscriminatory interests of the defendant or respondent.
  - If the defendant or respondent meets this burden, the charging party may still prevail by proving that the challenged practice could be served by another practice with a less discriminatory alternative.

## **MANAGING THE WAITING LIST**

### **BASICS OF MANAGING THE WAITING LIST**

There are four aspects to consider in managing the waiting list:

- Opening and closing the waiting list
- The placement of families on the list in accordance with the PHA preference system
- The ongoing maintenance or management of the list (updating, removal)
- The selection of families from the list when funding is available

Voucher applicants must be on a single waiting list, but the PHA may have separate lists for project-based vouchers and moderate rehabilitation.

If the PHA's waiting list for tenant-based assistance is open when an applicant is placed on the waiting list for project-based assistance, moderate rehabilitation or public housing, the PHA must offer to place the applicant on the waiting list for tenant-based assistance.

Section 4: Managing the Waitlist and the Intake process

If the PHA's waiting list for project-based assistance, moderate rehabilitation or public housing is open when an applicant is placed on the waiting list for tenant-based assistance, and if the other program includes units suitable for the applicant, the PHA must offer to place the applicant on the waiting list for the other program.

Specific HUD requirements for waiting list management include the following:

*24 CFR 982.204-982.207*

- The waiting list must contain enough information to allow selection in accordance with the administrative plan.
- The system a PHA uses must be easily understood for HUD auditing purposes.
- The waiting list must be organized to indicate:
  - The family's name
  - Application number (if used)
  - Date and time of receipt
  - Unit size
  - Any admission preferences claimed by the family
  - The family's eligibility or interest in targeted units
  - Racial or ethnic designation of head of household

PHAs may want to include the income limit under which the family falls for income targeting purposes.

PHAs must use targeted funding in accordance with the conditions imposed when the funds were awarded.

PHAs must document the reason that any applicant's name was removed from the waiting list.

Section 4: Managing the Waitlist and the Intake process

**WAITING LIST: OTHER HOUSING ASSISTANCE**

*24 CFR 982.205(b)*

The regulations state that the PHA may not take any of the following actions because an applicant has applied for, received, or refused other housing assistance:

- Refusing to list an applicant on the PHA waiting list for tenant-based assistance
- Denying any admission preference for which an applicant is currently qualified
- Changing an applicant's place on the waiting list based on preference, date and time of application, or other factors affecting selection under the PHA selection policy
- Removing an applicant from the waiting list

**OPENING AND CLOSING THE LIST**

The PHA must give public notice when opening its tenant-based waiting list. The notice must be published in a local newspaper of general circulation and minority media. The notice must state when and where to apply.

There are important considerations in determining when and whether to open and close your waiting list. The advantage of keeping the list open is that orderly procedures are easier to maintain than if the list is closed and reopened periodically. Opening a closed waiting list can result in long waiting lines.

The disadvantage of keeping the list open, however, is that a PHA might have a list so extensive that applicants may have to wait an unreasonable length of time for the offer of assistance.

In developing a plan of action and determining procedures for opening the list, it would be helpful to review what happened in the past when the waiting list was opened. Your objective is to establish a plan of action and procedures to ensure fair and open access, to obtain as many qualified applicants (including those targeted applicants) with as little chaos and staff interruption as possible.

Section 4: Managing the Waitlist and the Intake process

Here are some things you may want to evaluate:

- Was the time of year the waiting list was last opened a factor?
- What media was used to advertise last opening? Was it effective?
- Did the notice contain adequate information regarding the program in an accessible format, including eligibility, applicable preferences, and where, when, and how to apply?
- Were persons with disabilities made aware of their right to request a reasonable accommodation, if needed?
- Were there adequate locations where application forms were available?
- Were there efficient procedures for processing incomplete applications?
- Was a lottery used?

Try to determine of the types of problems that were experienced the last time your PHA opened the waiting list and what can be done to avoid the same problems. Some typical problems include:

- Long lines around the building, with people camped outside the night before the waiting list was opened
- Negative press coverage
- Phone lines jammed
- Many irate people who felt they were not served properly
- Time allotted for application taking was inadequate to serve the number people who wanted to apply
- Number of applicants was too small to achieve a waiting list adequate to cover projected turnover and new allocations over the next 24 months
- Staff was not prepared for reasonable accommodation requests
- The application website was not prepared for the number of “hits” by families attempting to apply for assistance.

Section 4: Managing the Waitlist and the Intake process

Analyze what went well and what did not before developing new procedures and a plan of action.

A consistent negative factor among PHAs is handling the volume of telephone calls. Many PHAs utilize an interactive voice response system to handle routine waiting list requests. The system can be used not only for answering questions about the closed list, but also to answer questions about waiting list status and verify contact information. These types of systems operate 24 hours a day and cut staff time substantially.

On the following pages, you will find an example case study of how one housing agency in particular handled the opening the waiting list.



### **Exhibit 8-3: Opening the Waiting List**

For the ABC Housing Authority, a small agency located in the middle of a large metropolitan statistical area, the prospect of opening the waiting list for housing assistance is a daunting task. The PHA assists approximately 1250 families through voucher program assistance and has 600 managed housing units on a 23-mile-long and 2.5-mile-wide island between two large cities. The PHA is able to assist between 100-150 families per year from the waiting list.

The PHA must balance the needs for a manageable waiting list with doing an adequate job of advertising and outreach to the diverse populations within the city and larger county to ensure the goals of furthering fair housing are met. A housing authority next door to ABC opened their list for one Saturday and managed to shut down a major freeway due to the traffic from handing out over 35,000 applications.

The ABC waiting list had not been opened in several years. The last time the list was opened, only 640 families applied, and each person had signed a log sheet and been required to show photo identification. The same staff at the PHA was convinced that opening the list again would result in a similar turnout. The PHA had not budgeted to open the list during that particular fiscal year. However, the eligibility department was going through the waiting list at an unprecedented rate, and it was mandatory the list be opened to have an adequate supply of applicants.

A former naval base had just opened to civilian uses and multi-media computer companies were taking over. The housing shortage in the surrounding major cities had spread throughout the area, and with no rent control or “for cause” evictions ordinances in the city to protect tenants, the rents on the island had skyrocketed. Many families received large rent increases and notices from landlords to terminate tenancy for various reasons. ABC’s lease-up rate started to fall. It was taking four vouchers to get one lease-up, down from an 85 percent success rate the previous year. The PHA increased the payment standards and requested exception rents, but the favorable market environment was causing less program participation from landlords.

The PHA had not set aside funds for phone banking, and other local agencies that had opened their list this way had reportedly shut down phone utilities to the area on the days they opened. The administrative plan did not provide for a lottery. The PHA was confident that they could open the list the same way they had in the past and it would be just as successful. Therefore, they decided that the agency would open for one day and hand out applications on a first-come, first-served basis, guaranteeing that all in line by the designated time would receive an application.

ABC advertised in the two city papers with free delivery to city residents and on the public access television station. Because many of the resources and organizations for low-income people are county based, the PHA also compiled a list of community-based organizations that assisted specific segments of the population targeted for needing extra outreach (i.e., independent living centers for persons with disabilities, and various immigrant and persons of color resource centers, churches, shelters, etc. located throughout the area). The PHA notified the organizations early of the intent to open the waiting list and asked to be included in newsletters and direct mailings to their client base.

The PHA created two flyers: one containing all the technical specifications of the types of housing assistance available and the applicable income, and the other a simple flyer advertising the opening of the list with the time, date, and whereabouts of the opening in simple, large lettering. Both announcements were posted throughout the city in laundromats, red cross agencies, and local restaurants and businesses.

As a reasonable accommodation, the PHA encouraged persons with disabilities to call and request an application be mailed to them. Many people called and requested applications for such reasons as “I can’t get child care...I don’t like crowds.” Each person was told that they would be required to verify the disability at the final interview and if the person did not have a disability that prevented them from standing in line, they would deny the application. The PHA mailed out 600 applications to persons with disabilities the week before the waiting list was opened at the school to give people an equal opportunity to complete and return the application with an early date and time.

The moment the waiting list was announced, the PHA was immediately flooded with phone calls from as far away as the other side of the country requesting more information. The elementary school where the opening was to occur was also flooded with phone calls asking for directions from all across the state. Never underestimate the power of the word of mouth! The school had offered its playground for parking, but once the district got wind of the number of people anticipated, that offer was revoked due to liability concerns. That left the PHA with off street parking only in a residential neighborhood for the event. The PHA’s efforts to find an alternative location were unsuccessful. There weren’t a lot of possible spaces available that could handle the volume of persons that were now expected.

The PHA scrapped the idea of keeping a log and checking identification and instead numbered all applications through a printing company and made signs that stated photocopying the application would invalidate the application. People started to line up at the school around 2 p.m. the day before the opening. The police were called to disperse people until the school closed at 3:30 p.m. By the next morning, the line wound around the entire block. Some persons had camped there the entire night.

When staff arrived, a few disabled and senior persons came to the front of the line and requested they be given an application as an accommodation. The police were not present and people in line began to yell that those who didn’t wait in line shouldn’t get an application. To keep peace in a potentially dangerous moment, the supervisor gave the disabled person her card with her signature on it and told them to come to the PHA Monday morning to receive an application. The PHA opened the gate into the cafeteria an hour earlier than advertised to prevent any further incident.

Fifteen staff people were stationed at one long table to simply hand each person a numbered application. There were two doors to come in and two different doors to exit the large cafeteria. There were four gatekeepers at each door to keep the crowd manageable and move people along, and to be sure people didn’t come back in once they were through the line. The staff was able to hand out 4,000 applications in one and a half hours. The people who received an application freed up off-street parking near the school so miraculously there was never the parking gridlock they had feared. Many people came by bus. After the initial rush of people, there was never more than a 15-minute wait. The PHA did not accept completed applications at the site. People were told they had to return the application in the U.S. mail.

The waiting list was open from 8 a.m. to 2 p.m. At 2 p.m., there was no one in line, and the PHA shut the doors to the cafeteria and went home. The PHA handed out over 8,000 applications. Applicants had three weeks to return the applications. The PHA received approximately 5,000 completed applications by the deadline. They hired a full-time temporary worker to enter applications. As the mail came in, it was sorted into residents and nonresidents, as ABC has a local residency preference. There were 800 city residents who were inputted and able to be pulled for housing assistance right away. The 4200 nonresidents were inputted over an additional six-month period.

ABC's waiting list is now anticipated to be 10-15 years in length. People are required to notify the PHA of changes in writing. The PHA plans to update the list every five years to keep the list as viable as possible. Overall, the opening was a success. There are more people on the waiting list than can be served within a reasonable time, but at least everyone had an equal opportunity to apply.

Section 4: Managing the Waitlist and the Intake process

## FORM HUD-90026

*Notice PIH 2009-36*

Form HUD-90026, Supplement to Application for Federally Assisted Housing, must be provided to families “at the time of application.” The form gives the family the option to provide contact information for a friend, family member, organization, or advocate that can assist in providing services or special care to the family, and in resolving any tenancy issues that may arise.

- The family is not required to provide the information.
- The PHA should give the family the opportunity to revise or remove contact information at admission, annual reexamination, or at any other time.

### **WAITING LIST PLACEMENTS, PREFERENCES AND MAINTENANCE**

#### **Preferences**

Regardless of whether you have opened your waiting list, or you are simply managing your existing waiting list, the correct placement of preference and non-preference holders is key to an accurate waiting list and proper selection. This is of primary importance to families and to the PHA (SEMAP Indicator #1). It is also a highly visible activity that is often the subject of complaint, disagreement, and legal challenge. When an allegation of discrimination is made, the file and the waiting list documentation must clearly demonstrate that applicants were placed, removed, or skipped in accordance with HUD requirements and the PHA’s admission preferences and policies.

- The regulations governing the use of waiting list preferences can be found at 24 CFR 982.207.

A PHA may adopt a system of local preferences to determine how families are placed on and selected from the waiting list for admission to the program.

Section 4: Managing the Waitlist and the Intake process

PHAs establish local preferences to meet local housing objectives and to serve the unique needs of individual communities. However, admission preferences are optional; if your PHA chooses not to adopt local preferences, then families must be placed on the waiting list based on the date and time of receipt of their application.

With regard to preferences, it is important to note the following:

- A preference overrides date and time of application. This means that the more preferences a PHA has, the less impact date and time will have.
- Preferences affect only the order of applicants on a PHA's waiting list. They do not make anyone eligible who was not otherwise eligible.
- A PHA's selection preferences must be described in its PHA plan.
- A PHA's system of local preferences must be consistent with its PHA plan and the consolidated plan for the jurisdiction.
- A PHA must base its selection preferences on local housing needs and priorities, as determined by the PHA.
  - A PHA should clearly define any preferences that it adopts. The definitions should be simple enough so that families claiming preferences clearly understand what they are claiming, and preferences can be easily verified.
- The method for selecting applicants must leave a clear audit trail to verify each applicant has been selected in accordance with the method specified in the PHA plan.
- If a PHA wishes to change its current preference system, the PHA must give notice and opportunity for public comment.
  - This requirement is applicable even if the new system is simply based on the date and time of application.
- An opportunity for public comment can be a public meeting or an opportunity to submit written comment.

Section 4: Managing the Waitlist and the Intake process

Another important consideration in proper selection from the list is the treatment of singles.

- Treatment of singles: PHAs have two options as it relates to singles. Option one is to treat singles the same as other applicant families. Option two is to adopt a “singles” preference. If you elect to adopt the singles preference, selection procedures must ensure that single persons who are not elderly, homeless, disabled or displaced are not admitted to the program before singles that are elderly, homeless, disabled, or displaced. Therefore, the list would be ordered by date and time, and then reordered by singles preference so that all singles were placed below the last elderly, disabled, displaced or homeless single.

A PHA may not implement the new preference system before the system has been added to the PHA's administrative plan and approved by the board.

***Residency Preference***

While residency requirements are prohibited, residency preferences are allowed. A residency preference is a preference for admission of persons who reside in a specified geographic area.

- The specified geographic area may be a county or municipality, but it may not be a smaller area.

Residency preferences no longer require HUD approval, but they are subject to HUD audit and review for compliance with nondiscrimination and equal opportunity requirements.

Further, a residency preference must not be based on how long an applicant has lived or worked in the preference area.

- Applicants who work or have been hired to work in a residency preference area must be given the benefit of the residency preference.
- Graduates of or active participants in education and training programs in a residency preference area may be treated as residents of the area if the programs are designed to prepare individuals for the job market.

Section 4: Managing the Waitlist and the Intake process

***Preference for Working Families***

A PHA may adopt a preference for working families. A working family is one whose head, spouse, or sole member is employed.

- A PHA needs to establish a threshold of employment hours to determine qualification for the working preference.
- A PHA must decide whether the definition of working family includes a family in training.

If your PHA adopts a preference for working families, it must extend the benefit of the preference to families whose head and spouse/cohead or sole member is age 62 or older or is a person with disabilities.

Note that a working family preference cannot be based on the amount of earned income.

***Preference for Person with Disabilities***

The PHA may adopt a preference for admission of families that include a person with disabilities. However, the PHA may not adopt a preference for admission of persons with a specific disability.

***Preference Prohibitions***

A PHA may not adopt a preference for admission of:

- Persons with a specific disability
- Families who agree to participate in the Family Self-Sufficiency (FSS) program

Section 4: Managing the Waitlist and the Intake process

***Admission Prohibitions***

Although a PHA can establish a preference system to admit families with certain characteristics from the waiting list, admission to the program must never be based on the following:

- The presence of family members that include unwed parents, recipients of public assistance, or children born out of wedlock
- The family includes children
- Age, race, color, religion, sex, or national origin
- A family decision to participate in a family self-sufficiency program
- Persons with a specific disability

***Using Preferences to Select Applicants***

A PHA must develop a system for applying local preferences in selecting applicants. The methods for applying preferences include:

- Lumping-all applicants who qualify for any preference are treated equally
- Aggregating-two preferences outweigh one, three outweigh two, etc.
- Ranking-ordering by number (applicants who qualify for the first preference are assisted first, etc.)

As stated earlier, there is no requirement that preferences be verified at the time of placement on the waiting list, but local preferences must be verified at the time of selection from the waiting list.



Section 4: Managing the Waitlist and the Intake process

### **Maintaining the Waiting List**

PHAs must ensure the integrity of the waiting list and that it is secure from tampering or manipulation by unauthorized persons. They must also ensure that there is sufficient documentation to justify the removal or change in status of any applicant on the waiting list.

To ensure that the list cannot be manipulated by PHA staff, the automated system should allow only user-specific rights to enter and change application data and should provide a log of changes (transactions log) that shows changes to the date and time of application and changes in preferences claimed by the family.

Whenever a waiting list is generated, the list should be up-to-date. Below are some important points to keep in mind:

- Some waiting lists are highly dynamic due to preferences, and an applicant's position on the list may change.
- Because of preferences, a new applicant family may be placed higher on the waiting list than a family that applied months, or even years, earlier.
- Families who withdraw or are withdrawn may alter the order of the list as well.
- If families are skipped for income targeting purposes, the list must be documented.

### **Reporting Changes to the PHA**

Because changing family information requires staff time, you may want to consider requiring applicants to report only items that affect their status (such as preferences) or the address at which to contact them. Make certain that the information reported by the family is documented in the applicant's file.

- Some changes can be reported over the phone if the PHA permits, but if the family wants to change certain data, such as the head of household, or eliminate an adult from the application, those changes should be submitted in writing.

Section 4: Managing the Waitlist and the Intake process

- The administrative plan should address what to do if an applicant family splits up and both families want to retain their place on the waiting list. The following factors are usually considered:
  - Who is listed as the head of household
  - Whether there was domestic violence in the household and who was the perpetrator
  - Who has custody of the children and the wellbeing of persons with disabilities
  - Whether there are any current (or prior) repayment agreements in effect

**Purging (or Updating) the Waiting List**

The waiting list should be purged often enough to keep it up to date so that there is a maximum level of response when it is necessary to pull families from the list. Because waiting lists are often very long, some families may have obtained permanent housing or moved out of the area since they originally applied. PHAs typically purge the waiting list every 12 to 18 months.

One way to purge the waiting list is to mail update questionnaires to waiting list applicants as part of an update package. Those who fail to respond are removed from the waiting list in accordance with the administrative plan.

- If your PHA has adopted new local preferences since the last waiting list update, applicants must be provided an opportunity to claim any new preference for which they qualify.
- Your PHA may need to secure additional information to comply with changes in HUD rules. For example, when HUD implemented income targeting, PHAs needed information on the annual income and number of family members to determine which income limit was applicable. To save staff time and postage, this information can be requested in conjunction with a purge.

Section 4: Managing the Waitlist and the Intake process

To maximize efficiency, develop purge procedures before you start the process. If the waiting list is extremely long, you may have to add temporary data entry staff, or you may need to conduct the purge in batches. Determine how many applicants you can work with at one time, so the purge process does not delay other time-sensitive program activities.

Your administrative plan should address policies handling returned purge letters from the post office and how families who claim non-receipt will be evaluated. All returned letters and envelopes should be kept with the application.

## **SELECTION FROM THE WAITING LIST**

### **INTRODUCTION**

Ideally, a PHA maintains detailed records regarding program attrition, leasing intervals, and success rates. Utilizing HUD's Two-Year Forecasting Tool (covered in Chapter 4: Utilization), the PHA tracks and projects leasing efforts ongoing to stay abreast of emerging leasing trends. The PHA establishes an ongoing leasing procedure to select a set amount of families (adjusting the number of families as needed) from the waiting list each month to determine eligibility and issue vouchers. This approach allows the PHA to manage utilization, integrate leasing into day-to-day program management activities, and avoid massive leasing "events," which result in see-saw utilization.

### **INCOME TARGETING**

Income targeting requires that at least 75 percent of the families admitted to the program during your PHA's fiscal year are within the extremely low-income limit (ELI). ELI families are defined as very low-income families whose incomes do not exceed the higher of the federal poverty limit or 30 percent of area median income.

- This requirement should be monitored monthly to ensure that the 75 percent threshold is being met. If the threshold has not been met, PHAs must select families from the waiting list out of the order of preferences to reach families under that limit and maintain the 75 percent for the fiscal year.

Section 4: Managing the Waitlist and the Intake process

If your waiting list does not contain the income limit of the family and the number of persons in the family, you may want to request this information when you purge the waiting list or prior to scheduling the full application interview. If you are behind on income targeting, your PHA should also have established procedures for dealing with families selected who are over the extremely low-income limit or whose income exceeds the extremely low-income limit after issuance of a voucher. Remember, families with incomes under the extremely low-income limit at the final eligibility determination but were not under the threshold at admission will not count toward the income targeting requirement.

**SPECIAL ADMISSIONS**

A special admission family may or may not have applied to the PHA's HCV program. When admitted, the family is being admitted without regard to whether they are on the PHA's waiting list, and if on the list, without regard to where they are on the waiting list.

Section 24 CFR 982.203 provides the HUD requirements on special admissions and lists examples of types of funding that qualify for special admissions. For example, if voucher funding was providing for public housing relocation families, that funding must go to those particular families living in public housing that is being demolished or disposed of. Because the funding was for those specific families, those families do not go on the HCV waiting list but must be admitted to the voucher program without considering the family's waiting list position.

Special admission families are specific families who can be named. For example, if you are demolishing a public housing project, you know that Mrs. Jones lives in Apt 102 in Clear Brook Manor. The funding is for her.

Section 4: Managing the Waitlist and the Intake process

Another example of special admission families who do not go on the waiting list is designated housing. This funding is provided for non-elderly disabled (NED) families living in a designated unit/project/building who move from the project, and for NED families who would have been eligible for public housing if occupancy of the unit or entire project had not been restricted to elderly families through a Designated Housing Plan. Certain development vouchers are similar to designated housing except that they are for developments listed on HUD's website under NEDs. However, with these vouchers, once all impacted families are served, the PHA can issue vouchers to NED families from the waiting list. This includes turnover vouchers. The PHA must reopen their waiting list if there are not enough vouchers available for this type of family.

PHAs with special admissions must maintain records of special admissions. If the waiting list is audited, you must show why a special admission family cannot be traced back to the waiting list. The PHA's software program should allow for the tracking of these families, even though they have not come from the waiting list. If it doesn't, the PHA must find another way to track these families.

### **VETERAN AFFAIRS SUPPORTIVE HOUSING**

VASH families are treated differently than waiting list families and special admission families. Under VASH funding, assistance is made available for homeless veterans. A VA HUD-VASH case manager refers eligible families to the PHA for assistance. They do not go on the waiting list and preference requirements are waived. In addition, special admission, cross-listing, and waiting list opening and closing requirements are waived.

However, the PHA must maintain documentation of referrals in the tenant file. The HCV Manager should have a list of all VASH families. The PHA's computer software should allow for the tracking of these families, even though they have not come from the waiting list. Since these families are noted on the HUD-50058, the software probably allows for it. However, it should also allow for admission of these families without going through the waiting list.

Section 4: Managing the Waitlist and the Intake process

### **TARGETED FUNDING**

The difference between special admissions and targeted funding is that families who qualify for targeted funding must be on the PHA's waiting list and special admission families do not. The problem HCV managers can face is that their computer software does not clearly allow for special admissions to be admitted without first going on the waiting list and for families who qualify for certain targeted funding to be clearly delineated on the waiting list. This should be discussed with your software vendor.

The most prevalent example of funding targeted for certain types of families can be found in many of the Near Elderly Disabled Families (except for families who are specified as special admissions.) Examples would include Category 1 and 2 NEDs and Mainstream, although each of these programs has their own requirements.

Category 1 NED voucher funding was provided for non-elderly persons or families with disabilities to access affordable housing on the private market. Category 2 NED voucher funding is to enable non-elderly persons with disabilities currently residing in nursing homes or other healthcare institutions to transition into the community. Only persons living in institutions are eligible for Category 2 funding.

HUD FAQs note that families must be selected from the waiting list, including those referred by partnering agency as well as others who meet the requirements. Therefore, referrals must go on the regular PHA waiting list. No preferences are needed since the funding was provided for this purpose. If the waiting list is closed, the PHA must open it only to those who qualify.

Mainstream funding is for non-elderly disabled families on the PHA's waiting list. Refer to the Mainstream Vouchers Q&A on HUD's website.

Section 4: Managing the Waitlist and the Intake process

**SELECTING FROM WAITING LIST**

Below is a list of steps to follow when it comes time to select families from the waiting list.

1. Determine the number of families to notify (see the financial management chapter for how to estimate this).
2. Generate a waiting list that lists the top “X” number of applicants.
3. Mail notification letters for eligibility interviews.
4. Place a copy of the generated waiting list for this selection in an internal audit file for SEMAP purposes, along with a copy of the dated letters, documenting proper selection from the waiting list.
  - For each batch of applicants, you notify of their selection from the waiting list, your PHA should have documentation to demonstrate that the families were notified in the order stated in the administrative plan.
5. Determine eligibility for families who responded. Remove the names of families who did not respond by the required date from the waiting list, and file returned envelopes.

There are three factors that can help in projecting the number of families to select for the eligibility pool so as to minimize delays in the utilization of funding. They include:

- An accurate analysis of the waiting list
- The vitality of the waiting list
- Knowledge of waiting list and lease-up factors

Section 4: Managing the Waitlist and the Intake process

### **WAITING LIST ANALYSIS**

Even though applicants are responsible for reporting changes while they are on the waiting list, they often do not. There is a ratio between the number of families who are contacted, the number of families who respond, and the number of families who are actually issued a voucher. Regular updates of the list ensure a higher response percentage when it is time to select applicants for the eligibility pool. For this reason, it's a good idea for managers to study past ratios (how many families responded and completed an application and were determined eligible vs. the number who did not respond or were not eligible). There may be seasonal differences, so you should compare the lease-up pattern for corresponding months in previous years rather than look at an annual ratio.

The case studies that follow better illustrate the selection process. In addition, we have provided sample forms and letters.



#### **Exhibit 8-4:       Selecting Families from the Waiting List**

As a housing agency interested in assisting as many families as financially possible, the XYZ Township Program puts much emphasis on the quick and accurate selection of families from the waiting list. As such, we have developed a process which ensures an up-to-date waiting list as well as an efficient selection process which ensures immediate funding to families on the waiting list as soon as funding becomes available for them.

This process consists of the following steps:

1.   Annual purge and update of the waiting list: Over the past several years, funding has been extremely limited. In fact, most of the leasing done is a result of attrition rather than funding increments. As a result, the waiting list is barely moving. When the waiting list gets old, we find that it gets stale, meaning by the time we reach many of the names, they have either moved, become ineligible, or have already received some other form of assistance. If we wait for funding availability before reviewing our waiting list, it delays the actual leasing of the eligible families, since we may have to go through many more names until we reach one who is still eligible, has a local preference, is still at the same address, and is still interested in housing assistance. Our agency therefore sends out an annual mailing to all waiting list participants advising them of their obligation to keep their file current with their proper mailing address, family size, and preferences. Anyone who does not respond is removed from the waiting list (after 3 attempts to reach them). This helps to update our computer with the current information. In addition, by performing the purge annually, we have a better chance of finding the applicants. If they have moved, their mail will still be forwarded. Delaying a purge longer than one year may cause families who forget to inform us of a change of address to lose their place on the waiting list because no mail will ever reach them. In this way, we hope to catch most movers.
2.   Once funding becomes available, we can go to the waiting list and select the next eligible families. In addition to quick selection, our agency has mastered accurate selection, in other words, making sure that the correct person is called. The waiting list is maintained by a waiting list coordinator who is responsible for updating the waiting list with any changes to family size, preferences and addresses. When funding becomes available, the office supervisor will ask the waiting list coordinator to give her “x” amount of the next applicants. The waiting list coordinator will take the top “x” names and make a list of those applicants, and will also pull the files and give same to the supervisor. The supervisor then reviews all the files to ensure that they are correctly placed on the waiting list and that they match the list provided by the waiting list coordinator. If everything checks out, the cases will be assigned to caseworkers for lease-up. All applicants selected will be sent a “call-in” letter.
3.   When the applicants call the office to make their appointment they will first meet the “gate watcher.” This employee preliminarily reviews the applicant's paperwork to ensure that they are both income eligible, qualify for the preferences they are claiming, and what bedroom size unit they require. If all checks out, they are handed over to the caseworker for voucher preparation and lease-up. If any problems arise, they will be handed over to the supervisor for review and or returned to the waiting list. We have found that by doing it this way, the caseworker does not find surprises in the middle of her work, forcing the case to be interrupted, investigated, stopped, or returned to the waiting list. By detecting any problems immediately, the gate watcher can stop a mistaken call-in before it is too late and can also advise the supervisor that out of “x” applicants, only “y” seem to be eligible so that another “z” applicants can immediately be called.

In many instances we have found that applicants are leased within a month as opposed to the several-month review period we have seen in other agencies.

## **Exhibit 8-5: HCV Lottery System**

Housing authorities struggle with their HCV waiting list process because thousands of people apply with years between openings, creating crowd problems, paperwork problems, and a lack of hope for those on the list for years and those trying to get on it. People camp out overnight to be the first in line; and parking, restrooms, child care, elderly care, safety and security, and food and water are all concerns.

Applicant data has to be maintained and updated. Purges to remove those no longer interested, etc., are time-consuming and expensive due to mailing costs for thousands of letters. Only 35 percent of the applicants were ever approved for the voucher program, because such a long time had passed between application and processing. The long wait was very frustrating for families. If a family missed the opening, many years passed before the list was opened again. For this reason, the Daffodil Housing Authority opted to use a lottery system for the selection process. This lottery process is as follows:

1. Issue a public notice in newspapers advertising the lottery system and the lottery pool opening.
2. Contact local agencies dealing with potential applicants and instruct on the lottery process, enabling the agencies to assist their clients with the lottery process.
3. Lottery cards are available to the public on two days, at six locations. An informational flyer (in English, Spanish, and Vietnamese) is given to each participant.
4. Participants pick up lottery cards, complete them, and return them by a postmark deadline. Lottery cards are not accepted in person. The card asks for the applicant's name, Social Security number, birth date, spouse data, marriage status, address, number of adults and minors, preference information, income ranges, and income source. Signature and date are required.
5. After the postmark deadline, enter card data into the computer system. Cross reference names and Social Security numbers to eliminate duplicate entries.
6. Based on current need, draw names to be placed on the waiting list. The drawing is a random computer drawing which uses a methodology such as [www.random.org](http://www.random.org). Issue another public notice in newspapers to advertise the drawing. Post the numbers drawn. Send letters to everyone drawn, advising them to pick up an application packet at one of the six locations. Establish deadlines for application pick up and completion.
7. As completed applications are returned, schedule interviews to verify information, etc. When approved for assistance, schedule the family for immediate orientation.

The lottery pool is opened annually. Unused cards are voided at year's end. The lottery system gives the applicants an opportunity to enter the lottery pool each year.

The lottery system is a huge success. The success rate of applicants increased from 35 percent (old waiting list system) to over 60 percent. This higher success rate is because those on the lottery list are current applicants, not several years old. Those that applied are processed in a timely manner, so their information is still current, and they are still interested in the program.

Applicants and the community praise the lottery system because it is more applicant-friendly. Time and money is saved by not having to purge. Third party verifications are easier to obtain because information is current on the applicant.

Section 4: Managing the Waitlist and the Intake process

---

Old Process	New Process
It would take years (approximately 4 to 6 years) before the opening of the HCV waiting list.	Once a year the Random Choice Lottery Pool is open.
When the waiting list was open, there were crowds of people waiting in long lines for hours at one location.	Public notices are posted in all Daffodil city newspapers. The interested public are told where to pick up a lottery ticket at any of the 5 locations. Because of this, there are no crowds and the prospective applicant is accommodated faster.
This created false hopes to the people who applied for vouchers due to the abundance of applications accepted and the possibility of falling through the cracks was greater.	This created hope for the people who participated. No more long waiting list that could take years to be processed. Random computer drawings are held when vouchers are available throughout the year. Numbers selected are then placed on the waiting list. Over the course of the last year, over 1500 people participated and were processed within nine (9) months. However, people that are not selected are discarded at the end of the year.
A lot of wasted staff time maintaining and purging the waiting list and verifying information.	Staff time was reduced to maintaining the waiting list, the purging process was completely eliminated, and a lot of time was saved in verifying information.
Redundant and cumbersome paperwork, which was very costly to the Daffodil Housing Authority.	This procedure eliminated duplicative and cumbersome paperwork, reducing cost to the housing authority.
The success approval rate for applicants was at 35 percent.	The success approval rate for applicants was increased from 35 percent to 60 percent; this percentage will continue to rise.

## **Exhibit 8-6:            Sample Letter to Lottery Ticket Holder**

Dear Housing Choice Voucher (HCV) Program Lottery Ticket Holder:

This letter is to inform you that your lottery ticket number has been selected. To complete the application process for the housing choice voucher program, you must come to the occupancy department located at our main offices at 1234 Main Street, Second Floor, to pick up an application packet. You must present this letter in order to pick up a packet and come to our office between the hours of 9:00 a.m. and 11:00 a.m. The packet must be picked up, completed, and returned with all required documents before \_\_\_\_\_. The packet contains application forms and information regarding documents needed to complete an application. You will find an enclosed checklist regarding the required documents that must be submitted with the packet.

When you are ready to submit your completed application packet, it must be submitted in person and you must submit this letter, as well. Please allow some extra time to wait when you personally submit your packet as it will be reviewed for completeness at the time of submission. All completed application packets must be submitted to the Daffodil Housing Authority Occupancy Department between the hours of 1:00 p.m. and 3:00 p.m. Again, the last day to submit a packet and obtain an appointment for an interview is 3:00 p.m. on \_\_\_\_\_. Please make sure your packet is complete as there will be no exceptions or extensions granted after the above date.

To assist you in completing your packet, you will find attached a checklist of all required documents. In addition to the documents that are required, the packet forms must be filled out completely. The documents you must have are a photo identification of all adults, vital statistics birth certificates for all minors in family, legal custody papers, if applicable, proof of Social Security numbers for all household members except undocumented persons, and police clearance reports for all members of the family 18 years of age and older.

If you fail to submit a packet and obtain an appointment for an interview by \_\_\_\_\_ then your HCV Program Lottery Ticket shall become null and void, and you need to submit a new ticket at another time when the Daffodil Housing Authority holds an HCV Lottery. Since this HCV Lottery Ticket is not an application, no appeal or hearing is allowed.

Sincerely,

Daffodil Housing Authority Occupancy Department

**Exhibit 8-7:****Sample Information Needed Request**

\_\_\_\_\_ Police Clearance report (All members 18 years of age and older).

- If you are a resident of the City and County of Daffodil, you may obtain a police record clearance at the Police Department at 111 Brian St., Room 310, between the hours of 10:00 A.M. and 8:00 P.M., Wednesdays and Thursdays only. The phone number of the ID Section is 640-3941. If you are not a resident of the City and County of Daffodil, you must obtain a police record clearance from your local police department.

\_\_\_\_\_ Photo I.D. (Adult Member)

\_\_\_\_\_ Birth Certificates from Vital Statistics for minors (Vital Statistics is located at 4321 Nancy Creek Drive)

\_\_\_\_\_ Documentation of Social Security numbers for all household members except undocumented persons.

- (In Daffodil, the Social Security Administration is located at 6789 Cherry St. Check phone book for other locations in your area.)

\_\_\_\_\_ All preliminary application forms must be completed

\_\_\_\_\_ Please bring information or documentation on all sources of income (i.e., SS, SSI, TANF, alimony, wages etc.)

**Note:** Your rent will be based on your income; however, there is a minimum rent of \$25.00 per month.

Section 4: Managing the Waitlist and the Intake process

**NEEDS ESTIMATION**

The needs estimation is how PHAs determine how many units must be leased to utilize available funding.

- The estimate will be influenced by the accuracy of the waiting list.
- PHAs should look at past data for the waiting list and leasing factors.
- PHAs should project openings about 90 days ahead, not wait until they occur.

In estimating the number to pull from the waiting list, consider these steps:

- Review ACC and Annual Budget Authority. Know your baseline ACC vouchers and available budget authority
- Review monthly terminations and quantify an average. Review first of month VMS and end of month VMS leasing reports to evaluate terminations during a month.
- Review current housing trends and review current subsidy costs (PUC)
- Review lease up success rates. Know the ratio of vouchers issued to 50058s processed.
- Portability: Are you administering or absorbing? If you are absorbing, how many families port-in each month, and how many successfully lease-up?
- Calculate how many applicants to draw from the waiting list to meet and maintain leasing
  - Review the final data from all of the above categories.
  - Take your baseline vouchers and compare with current utilized vouchers (VMS).

Section 4: Managing the Waitlist and the Intake process

- Factor in the lease-up success rate, days to lease from voucher issuance to 50058, and applicants that do not lease-up. These numbers give you the average success rate. For example:
  - Your PHA issued 100 vouchers.
  - 50 families who were issued vouchers successfully leased within 90 days.
  - 25 vouchers expired.
  - 10 no response.
  - 15 were ineligible.

This would give you a success rate of 50 percent. Therefore, you would need to select twice as many additional families as you have determined needed leased under the program.

Review the Current PUC and compare with the vouchers available. There needs to be enough funding to cover the cost of being fully leased. If there is a shortage of dollars you must adjust the voucher utilization number. For example:

- There are 100 vouchers available.
- The monthly funding available is \$70,000.
- The actual per unit cost is \$800.00.
- Therefore, the PHA can only afford to lease 87 vouchers ( $\$70,000/\$800=87.5$ ).

## FINAL ELIGIBILITY DETERMINATION

### INTRODUCTION

The determination of eligibility is the final and most critical step in the intake process. Families are normally required to attend an interview, sign authorization forms and provide all of the information and documents requested by the PHA. The PHA must verify local preferences and all of the HUD and PHA factors of eligibility.

You, the HCV manager, must ensure that all factors of eligibility are verified. This is one of the areas of quality control you should monitor continually.

Section 4: Managing the Waitlist and the Intake process

### **FULL APPLICATION FORM**

The full application form must be designed to capture the wide range of information needed to determine eligibility. Its formatting serves as a guide for the interviewer and should mirror the computer data-entry flow of information. Some PHAs scan the information from a paper form directly into the computer. An example of a paper version of a full application form can be found on the portal for the HCV Program Management class which you will have access to if you have attended the class.

The management objective is to ensure that at the time of admission to the program the families are income-eligible, their adjusted income is calculated correctly, and the income verification is not older than 60 days from the date of voucher issuance.

Families must be certified eligible before the PHA issues the voucher. The file must contain verification of all factors that affect the adjusted income. Additional HUD requirements include:

- Disclosure and documentation of Social Security numbers for all household members other than exempt persons (with the exception of a child under six added within six months of voucher issuance)
- Submission of documentation of citizenship or eligible immigration status
- All family members age 18 and over, and the head of household and spouse (regardless of age), must sign form HUD-9886, Authorization for the Release of Information

### **STEPS TO DETERMINING PROGRAM ELIGIBILITY**

Here are the steps to determine program eligibility:

1. Data collection (have applicant complete the full application form and sign related verification forms, including the HUD authorization for release of information and privacy act forms)
2. Place the family in the applicant verification pool
3. Obtain verification according to HUD requirements



Section 4: Managing the Waitlist and the Intake process

4. Obtain verification according to PHA requirements (criminal record, previous debts)
5. Notify the family of their eligible or ineligible status
6. Calculate the maximum subsidy for vouchers

**APPLICANT VERIFICATION POOL**

Step number two above mentions the applicant verification pool. An applicant family is placed in a verification pool:

- After funding is anticipated to be available
- After the family has been sent their letter for selection from the waiting list and responded
- While the family is awaiting the completion of verification

**INITIAL CERTIFICATION**

Initial certification occurs when the eligibility of the family has been determined and a HUD-50058 form has been transmitted for a new admission.

**Effective Interview Function**

HUD does not require that families be interviewed prior to admission, and the entire process can be accomplished by mail if your PHA so chooses. Most PHAs interview the client at the final eligibility stage.

However, successful program integrity and error reduction strategies do begin with an effective interview of applicants when they are selected from the waiting list. The ability to utilize effective interview skills is key for everyone who must interact with others-whether their role is problem solving, supervising, or general communications.

The primary purpose of an interview is to obtain complete and accurate information. This cannot be accomplished unless clients understand the questions and answer them truthfully.

In order to have an effective interview function, PHAs must have:

1. Well-trained and skilled staff
2. Effective tools for communication with the family
3. An interview method that is used by all staff
4. Effective forms for data collection from the family

Section 4: Managing the Waitlist and the Intake process

### **General Certification Requirements**

Although intake focuses on the initial certification, it's useful to understand certification requirements in general. The management objective for the required certifications is to ensure that families are properly charged and that payments (both housing assistance payments and utility reimbursement payments) are being properly administered.

There are three types of certifications. They are:

- Initial (new admission)
- Annual (reexamination)
- Interim (redetermination or reexamination)

There are numerous transactions that require your PHA to submit the HUD-50058 form to PIC/IMS. These include:

- New admission (code 1)
- Annual Reexamination (code 2)
- Interim reexamination (code 3)
- Portability move-in (code 4)
- Portability move-out (code 5)
- End participation (code 6)
- Other change of unit (when there is no annual certification in conjunction with the move) (code 7)
- FSS/WTW enrollment or program exit only (code 8)
- Annual reexamination searching (when a family has vacated the dwelling unit and has not yet leased up in a new unit as of the annual reexamination date) (code 9)
- Issuance of voucher (code 10)
- Expiration of voucher (code 11)
- Annual/biennial HQS inspection only (code 13)
- Historical adjustment (code 14), to capture information for households who have no new admission recorded in PIC, but require an action other than a new admission or voucher issuance

Section 4: Managing the Waitlist and the Intake process

### **Verification**

HUD regulations require a PHA to verify the factors of eligibility and all factors that affect the adjusted annual income. Applicants must furnish proof of their statements whenever the PHA requires, and the information they provide must be true and complete. The family is also required to sign any type of authorization form required by the PHA to verify information provided by the family. A PHA's verification requirements are designed to maintain program integrity. PHAs establish procedures and standards for the verification of:

- Preferences
- Income
- Assets
- Allowable deductions
- Social Security numbers
- Family status
- Changes in family members

To determine whether information has been properly verified, the manager should be sure there is proper verification documentation for each item to be verified. The verification documents should be compared to the computer data entry.

HUD expects PHAs to follow the verification requirements specified in Notice PIH 2010-19, and note the reasons why a lower form of verification was used, if applicable.

In addition, all file notations made by staff should be complete, dated, limited to facts (not opinions), and signed or initialed.

To manage the verification process effectively, your PHA should establish a schedule for requesting higher levels of verifications before accepting lower levels.

Section 4: Managing the Waitlist and the Intake process

Set up a method for filing verifications once they are returned. Depending on the file system selected, verifications may be filed by a clerk with a notation in the computer file as to which verifications have been received. Housing specialists may also track verification during the eligibility process.

The timing of the verification is critical at admission, since it is usable for calculation purposes for only 60 days from the time it is received in the office until the voucher is issued. However, if more than 60 days elapse between the date the verification is received and the issuance of a voucher for initial admission, the item must be reverified. While awaiting reverification, the family will be in the verification pool. A sample verification tracking form follows.

# Exhibit 8-8: Sample Verification Form

## Sample Verification Monitoring Form

Name \_\_\_\_\_

Type of Verification	EIV	UIV other sources	3rd Party Tenant- Provided Docs	3rd Party Verification Form Sent	3rd Party Verification Form Received	Self- Declaration	Remarks
<b>Income</b>							
Social Security/SSI/SSD							
Railroad Retirement							
Veteran's Administration							
Welfare							
Child Support							
Employment							
Pension							
Unemployment Compensation							
Worker's Disability Comp							
Educational Assistance							
<b>Assets</b>							
Checking							
Savings							
Savings Certificates							
Contract for Deed							
Real Estate							
Stocks/Bonds							
Credit Union							
Life Insurance							
<b>Expenses</b>							
Medical:							
Insurance Premiums							
Payment Plan							
Rx (Pharmacy)							
Child Care							
Disability Assistance							
Educational Status							
Verification of Disability							

Section 4: Managing the Waitlist and the Intake process

### **Calculation**

The accurate calculation of annual income and adjusted income will ensure that families do not pay more or less money for rent than their obligation under the regulations. HUD defines the allowable deductions from annual income and how the presence or absence of household members may affect the total tenant payment (TTP). The formula for the calculation of TTP is specific and not subject to interpretation. The regulations governing this can be found at 24 CFR Part 5, Subparts E and F, and further instructions set forth in HUD notices, memoranda and addenda.

- Certification results must be transmitted to the accounting staff in an expedient manner so payments to owners are not delayed.

Accurate income and rent determinations should be a priority for the HCV manager. This requires a knowledgeable and well trained staff. Managers should review PIC error reports and provide training to staff as needed if there are errors or data entry problems. If there is a computer software problem, you should contact the software vendor to determine whether the error report is due to a HUD problem or a software problem.

### **File Maintenance**

Although family data is stored in the PHA software, the paper filing system is important back-up for an audit. For ease of use, there should be an agency-wide protocol for the organization of tenant files. Any staff member or reviewer should be able to pick up a file and know exactly where specific documents or information are located within the file.

## **Section 5      Initial Lease-Up**

### **INTRODUCTION**

In this section we will discuss the lease-up process from the point an eligible family is briefed through the execution of the HAP contract with the owner.

Under the SEMAP lease-up indicator your PHA must achieve a lease-up rate of at least 98 percent to earn the maximum points.

There are many activities needed to achieve this goal. The waiting list must be properly maintained, there must be enough eligible families to quickly utilize funding as it becomes available, and the PHA must conduct effective briefings to prepare families in the search for housing.

How the PHA manages the leasing process is a critical component of successful utilization of funding. After submission of a Request for Tenancy Approval (RFTA), numerous requirements must be met before the leasing is effective. This can involve effective communication and coordination with many different people and departments at your agency. This is why HCV managers must plan and control the leasing process. Failure to do so will adversely affect your SEMAP score and can negatively impact the PHA's revenues as administrative fees are earned based on the number of units under lease as of the first of each month. Therefore, it's critical for the success of your program to not only understand the HUD requirements for lease approval, but also how to track each of the steps in the process.

The following steps in the lease-up process should be monitored:

- Voucher issuance and briefing to submission of RFTA
- Time from receipt of RFTA request of other approval factors
  - Inspection request to approval of unit per HQS
  - Determination and documentation of rent reasonableness
  - Determination of affordability if gross rent exceeds payment standard
- Lease execution between owner and tenant
- Execution of HAP contract between PHA and owner within required time limits
- Timely initial payment to owner

In this section we will cover the basic regulatory requirements that govern each step and why they are important to the overall process, and suggest ideas for how to track them.

## **ISSUANCE OF VOUCHERS AND BRIEFING**

*24 CFR 982.301*

The purpose of the briefing is to provide families with information on how the program works, as well as the information needed to successfully locate and lease a unit under the program. Managers should ensure:

- The PHA provides information and documents to families in compliance with HUD's briefing requirements. This means that all of the oral briefing requirements are met and that the briefing packet contains all of the required forms and information.
- That vouchers are extended in accordance with PHA policy.
- The briefing materials are user-friendly and in an understandable format.
- That briefings are conducted prior to or upon issuance of the voucher.
- That the bedroom sizes of the vouchers issued correspond to the PHA subsidy standards.



Section 5: Initial Lease-Up

PHAs can conduct group or individual briefings at their discretion. The advantages of group briefings are:

- Time savings
- Consistency of information provided
- Participant questions, which spark other questions

Some advantages of individual briefings include:

- The attention given to individual clients (easier to establish a rapport)
- A setting where a family's personal rent calculation can be reviewed
- Participants may be more comfortable asking questions in a one-on-one setting than in a group setting

Briefings may be conducted in-person or remotely, depending on PHA policy. See Notice PIH 2020-32 for the requirements regarding conducting remote oral briefings.

Most PHAs conduct briefings in a group setting and offer to meet with families individually if needed. Likewise, most PHAs issue the voucher at the briefing. Managers should review all briefing materials and attend briefings periodically to ensure that they are clear and effective.

Although the PHA may conduct briefings in other circumstances, the only formal briefing HUD requires is prior to or upon the initial issuance of a voucher.

### **INFORMATION PROVIDED AT THE BRIEFING**

Each family must be provided with a briefing packet. The packet must contain all of the HUD-required documents and information about PHA policies. Some PHAs require the family to sign a “briefing certification” statement to document that they were provided with all of the program rules and that all of their questions were answered. You may want to have families sign in at briefings to verify attendance as well.

Legal challenges may occur when clients allege that they were not provided information about specific program rules and requirements. One way to ensure that clients receive consistent information is to utilize a briefing video. Since videos are more expensive to produce than most other media, the least expensive method is to purchase an off-the-shelf product. Other media, such as overhead transparencies or a computer slide presentation, can also be used.

Off-the-shelf products provide generic information about the program, so you provide the information that is specific to your program policies and procedures. Usually there are leaders' guides to tell you what HUD-required areas are addressed in the product and what must be covered by staff. Whatever method or product you use, guide the presenter through the same information every time. If nothing else is available, use a checklist and be sure the presenter checks off each item. Consistency is the key.

### **Briefing a Welfare-to-Work Family**

In briefing a welfare-to-work family include any local obligations of welfare-to-work families and an explanation that failure to meet these obligations is grounds for denial of admission or termination of assistance.

### **BRIEFINGS CHECKLIST**

The following are required components of the oral briefing and the briefing packet under the regulations. When you return to your agency, check to see if all of these components are provided.

**Oral Briefing**

Included?	Required Item
	Description of how the program works
	Family & owner responsibilities
	Where the family may lease a unit, including renting a dwelling unit inside or outside the PHA jurisdiction
	Explanation of portability, including how portability may affect the family's assistance
	The advantages of moving to an area that does not have a high concentration of poor families
	Take steps to communicate with disabled persons as needed

**Briefing Packet**

Included?	Required Item
	Term of the voucher
	PHA policy on extensions or suspensions of the term
	If extensions are allowed, how the family can request an extension
	How the PHA determines HAP
	How the PHA determines the payment standard
	How the PHA determines TTP
	How the PHA determines maximum rent (affordability)
	Where the family may lease a unit
	An explanation of how portability works, including how portability may affect the family's assistance
	Tenancy Addendum
	RFTA
	Explanation of how to request tenancy approval
	Statement on PHA policy on providing information to owners
	Subsidy standards and grounds for exceptions
	"A Good Place to Live" brochure
	Information on federal, state, and local equal opportunity laws and a copy of the housing discrimination complaint form
	List of landlords or other parties who may be willing to lease a unit to the family or help the family find a unit
	Notice the family may request a current listing of accessible units
	Family obligations
	Including any obligations of other special programs if the family is participating in one of those programs
	The advantages of areas that do not have a high concentration of low-income families
	The HUD pamphlet on lead-based paint entitled "Protect Your Family from Lead in Your Home"
	PHA informal hearing procedures, including when they are required and how to request one

## THE VOUCHER DOCUMENT

*24 CFR 982.302(a)*

The voucher authorizes the family to search for housing. It contains the issuance and expiration dates as well as general program requirements and the obligations of both the family and the PHA. The family unit size (commonly called “voucher size”) is determined by the PHA subsidy standards and based on the size and composition of the family.

The language describing the family obligations on the voucher form does not correspond verbatim to the family obligations listed in the regulations (see 24 CFR 982.551). PHAs should carefully review this language to ensure that the family obligations are correctly enforced.

## EXTENSIONS

*24 CFR 982.303(b)*

The initial term of the voucher must be at least 60 days. PHA policy on extensions of the voucher should be based on the local housing market. HUD does not require PHAs to approve any voucher extensions beyond the initial 60 days, except as a reasonable accommodation for a person with a disability. You can require the family to provide proof of their search efforts or some other criteria as a condition of extending the voucher. Managers should also ensure that families are notified of any extension of the voucher in writing, and that families are notified of any approval of a voucher extension in writing.

If there are high vacancies in your market area, there may not be a need to extend vouchers, but if the market is tight you may want to have a more liberal policy on voucher extensions. You may even want to issue vouchers for a longer initial period than 60 days.

## Suspension/Tolling

*24 CFR 982.303*

*Suspension* of the voucher term means that the 60-day clock is suspended from the date that the family submits Request for Tenancy Approval until the date the PHA notifies the family in writing whether the request has been approved or denied. If the unit is disapproved, then the number of days from receipt of the RFTA to the unit disapproval date would be added to the expiration date of the voucher.

Suspension is a regulatory requirement under 24 CFR 982.303(c).

## THE LEASING PROCESS

The initial lease-up process is triggered by receipt of the RFTA within the term of the voucher. To manage this initial leasing process, the HCV manager must ensure that there is effective communication and coordination of activities between housing staff, inspections staff, the family and the owner. Lack of communication and coordination will delay the leasing process; this will frustrate the family and create a disincentive for owners to continue to participate in the program. HCV managers should personally track the processing of a RFTA from reception through payment initiation and closely observe how the process is working. Here are some things to track and observe:

- Are new owners contacted by telephone and welcomed to the program?
- Is the RFTA reviewed for completeness?
- How long does it take the administrative staff to communicate the needed information to the inspectors?
- How long does it take for inspectors to schedule and conduct the initial inspection?
- How is information about the inspection communicated to the owner?
- How are inspection results communicated to the owner and family?
- Do inspectors perform like PHA emissaries or just inspection technicians?
- If the rent is not reasonable or the unit not affordable, how are negotiations conducted with the owner?
- What are the procedures for HAP contract execution with the owner? Are contracts executed no later than 60 days from the lease approval date?

### **REQUEST FOR TENANCY APPROVAL FORM**

*24 CFR 982.302*

The family is required to submit form HUD-52517, Request for Tenancy Approval (RFTA), which has been executed by the family and owner and a completed (but unexecuted) lease including the tenancy addendum. The paperwork usually goes to a housing specialist, who may schedule and conduct the inspection or may pass the information to the inspection department.

- Although the form includes a requested beginning date of the lease, the unit may currently be occupied by another tenant. The RFTA includes a field that indicates the date when the unit will be ready for inspection.

### **STEPS TO LEASING**

An efficient leasing process requires good communication, coordination of activities and attention to detail. When the RFTA and leasing documents are received, the following steps should be followed:

- The documents should be reviewed for completeness and missing information is obtained
- The responsibilities for utilities and appliances specified in the RFTA should be compared to the owner's lease and differences resolved if needed
- The owner should be contacted to schedule the inspection of the unit
- The unit must be inspected (and reinspected if needed) and pass inspection
- The rent reasonableness should be determined and documented, and the rent negotiated, if needed
- Affordability should be determined (if applicable) and the rent negotiated, if needed
- The utility allowance should be calculated based upon the owner's lease and RFTA
- The housing assistance payment and tenant rent should be calculated

- The PHA prepares a HAP contract if the unit passes and the rent and tenancy are approvable
- The family and owner execute the lease
- The PHA and owner execute the HAP contract

PHAs are not permitted to make payments to the owner until the HAP contract has been executed by the PHA and the owner. If it is executed within 60 days from the lease approval date, you may pay the owner retroactively. If it is not executed within the 60-day period, the leasing is null and void and you may not pay the owner.

#### **MANAGER RESPONSIBILITIES TO ACHIEVE LEASE-UP**

The manager must control the leasing process by coordinating the activities of staff and ensuring that there is appropriate communication between the tenant and owner throughout the process. There are two main causes of delays in the leasing process. One is that the PHA does not have adequate tracking mechanism to manage the leasing process and the other is the PHA's failure to use the telephone (and the automated system), to communicate and track the various leasing activities. Staff is responsible to communicate the results of their activities to the staff that need that information in order to complete their tasks. Owners should be contacted by telephone if contracts are not received by a pre-set deadline (long before the 60-day maximum). The only way that contracts are not executed within 60 days is if no one is paying attention to the process.



Section 5: Initial Lease-Up

Managers should ensure that steps of the leasing process are performed in a logical manner. For example, some PHAs perform the rent reasonableness determination after the unit has been inspected. This creates problems if the rent is not reasonable and the owner is not willing to lower the rent-the inspector's time has been lost on a unit that will not be approved, and the family has lost valuable time on the voucher term. Conversely, if the rent reasonableness determination is made before the inspection, the PHA may not have all the data it needs to make the rent reasonableness decision.

The coordination may be more challenging if the inspection responsibilities are not under the control of the HCV manager or if they are performed by a contractor. The problem may relate to the transfer of data between the vendor's software and the PHA's software. Regardless, the same timing restrictions apply.

The manager may find that creating a log is the most efficient way to track key leasing indicators. When maintaining a leasing log, the following dates should be noted:

- Date the RFTA is submitted
- Initial inspection date
- Reinspection date (if any)
- Inspection pass date
- Lease effective date
- Date the HAP contract is sent to the owner
- Date the signed HAP contract is returned to the PHA
- Date the HAP contract is executed by the PHA (note that this date must be within 60 days of the lease effective date)

The information in this type of log will help the manager track each step of the leasing process, ensuring that different PHA staff members are working in coordination to process lease-up and documenting any areas where the PHA may improve the process. For example, the log can be a good source of information on whether the PHA has adequate inspection staff and inspections are being scheduled promptly.

Ideally, the process from RFTA submission by the family to the effective date of the HAP contract and lease will occur within a 15-day window.

### **LEASE APPROVAL**

*24 CFR 982.308(d)*

The purpose of submitting the lease along with the RFTA is so that the PHA can review the rent and utilities as compared to the RFTA and to ensure that the lease contains the HUD-required information.

*24 CFR 982.209(a)*

Normally, the initial term of the lease will be for at least one year, but it can be longer. PHAs may also approve a shorter initial term if the shorter term will increase housing opportunities for the family and it is prevailing local market practice. Your PHA should make the following decisions:

- Whether any shorter terms will be approved
- What documentation will be sufficient to determine whether a shorter term is normal for the area (the local real estate market or apartment association may be able to provide information)

*24 CFR 982.308(b)*

Owners must use the same lease they use for unassisted tenants on the premises. If the owner does not use leases for unassisted tenants, PHAs may offer a sample lease form. This practice is discouraged for two reasons. First, sample leases can be easily obtained and, second, the PHA does not want owners to have a perception that the PHA is in any way a party to the lease agreement.

### **Required Information**

Certain information must be included in the owner's lease. The lease must specify the following:

- Names of the owner and tenant
- Unit address
- Term of the lease (initial term and any provisions for renewal)
- Amount of the monthly rent to owner
- Which utilities/appliances are to be supplied by the landlord and tenant

## **INSPECTIONS**

### *24 CFR 982.305*

The management objective for unit approval is to ensure that units are inspected in a timely manner after receipt of the RFTA. If the unit does not pass inspection, and the owner does not make the repairs, the unit cannot be leased under the program.

Because HUD requires PHAs to inspect the unit within the timeframes noted in 24 CFR 982.305 or document that the timeframe was suspended because the unit was not available for inspection, tracking of the timeframes and documenting reasons why they were not met is important.

- PHAs with up to 1250 budgeted units in their tenant-based program must inspect within 15 days after the RFTA is submitted.
- PHAs with more than 1250 units are held to the same standards “to the extent practicable” but must conduct inspections within a reasonable time after the RFTA is submitted.

In most PHAs the inspector contacts the owner by telephone to schedule the inspection. Some PHAs mail a notice to the owner. The owner should be given a contact number in the event of the need to reschedule. There should be written procedures for this function with the end result being to get the inspection scheduled and conducted as soon as possible after receipt of the RFTA.

If the unit does not pass the inspection, a list of failed items (and items noted for comment which do not fail the unit) should be provided to the owner at the inspection or sent to the owner after the inspection.

The owner should be given a time frame to correct the items and told that the PHA will reinspect the failed items after they are corrected. It is recommended that the inspector determine the owner's willingness to make repairs and obtain an estimated date when repairs will be completed at the time of the inspection. There is no set standard for this time frame, but the lease cannot begin until all the items have been corrected and verified by the PHA. If the owner does not agree to make necessary repairs, the unit must be disapproved and another RFTA issued to the family if there is time remaining on the voucher.

Where unreasonable delays are caused by a PHA, the manager should analyze the cause of the delay and institute procedures to correct the delay. Delays are more critical in a tight rental market, because a PHA delay can cause the owner to decide not to rent the unit to the family or not to offer any other units for leasing.

*24 CFR 982.305*

As a manager, you should at least know actual time frames for processing the inspection. Institute a tracking system so that you can identify problems in the communication and coordination between housing staff and inspection staff. Pay attention to the following timeframes:

- Number of days from the date the unit is available for inspection and the date the inspection is performed
- Number of days between unit inspection and notification to the owner of inspection results
- Number of days between owner notification that repairs are done and the date the unit is reinspected
- The number of days between unit approval and HAP contract execution

The unit must be inspected according to HUD's minimum Housing Quality Standards. Your PHA may add additional inspection requirements in their administrative plan but only with HUD approval.

Section 5: Initial Lease-Up

PHAs are required to use the HUD inspection form, unless HUD approves the use of another form in writing. There are two versions of the HUD inspection form: a long version (HUD-52580-A) and a shorter version (HUD-52580). The long version should be used until the inspector has attained the experience and competence to use the short form, which does not give detailed information on each requirement.

A major owner complaint about the HCV program is the inconsistency of inspectors in applying the HQS. Managers should periodically review inspection reports to ensure that units are not being failed for non-HQS items or conditions. Since many PHAs use automated inspection software, the PHA should ensure that the HQS items are clearly noted as to whether they would pass or fail. Sometimes inspectors fail items they should not fail. Consistency between inspectors is hard to achieve, partly because the inspection standards can be subjectively interpreted. One solution is to write an Inspection Guide, patterned on the HUD Inspection Manual, but updated for any changes since the original inspection manual was published.

Other important factors to keep in mind include the following:

- PHAs may not charge the family or owner for initial inspection of the unit.
- PHAs may not charge the owner for the unit inspection prior to the initial term of the lease, nor for the first inspection during the assisted occupancy.
- However, the PHA optionally may establish a reasonable fee for inspections in two situations:
  - If the owner notifies the PHA that a repair was made and subsequent reinspections show that it wasn't
  - The allotted time period for repair was lapsed and reinspection shows the repair was not made (regardless of whether the owner reported that repairs were complete)
- Fees may not be imposed for tenant-caused damages, for cases in which the inspector could not gain access to the unit, or for new deficiencies discovered during a reinspection.

- The PHA must also ensure that such a fee is not prohibited by state or local law.
- In the case of PHA-owned units, for any inspection performed by a HUD-approved entity other than the PHA, the details of any reinspection fee must be spelled out in the contractual agreement between the PHA and the entity.
- The owner may not pass this fee along to the family.
- Fees are included in the PHA's administrative fee reserve.
- Fees may be used only for activities related to the provision of HCV assistance.
- You may want to limit the number of reinspections you conduct in the Administrative Plan should your PHA opt not to charge for reinspections in those circumstances.
- The timeliness of inspections will directly affect owner satisfaction. Whether long delays are caused by PHA inspection staff or by procedures, owner dissatisfaction may cause the unit to become unavailable, and the owner may even opt out of the program.
- HCV managers may or may not have direct control over inspections. The inspections function may be located under an inspections supervisor, or contracted out.

#### **UNIT APPROVAL AND DOCUMENT EXECUTION**

In addition to determining that the owner is approvable, and that the unit passes HQS, PHAs need to determine:

- Whether the rent is reasonable, or comparable to similar units in the private, unassisted market
- If the gross rent exceeds the applicable payment standard, that the unit is affordable

### Rent Reasonableness

The determination of rent reasonableness is required for unit approval. Using a test based on a system of data collection, analysis, and comparison of the rents in a PHA's jurisdiction, the PHA will compare characteristics of the proposed unit to similar unassisted units in the market area to determine if the rent is reasonable. Rent reasonableness must also be determined at other times as specified by HUD and PHA policy.

24 CFR 982.4(b)

- HUD defines *reasonable rent* as “a rent to owner that is not more than rent charged: (1) for comparable units in the private unassisted market; and (2) for comparable unassisted units in the premises.”

24 CFR 982.507

In the regulations, HUD specifies that rent reasonableness is the only limitation on the amount of rent to owner. Rent reasonableness tests assure that:

- The rent paid for units selected for HCV program participation is fair
- The program does not have the effect of inflating rents in the community

24 CFR 982.54(d)(15)

Your PHA must have a method of determining reasonable rent both initially and during the term of the HAP contract, and you must describe this method in your administrative plan.

### When Rent Reasonableness Is Determined

24 CFR 982.507(a)(2)

Rent reasonableness determinations must be made prior to approving a lease.

After that, your PHA must redetermine the reasonable rent:

- Before any increase in the rent to owner
- If there is a 10 percent decrease in the published fair market rent (FMR) in effect 60 days before the contract anniversary (for the unit size rented by the family) as compared with the FMR in effect one year before the contract anniversary
- If directed by HUD

### **The PHA's Rent Reasonableness Methodology**

*24 CFR 982.507(b)*  
*Notice PIH 2003-12*

Documentation is also important in terms of comparability. According to the regulations, PHAs must document on a case-by-case basis that the approved rent is reasonable based on current rents for comparable unassisted units.

- Notice PIH 2010-18, issued May 10, 2010, provides further guidance on rent reasonableness determinations, and addresses the issue of what constitutes an assisted unit.
- The notice includes guidance on determining reasonable rent for properties in the process of housing conversion actions.

A PHA's comparability system must take into consideration the following nine factors. However, you are not required to quantifiably document or separately evaluate each of the factors:

- Location
- Size
- Type
- Quality
- Age of unit
- Amenities
- Housing services
- Maintenance
- Utilities supplied by the owner

Of the factors listed above, the HCV Guidebook suggests that the three most important ones explaining differences in rent are the location of the unit, the unit size (number of bedrooms), and the type of unit (e.g., garden apartment, high-rise, duplex, or single-family home). PHAs should focus on those factors that affect rent the most.

In addition to describing the methodology for collecting data on market rents within the jurisdiction, the administrative plan should also describe your PHA's methodology for comparisons.

- For example, does your administrative plan differentiate between submarkets in the jurisdiction?



Many PHAs use rent reasonableness systems such as GoSection8. Contact NMA for further information on GoSection8.

### **LIHTC Units with HCV**

*24 CFR 982.507(c)*

In low-income housing tax credit (LIHTC) units, if the rent requested by the owner exceeds the rents for non-voucher families in the project, the PHA must perform a rent reasonableness determination. In addition, the PHA must cap the rent at the payment standard for that bedroom size. In other words, in these projects rent to owner is the lesser of the reasonable rent or the PHA's payment standard.

For example, if the LIHTC rent is \$600 for comparable, unassisted units in the project, the PHA determined reasonable rent is \$625, and the PHA payment standard for that bedroom size is \$650, the rent would be \$625 since that is the lesser of the reasonable rent or the payment standard.

If the rent to owner does not exceed the rent for other comparable, unassisted units in the project, a rent reasonableness determination is not required; however, the PHA may elect to conduct an analysis anyway. Further, there is no payment standard limitation on these units.

For example, if the LIHTC rent is \$600 for comparable, unassisted units in the project, the owner requests a rent of \$600, and the PHA payment standard for that bedroom size is \$550, the rent would be \$600 since the payment standard limitation does not apply.

### **HOME Units with HCV**

A rent reasonableness determination is not required for HOME units provided that the rent to owner does not exceed the rent for other LIHTC or HOME units in the project that are not occupied by families with HCV assistance.

### **Owner Certification**

*24 CFR 982.507(d)*

By accepting each monthly payment from the PHA, the owner is certifying that the rent to owner is not more than the rent the owner charges for comparable unassisted units. If your PHA requests information from the owner regarding rents charged for other units in the premises or elsewhere, the owner must provide you with that information.

Also, owners of projects with more than four units must supply information on the Request for Tenancy Approval (RFTA) about three recently leased comparable unassisted units within the premises.

- PHAs can use this information to determine and document rent reasonableness for comparable unassisted units in the same apartment complex.
- If the apartment complex is not substantially assisted, the PHA may base its rent reasonableness determination on the rents charged for the three recent rentals the owner identified on the RFTA. In such cases, your PHA does not have to obtain additional rent comparables in other multifamily housing in the area.

### **Affordability**

*24 CFR 982.508*

If the gross rent exceeds the payment standard at the initial leasing of a unit, the PHA must determine whether the rent is affordable. The rent is affordable if the family share does not exceed 40 percent of the family's monthly adjusted income.

For staff who are not well versed in rent calculation, affordability may be a difficult concept to understand. This means that staff may have some difficulty in explaining affordability to families during the voucher briefing. Managers should ensure that briefing materials on the subject are clear and concise. Further, managers should monitor the explanation of the concept during the oral portion of the briefing, since even experienced staff may have difficulty explaining it.

When issuing the family a voucher, it is impossible for the PHA to give the family an exact amount of rent that would make a unit affordable for them, since the utility responsibilities for units are unknown. Therefore, if the family selects a unit where the rent to owner is above the PHA's payment standard, the family may not know if the affordability test will be triggered and whether the unit will be affordable. The HCV Guidebook states that the PHA should provide the family a copy of the PHA utility allowance schedule when issuing a voucher so that the family may calculate estimated costs for utilities for their unit and estimate the unit's affordability. The HCV Guidebook also has two sample notices that the PHA may use to assist the family in determining if a unit is affordable.

## Section 5: Initial Lease-Up

Families may choose units larger or smaller than the unit size assigned on the voucher. On June 25, 2014, HUD issued a *Federal Register* notice stating that the utility allowance for a family must be the lower of: (1) The utility allowance amount for the family unit size; or (2) the utility allowance amount for the unit size of the unit rented by the family. However, upon the request of a family that includes a person with disabilities, the PHA must approve a utility allowance higher than the applicable amount if such a higher utility allowance is needed as a reasonable accommodation. For current program participants, a PHA must implement the new allowance at the family's next annual reexamination, provided that the PHA is able to provide a family with at least 60 days' notice prior to the reexamination.

**APPLICATION OF APPROPRIATE UTILITY ALLOWANCE***24 CFR 982.517*

The management objective is to ensure that when there are tenant-supplied utilities or appliances, the correct utility allowance is calculated. When auditing utility allowances, the HCV manager should compare the utility allowance used to the utilities stated in the HAP contract, the owner's lease, the inspection report, and the RFTA. Differences among these documents often results in an audit finding. The most common discrepancies are in unit structure type, utility responsibilities, and type of utilities for heat and cooking. HUD is inconsistent in unit type designations between forms, and owners are often unfamiliar with HUD unit designation types on the RFTA. The incorrect designation of the unit type can result in an incorrect calculation of the utility allowance. HUD reviewers have found that incorrect utility allowance calculation is one of the most common file errors. This has a direct impact on SEMAP indicator 3, Determination of Adjusted Income.

PHAs use a utility allowance schedule that must be reviewed annually. If utility rates change by 10 percent or more since the last time the schedule was revised for that specific utility, the schedule for that utility allowance must be updated. This is a SEMAP factor.

PHAs must adopt a utility allowance schedule for each structure type available in the PHA's jurisdiction. Also, as mentioned above, the schedule may be updated annually. For this reason, your PHA should document which schedule was used for a family's calculation by putting a copy of the relevant schedule in the family's file. This will provide documentation on the calculation of the utility allowance for audit purposes.

The PHA must use the appropriate utility allowance for the lesser of the size of the dwelling unit actually leased by the family or the family unit size (voucher size) as determined under the PHA subsidy standards. In cases where the unit size leased exceeds the family unit size as a result of a reasonable accommodation, the PHA must use the appropriate utility allowance for the size of the dwelling unit actually leased by the family.

### **SIGNING THE DOCUMENTS**

*24 CFR 982.305(d)*

At this point, if everything is approvable, the owner and family execute the lease, and the owner and PHA execute the HAP contract. Assisted tenancy begins on the effective date of the lease as approved by the PHA.

*24 CFR 982.305(c)(1)*

The PHA must make every effort to execute the HAP contract by the beginning of the lease term. The PHA cannot pay any HAP until the HAP contract is executed.

If the HAP contract is executed during the 60-calendar-day period from the beginning of the lease term, retroactive housing assistance payments can be made. If the HAP contract is not executed within this period, the HAP contract is void and the PHA will not pay any retroactive housing assistance payment to the owner.

## Section 6      Program Activities

The HCV manager's objectives are to ensure that annual reexaminations are completed for all families by the due date, and to ensure that a full HQS inspection is performed for all units at least once every 24 months. It is important that monitoring systems are put in place to assure that both of these functions occur on time.

### ANNUAL REEXAMINATIONS

#### THE PROCESS

*24 CFR 982.516*

PHAs are required to reexamine the income and family composition of all families on the program annually. This is to ensure that the family is appropriately housed and to determine the correct level of benefits. Although not required, the vast majority of PHAs conduct face-to-face interviews with the family as a part of this process. The PHA must also notify the family and owner of the amounts of HAP and tenant rent.

- The PHA should have written procedures governing the reexamination process, and the manager should enforce their use. Staff should be aware of which reexaminations they are responsible for and should be held accountable to complete them on time.

The general steps to conduct the annual reexaminations are:

- Send a notification of the annual reexamination and schedule the appointment. This notice usually includes a reexamination "packet" containing the annual reexamination form and supplemental verification forms and authorizations.
- Interview the client and review the reexamination application.
- Collect and photocopy documents provided by the family.
- Verify the information provided, as needed.
- Calculate the HAP and tenant rent and transmit a HUD-50058.
- Send a notice of the HAP and tenant rent payments to the owner and family.

Families are required to report changes in family composition including the birth, adoption, or court-awarded custody of a child or children. When families request the addition of an adult member, it is recommended that they are interviewed by a housing specialist. The proposed new member is subject to the same verification and documentation procedures as an applicant family. This includes a sex offender registration check, a criminal background check (if the PHA does them), disclosure of SSN, citizenship status, verification of income and signing all other HUD and PHA required forms.

### **VERIFICATION**

*24 CFR 982.516*

The PHA must establish procedures that are appropriate and necessary to assure that income data provided by families is complete and accurate. This data must be verified consistently with regulatory requirements at 24 CFR 982.516.

HUD requires that PHAs either obtain and document in family files third-party verification or document in files why third-party verification was not available. The following factors require third-party verification:

- Reported family annual income
- The value of assets
- Expenses related to deductions
- Other factors that affect adjusted income

Note that the PHA may adopt policies for streamlining the verification process for assets and/or fixed sources of income.

- That is, the PHA may adopt a policy to verify at admission and once every three years thereafter.
- We will discuss streamlining policies later in this chapter.

HUD has established a hierarchy of six verification levels ranging from the strongest to the weakest. Using this hierarchy, PHAs should develop and adopt verification policies and procedures that provide guidance to staff on how to verify various factors, what constitutes acceptable verification, and how to document their efforts in the tenant file.

If verification from a preferred source is not received promptly, the delayed response should not prevent the reexamination from being completed on time. Staff may use other permissible verification methods as long as the file is properly documented.

### **CONSENT FORMS**

Before requesting any verifications from a third party, PHAs must obtain signed consent forms from family members authorizing the release of information from the third party.

One such consent form is the Privacy Act Statement, form HUD-9886, which must be signed by all adult family members (18 and older) and the head, spouse, or cohead (regardless of age).

PHAs must also use other consent forms to request verification of information not covered by the 9886. Because of privacy issues, PHAs are advised to use specific, rather than generic (or blanket), consent forms.

### **ANNUAL REEXAMINATION TIMING**

Annual Reexaminations is a SEMAP indicator, so HCV managers need to develop a schedule for tracking the status of annual reexaminations to ensure that they are completed and transmitted on time. For this reason, managers should develop and post an annual reexamination schedule for the entire year, and it should be updated regularly.

Under SEMAP, the PHA is scored on whether a complete reexamination is conducted for each participant family every 12 months. A PIC SEMAP Indicator Report shows the percentage of families with late annual reexaminations. In order to receive the full 10 points, fewer than five percent of annual reexaminations are more than two months overdue.

- A common error that may result in a late annual reexamination in PIC is incorrect coding. When a family moves and the PHA conducts a full reexamination at the time of the move, an Action Code 7 “Other Change of Unit” may be submitted, rather than an Action Code 2 “Annual Reexamination,” but the projected effective date of the next reexamination must also be changed for the clock to reset in PIC.

Most PHAs begin annual reexamination at least 120 and usually about 135 days before the annual recertification effective date. Less than 120 days would be risky. There are several things that could delay the process that the PHA cannot control. Families may not show up for their appointment, they may need more time to provide documents, or third parties could fail to respond to PHA requests. In addition, reasonable notice is required to notify the family and owner of the HAP and tenant rent amounts. In most PHAs, reasonable notice is at least 30 days.

Managers should track that the reexamination process has been initiated on time, the progress of individual reexams, and that reexams are completed on time. The manager may wish to track these dates either through software systems or by creating a log. HUD suggests that the following dates should be closely monitored:

- Lease and HAP contract effective date
- Reexamination effective date
- Initial reexamination notification date
- Second notification date (if any)
- Termination notice date (if any)
- Notice of rent adjustment date (Note: PHA policy dictates when changes in the rent amount will be effective. PHAs should give families reasonable notice of a rent increase.)
- Date of the next annual reexamination

## **REEXAMINATION CALENDAR**

The supervisor should create a calendar to show reexamination activities and set specific tasks for each month so that a pattern emerges. This will improve time management.

When the supervisor creates this calendar for each month, staff knows exactly what has to be accomplished each week for each monthly batch of reexaminations to be “on time.”

This can greatly improve time management and organizes the work so that it is manageable for the staff to perform and for the supervisor to monitor.



Section 6: Program Activities

The below is an example of annual reexamination activities on a timeline that uses 120 days. We suggest you consider sending out the reexam notice around the middle of the previous month (about 135 days).

Each set of monthly reexaminations is completed over a four-plus month period.

- Mailings for reexamination interviews 4.5 months out
- Interviews for reexaminations 4 months out
- Begin processing for reexaminations 3 months out
- Close out processing for reexaminations 2 months out

In addition, the calendar must incorporate:

- Additional appointments if there was a missed appointment, according to your administrative plan
- Due dates for additional documents to be in, so you know when to process intents to terminate assistance for missing documents
- Due dates for clerks for the pre-file review of the needed documents, so they can call families as an appointment reminder and to let them know what to bring with them to the interview. Clerks can reschedule appointments if needed at that time.
- Close-out dates so families have a 30-day notice prior to the effective date of their increased rent, if applicable, and so that the payment is sent to Finance in time to have a check cut. When these activities are calendared, each staff person knows what has to be done when on which batch of reexaminations

With overlapping reexaminations, this can be very difficult without a leadership system.

When these activities are calendared, each staff person knows what has to be done when on which batch of reexaminations. The supervisor can then check to see whether the activities are completed on a timely basis and, if not, knows which staff needs further coaching or discipline.

## Exhibit 8-9:

Week																	Receipt effective date
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16		
Send recert letters to families		Conduct reexam interview	Send follow-up notice & reschedule appointments	Send 3rd party verification	Receive verifications, use review of documents if 3rd party not received after 4 weeks				Complete 50058		Send 30-day notice of rent changes						
Send inspection letter to family & owner		Conduct inspections	Reschedule failed inspections	Conduct reinspections; abate if necessary													
Reinspections																	
If unit fails send termination notices to owner and family																	
Continue Abatement																	
After rent increase request is received, determine rent reasonableness and negotiate																	

## T a s k

**Exhibit 8-10: Reexamination Tracking Form**

<b>Effective Date of Termination</b>															
<b>Reinstated</b>															
<b>Hearing Conducted</b>															
<b>Hearing Requested</b>															
<b>Appointment Kept</b>															
<b>Termination Notice Sent</b>															
<b>Notification of Reexam Results Sent</b>															
<b>Data Entry on 50058 Completed</b>															
<b>Verify Complete</b>															
<b>Verify Start</b>															
<b>Appointment Date</b>															
<b>2nd Notice Date</b>															
<b>Notice Sent</b>															
<b>Name</b>															

### **REEXAMINATIONS IN PERSON OR BY MAIL**

Some PHAs conduct their annual recertifications by mail, because it requires less staff time. However, this is not recommended as a best practice. The main reasons not to adopt this process include the likelihood of more fraud than a face-to-face interview and no opportunity to answer questions and update the family on program changes. Some PHAs that use this option alternate mail-in reexaminations with face-to-face interviews.

In addition, some PHAs with large geographical areas conduct annual reexaminations at the unit. The disadvantages to this practice are that staff must be trained to do both inspections and reexaminations.

If staff members travel with laptops and can process the data on-site, you may want to consider that option if there are travel issues.

### **REEXAMINATIONS POLICIES AND PROCEDURES**

In order to efficiently process annual reexaminations, PHAs need to develop policies and procedures.

The following are a list of suggested policies associated with annual reexaminations that may be adopted as part of the administrative plan:

- A policy that requires the PHA to conduct a reexamination of family income and composition at least annually, according to HUD program guidelines.
- A policy that states whether the PHA will conduct a new annual reexamination when a family moves to a new unit, or just process the move and leave the family's annual reexamination due date as it was prior to the move.
- A policy regarding the number of appointments that may be missed before a termination of assistance letter is sent to the family.
- A policy that states that a family's failure to comply with reexam requirements is grounds for termination of assistance.

Section 6: Program Activities

- A policy that requires that annuals be implemented as of the scheduled effective date, even if other annual activities are not completed.
- The PHA may also establish policies for streamlining the verification process at reexamination for assets and/or for fixed sources of income.
  - For families with assets valued at \$5,000 or less, the PHA may accept self-certification of the value of and expected income from assets.
    - The family's declaration must show each asset and the amount of income expected from that asset.
    - All family members 18 years of age and older must sign the family's declaration.
  - For families with fixed sources of income, the verification method the PHA uses to adjust the family's income differs depending on the percentage of the family's unadjusted income that comes from fixed sources.
    - When 90 percent or more of the family's unadjusted income is fixed, the PHA must apply a COLA (or COLAs) to the family's fixed sources, providing that the family both certifies that such income is fixed and that the fixed sources have not changed since the previous year. The PHA is not required to verify non-fixed income.
    - When less than 90 percent of a family's unadjusted income is fixed, PHAs must apply a COLA to each of the family's sources of fixed income. All non-fixed income must be verified annually.
    - The PHA must use the COLA that applies to each specific source of fixed income.
    - The COLA or interest rate must be verified through a public source or tenant-provided third-party documentation. If no public verification or tenant-provided documentation of the COLA is available, then the PHA must obtain third-party verification of the income amounts in order to calculate the change in income for the source.
- In both cases, third-party verification must be obtained at admission and at least once every three years thereafter.
- Streamlining policies are optional. PHAs may instead require third-party verification at each annual reexamination.

24 CFR 982.516(b)

Procedures also play an important role in the completion of timely, accurate annual reexaminations. The following are a list of typical procedures the PHA may implement.

- Produce a monthly list of families under contract.
- Identify and notify program participants who will be scheduled for annual reexaminations 120 days in advance.
- Send out annual reexamination notices to families with a copy routed to the staff person responsible for reexamination follow up.
- Process and respond appropriately to requests for accommodation by individuals with disabilities as part of the reexamination notification process.
- Implement a tracking system to identify families that do not show up for their reexamination appointment and send a second notice.
- Implement a tracking system to identify participants who do not show up for a second appointment and initiate termination proceedings.
- Require families to provide any information requested by the PHA or HUD.
- Provide an explanation to the family about the reexamination process and requirements. Explain and obtain signatures on all release and consent forms and any other required documents.
- Require the head, spouse, or cohead and all other adults to sign the HUD-9886 form.
- Implement a system to track incoming documents and verification information.
- Inform the family and the owner of the results of the reexamination.
- Implement a process that allows adjustments in implementing changes in family rent if the family causes an unreasonable delay in the reexamination process.

### **NOTIFICATION OF CHANGES**

PHAs must provide families with written notification of rent payments and changes. The notice indicates the old HAP and tenant rent payment, the new HAP and tenant rent payment, and the effective date. These written notifications do not depend on any other activity being completed, including inspections. Such a notification does not have to be executed by either party. A sample notice of rent change can be found on the following page.

The annual reexamination process is not linked to the HQS annual inspection process. Therefore, if the annual recertification has been completed, the family and owner should be notified of the new amounts, regardless of whether the inspection has been conducted or completed.

### **RENT ADJUSTMENTS**

*24 CFR 982.308(g)*

The management objective is to document and approve owner rents within the program guidelines.

In the housing choice voucher program, the rent cannot be increased until after the initial term of the lease. Rent increases are determined by provisions of the owner's lease. PHAs cannot limit owner rent increases to the contract anniversary or to the time of the family's annual reexamination. Owners must provide the PHA at least a 60-day notice prior to the effective date of a rent increase.

All requests for a rent increase are subject to a rent reasonableness determination by the PHA.

**Note:** Rent increases are not subject to affordability, only rent reasonableness.

## Exhibit 8-11: Sample Notice of Rent Change

THE HOUSING VOUCHER CONTRACT ("CONTRACT") entered into between the Owner, \_\_\_\_\_ and the PHA, dated \_\_\_\_\_, on behalf of the LESSEE ("FAMILY")

for the following described unit

is amended as follows:

### The reason for this change is due to:

☐ REEXAMINATION

Annual Review of family income

☐ INTERIM ADJUSTMENT

Interim change in family income

☐ RENT ADJUSTMENT

The owner/agent request for a rent adjustment.

ADJUSTMENT IN PAYMENTS:	FROM	TO
HAP Payment	\$ _____	\$ _____
Tenant Rent	\$ _____	\$ _____
Total Contract Rent/Rent to Owner	\$ _____	\$ _____

### EFFECTIVE DATE

This change to the Housing Voucher Contract and Lease Agreement will be effective \_\_\_\_\_. The next reexamination is due on \_\_\_\_\_.

This change is presented to you in accordance with the terms and conditions of the Housing Voucher Contract and/or Lease Agreement and shall be attached to and made a part of your Housing Voucher Contract and/or Lease Agreement. All other covenants, terms and conditions of the original Housing Voucher Contract and/or Lease Agreement remain the same.

### \* TO THE TENANT ONLY

If you disagree with this decision, you may request an informal hearing. If a hearing is desired, you must submit a written request to this office within \_\_\_\_\_ days of this notice or your right to a hearing will be waived. You have a right to examine the documents that the Housing Agency will rely on at this hearing, and you have the right to copy them at your own expense.



## MOVES

### THE PROCESS

*24 CFR 982.354*

When a family moves from one unit to another with continued assistance, the PHA will again be managing the initial leasing of a unit. HUD regulations and PHA policy determine whether and when a family may move to another unit. Generally, families can move after the initial term of the lease with proper notice to the owner and the PHA. The lease defines the notice period for the tenant to terminate tenancy; the PHA administrative plan defines the notice that the family must provide to the PHA. When a move is approved, the PHA must issue a voucher to the family and provide the necessary documents to lease a unit.

Many of the problems associated with moves are the result of PHAs not having established procedures and a well-planned process to manage moves. There is an element of risk for the family in moving from one unit to another. If they fail to find a new unit before the termination of assistance in the old unit, they could be without assistance. For that reason, PHAs should adopt specific procedures for the move process so that families who move will not experience breaks in their assistance and owners will receive proper notification of termination of tenancy.

Here are some examples of best practices from PHAs on managing moves:

- Families are required to notify the PHA in writing of their request to move.
- Families are required to attend a move meeting with the housing specialist.
- Families are required to provide the PHA with at least 60 days' notice prior to a move (even though the lease may require a shorter notice period). PHAs cannot properly facilitate a move for the family without sufficient time to prepare documents and notify the owner. It also protects the family by giving them enough time to find a unit that qualifies.

- At the move meeting, families are required to sign a notification of termination of tenancy to the owner which is then mailed by the PHA to ensure that proper notice is given to the owner. This notice includes a certification by the family head that they are in good standing under their lease (tenant rent is paid current), that there are no damages to the unit beyond normal wear and tear, and that they understand assistance payments will terminate on the same date as their termination of tenancy.
- The PHA mails the owner a termination of assistance notice that corresponds to the date of the termination of tenancy.

*24 CFR 982.354(e)*

PHAs may deny moves under the following circumstances:

- In accordance with denial provisions
- Moves during the initial term of the lease
- No more than one move in a 12-month period
- If funding is insufficient (for example, moves to a higher-cost unit within the PHA's jurisdiction or moves under portability)
  - However, a PHA may only deny a request to move on the basis of insufficient funding if the PHA would be unable to avoid terminating HCV assistance for current participants.
  - In addition, the PHA must provide written notification to the local HUD office within 10 business days when denying moves based on insufficient funding. Notice PIH 2011-3 specifies the documentation necessary for providing this notification to HUD.

## REEXAMINATION

PHAs can decide to conduct reexaminations for families who move to another unit, even if it is less than 12 months from their last annual recertification. Or, the PHA may choose to not conduct a new annual reexamination, and leave the family's reexamination due date as is.

If there is a delay in processing the annual reexamination due to verification delays and the family's desired move-in date, your PHA has the option to wait to do the annual reexamination, as long as the next annual reexamination occurs within twelve months of the last annual reexamination.

- You can always conduct an annual reexamination in less than 12 months, but not more than 12 months if it is to be considered timely.
- HUD allows you to use the verifications for the new recertification if they were received in the prior 120 days.

## OWNER HAP WHEN FAMILY MOVES

*24 CFR 982.311(d)*

New leases may begin during the month the family moves from the old unit, and any overlap during this month is not considered duplicating subsidy. The PHA may, but is not required, pay HAP to the new owner during this period.

## **Section 7            Interim Activities**

The HCV manager's primary objective for interim activities is to ensure that there are procedures in place to respond to and process the various interim changes in accordance with HUD requirements and PHA policy. In this section we will review the points to consider when managing these activities.

Typical interim activities include:

- When a family reports a reduction in income
- When a family reports an increase in income
- When a family reports the birth, adoption, or court-awarded custody of a child
- When a family requests the addition of a new adult family member
- When a family reports that a member moves out of the unit
- When an owner or tenant requests a special inspection

### **INTERIM CHANGES**

Your procedures should ensure that staff responds promptly when families report interim changes. Some PHAs require scheduling an interview for all interims, and some process interim changes by requesting documents through the mail or over the telephone. Most PHAs require all changes to be reported in writing.

Make sure that your administrative plan addresses your policies for processing the various interim activities.

### **CHANGES IN FAMILY COMPOSITION**

HUD does not require families to report changes in family composition between annual reexaminations. HUD does not require that a PHA perform an interim reexamination of income whenever a new family member is added, although the PHA is still required to verify all other aspects of program eligibility. The family may request an interim redetermination of family income or composition because of any changes since the last determination. The PHA must make the interim determination within a reasonable time. If a PHA elects to perform interim adjustments for family composition changes, refer to page 8.6-2 for recommendations for procedures.

### **CHANGES IN INCOME**

HUD does not require the families to report changes in income between annual reexaminations. The reporting of increases in income is determined by PHA policy. If a decrease in income is reported, the PHA must conduct an interim reexamination and adjust the HAP payment in a timely manner. Make sure that reported decreases are processed promptly to avoid retroactive adjustments and eviction actions by owners.

Each PHA determines how increases in income between regular reexaminations will be handled. There are two policy issues that you must decide:

1. What increases in income are families required to report between regular reexaminations, and
2. When will those increases be put into effect.

Some PHAs require families to report all increases between annual reexaminations, conduct an interim reexamination and adjust the HAP and rent with reasonable notice. The standard for “reasonable notice” within the industry is at least thirty (30) days. Your interim reporting policies for reporting of income increases will have an obvious effect on funding utilization and per unit cost.

If a PHA does not conduct interim reexaminations for income increases, you may wish to require families to report the increase, as this can save a great deal of time resolving discrepancies between up front income verifications and income reported on the form HUD-50058.

## **INTERIM INSPECTIONS**

### **TYPES OF INSPECTIONS**

There are two types of inspections that occur between biennial or annual inspections. They are quality control inspections and “special” or “complaint” inspections.

A complaint inspection can be requested by the family or the owner as a result of a real or perceived unsatisfactory condition in the unit or a life-threatening condition. Inspectors normally evaluate only the condition reported, but if other HQS violations are observed, the responsible party is required to correct the violation.

If the reported condition is life-threatening (i.e., the PHA would require the owner to make the repair within no more than 24 hours), then the PHA must inspect the unit within 24 hours of when the PHA received the notification. If the reported condition is not life-threatening (i.e., the PHA would require the owner to make the repair within no more than 30 calendar days), then the PHA must inspect the unit within 15 days of when the PHA received the complaint [24 CFR 982.405(g)].

Quality control inspections are required under 24 CFR 982.405(b). The purpose of quality control inspections is to evaluate the work of the inspector(s). PHAs perform QC inspections of units under contract according to the HUD audit guide. The sampling is drawn from recently completed inspections, a representative cross-section of neighborhoods, and the work of a cross-section of inspectors. HUD guidelines state the quality control inspections must be performed on “recently” inspected units, and recently inspected is defined as within 90 days.

The challenge for managers in performing quality control inspections is that the more time that elapses between the full inspection and the quality control inspection, the less likely you are to be evaluating the work of the inspector. It is conceivable that if the quality control inspection is conducted two months after the full inspection, conditions may exist that did not exist when the full inspection was conducted. For this reason that it is suggested the quality control inspection be conducted as soon as possible after the full inspection.

### **EMERGENCY (LIFE-THREATENING) FAIL ITEMS**

The inspector should identify items that present an immediate danger to the health and safety of the tenant. These are called emergency fail items and must be corrected within 24 hours. PHAs define conditions deemed to be life-threatening in the administrative plan.

This is a concern when PHAs approve the leasing of a unit whose owner does not live in the area of the PHA (out-of-state owners). You may want to consider not entering into HAP contracts with out-of-area owners unless they have a local agent or representative who can be contacted for emergency repairs.

## Section 8 Terminations

### INTRODUCTION

Termination of program assistance is a serious matter for both the participant family and the PHA. The PHA needs to have strong written policies detailing when assistance will be terminated and when the family's circumstances may be considered. These policies will assist in making sure that termination decisions are consistent and fair.

To manage this program element, the HCV manager must ensure that:

- Staff know and understand the family obligations of the voucher and the provisions of the HAP contract.
- The administrative plan provides enough guidance for staff to determine when to propose termination of assistance.
- There are procedures that ensure all program terminations are justified and made in accordance with HUD requirements and PHA policy, including procedures for evaluating documentation and evidence on which proposed terminations are based before the notice of termination is sent to an owner or participant.
- All termination notices provide sufficient information to participants to prevent terminations for reasons that are not permitted by HUD regulations or PHA policy.
- All termination notices provide the family with sufficient information to adequately prepare their defense if they disagree with the PHA decision.
- PHA written notifications comply with due process requirements as stated in the regulations, and that documentation used as the basis for program terminations is sufficient to meet the preponderance of evidence standard.
- Owners receive proper notice of terminations of the HAP contract.



## THE PROCESS

The owner, the PHA and the family all have different contractual relationships; hence there are three types of terminations. They are termination of assistance under the voucher, termination of the lease between the owner or tenant, and termination of the HAP contract with the owner by the PHA.

- A PHA can terminate voucher assistance for actions or inactions of the family that violate HUD regulations or PHA policy as long as the policy is consistent with the regulations.
- The PHA may terminate the HAP contract with the owner without terminating the family's assistance. In this situation the family may move to another unit with continued assistance.
- Both families and owners can terminate the lease by giving proper notice in accordance with the lease terms. The owner can also terminate tenancy by initiating court action.

## TERMINATION OF TENANT-BASED ASSISTANCE

The termination of housing assistance is the most serious administrative remedy that a PHA can invoke, and it should not be taken lightly. There are times, however, when termination of assistance is the correct and appropriate remedy. The family obligations consist of specific rules for family compliance (“the family must...”) and specific actions that the family must avoid (“the family must not...”). Therefore, assistance can be terminated both for the actions or inactions of the family. HCV managers must ensure that there are procedures in place so that facts of the case are properly evaluated before the initiation of termination procedures.

It is suggested that the HCV manager (or designee) review all proposed terminations to ensure consistency and compliance with PHA policies. The reviewer should consider:

- Does the action or inaction of the family violate or non-comply with a family obligation of the voucher or other HUD rule?
- Is there a preponderance of credible evidence that the action or inaction occurred?
- Is termination the most appropriate remedy, or can the issue be resolved at a lower level?

### **DISCUSSION OF THE FAMILY OBLIGATIONS**

The grounds for terminating (and denying) assistance in the HCV program are stipulated in the HUD regulations, and PHAs cannot deviate from these reasons when proposing termination of family assistance.

HCV managers must ensure that every proposed termination directly relates to a family obligation or other program rule. It is essential that the PHA notice of termination to the family provides enough information for the family to clearly understand the actions for which the PHA is proposing the termination, and to adequately prepare a defense at an informal hearing. The notice should cite the specific family obligation that was violated, including the regulatory reference, and a clear, succinct description of the specific events that occurred. Many PHAs also cite the specific section of the administrative plan.

The family program obligations, violations of which would constitute grounds for termination of assistance, are as follows.

Section 8: Terminations

***A family must supply required information that the PHA or HUD determines is necessary in the administration of the program including submission of required evidence of eligible immigration status including certification, release, or other documentation.***

This required information includes:

- Evidence of citizenship or eligible immigration status
- Any requested certification, release or other documentation

***Supply any information requested by the PHA or HUD for use in regularly scheduled reexamination or interim reexamination of family income and composition.***

This would include:

- Compliance with the annual or interim reexamination procedures of the PHA
- Providing required documents or information requested by the PHA

***NOTE:*** PHAs should develop policy guidelines for what triggers a termination for violating this obligation to ensure consistency. Consider such factors as:

- The number of appointments missed
- Whether the family called in advance
- The number of previous offenses
- A pattern of cooperation or noncooperation

While termination notices are often issued due to missed appointments or late submission of documents, actual terminations are rare.

Reexamination policies which are rigid or very strict should be avoided. Strict policies are sometimes established in an effort to reduce administrative burdens, but may actually add to the burden by increasing documentation requirements, family requests for forbearance, and hearing requests.

***Disclosure and verification of social security numbers.***

Grounds for termination under this requirement would include:

- Failure to disclose a SSN of any family member
- Failure to provide acceptable documentation of the SSN for any family member
- Failing to sign consent forms.

***Any information supplied by the family must be true and complete.***

This provision is violated when a family submits either oral or written communications to the PHA that are false or incomplete, such as:

- Under-reporting income or assets
- Falsifying the family composition
- Making false statements or submitting false documents

This is the most common way families commit fraud. If you are terminating a family's assistance on these grounds, your PHA may wish to include the verbiage from 24 CFR 982.551(k), Termination for Program Fraud, on the termination letter.

In deciding whether to terminate assistance, PHA policies may allow for consideration of the amount of any overpaid subsidy and/or the length of time over which incorrect reporting occurred. For example, false certifications at the time of the annual reexamination may be considered more serious than a failure to meet reporting deadlines for a change between reexaminations.

***NOTE:*** This family obligation underscores the need for comprehensive application and reexamination forms that ask all of the right questions. Questions should be worded so that a positive declaration or denial is required for questions pertaining to income and assets, and that all types of income and assets defined by HUD are listed.

***The family is responsible for an HQS breach caused by:***

- ***Failing to pay for any utilities that the owner is not required to pay for but which are to be paid by the tenant;***
- ***Failing to provide and maintain any appliances that the owner is not required to provide but which are to be provided by the tenant; or***
- ***Damages to the unit or the premises (beyond ordinary wear and tear) caused by the family or a guest, when tenant-caused damages violate HQS***

HUD regulations require a PHA to take “prompt and vigorous action” to enforce this family obligation. If an HQS breach is life-threatening, the defect must be corrected within 24 hours. For other family-caused defects, the family must correct the defect within 30 days (or any PHA-approved extension).

The difficulty is often in determining whether damages to the unit are caused by the family or the result of normal wear and tear. A working knowledge of state and local landlord-tenant law can be helpful. Sometimes it is unclear exactly who is responsible for the HQS violation. One effective way to minimize this is to require inspector to make note of any and all “pass with comment” items on the initial inspection in particular, and all subsequent biennial or annual inspections. If there are scratches on a kitchen counter top that are noted on the initial inspection report, the owner cannot later claim that they were caused by the family.

***The family must allow the PHA to inspect the unit at reasonable times and after reasonable notice.***

PHA policies should strike a balance between the need to complete inspections promptly and the needs of working families. When possible, policies should offer flexibility for lunch-hour or slightly after-hours inspections, rather than imposing rigid limits (such as “only one alternative appointment”).

Also when possible, it is recommended that PHAs schedule limited-window appointments. For example, the inspection appointment is scheduled for between 8 a.m. and 10 a.m., as opposed to between 8 a.m. and 5 p.m. This practice reduces no-shows for unit inspections.

***The family may not commit any serious or repeated violation of the lease.***

---

HCV Program Management

---

Managing Program Functions

---

Section 8: Terminations

---

24 CFR 982.552(b)(2) If the landlord evicts for serious violation of the lease, the PHA must terminate the family's assistance.

This family obligation does not mean that the PHA is responsible to enforce the owner's lease. There are two issues for HCV managers to decide. First, what constitutes a serious or repeated violation of the lease (that's the easy one). The second is, what will the PHA consider adequate documentation that a serious or repeated violation of the lease occurred? Will you consider a telephone call from a neighbor or the landlord as sufficient documentation?

Remember, the landlord is responsible to enforce the lease with the tenant. If the landlord takes official action against the family and evicts them, that should constitute adequate documentation for your PHA.

Typical "serious or repeated" lease violations include:

- Non-payment of the rent or failure to supply utilities required by the lease
- Destruction of property, damages to the unit or living or housekeeping habits that affect other residents
- Disturbance of neighbors
- Drug related or violent criminal activity by any household member, guest, or other person under the tenant's control
- Moving from the unit in violation of the lease

***The family must notify the PHA and the owner before the family moves out of the unit or terminates the lease on notice to the owner.***

This provision ensures that the owner and the PHA are aware of the tenant's intent to vacate before it happens. The notice period is included in the owner's lease. An exception is made under VAWA for victims of domestic violence, dating violence, sexual assault, stalking, or human trafficking.

Although the VAWA 2022 statute does not specifically do so, HUD has recently begun including human trafficking as part of the list of victims protected under VAWA, as seen in Notices PIH 2022-06, PIH 2022-22, and PIH 2022-24. In the absence of a final rule implementing VAWA 2022 and to mirror HUD's recent usage, we have opted to include human trafficking in this text in addition to domestic violence, dating violence, sexual assault, and stalking anywhere such a list appears.

***The family must promptly give the PHA a copy of any owner eviction notice.***

Families under an eviction notice may occasionally request a move to another unit without notifying the PHA of the pending eviction. To avoid this, some PHAs require families to provide a certification that they are in good standing under the lease, or they verify this with the owner before issuing a voucher for the family to move.

***The family must use the assisted unit for residence by the family. The family must use the assisted unit as their only residence.***

Once the HAP contract and lease are executed, the family has the responsibility to reside in the unit as their primary residence and is not permitted to sub-lease or otherwise assign the lease to another party.

***The composition of the assisted family residing in the unit must be approved by the PHA. The family must promptly inform the PHA of the birth, adoption or court-awarded custody of a child. The family must request PHA approval to add any other family member as an occupant of the unit.***

This is the program obligation that is violated when the family has permitted an unauthorized occupant to move into the unit. Only persons listed on the family's application who have been approved by the PHA are permitted to reside in the unit. If the family requests the addition of an adult member to the family, the proposed member is subject to all of the screening and other administrative requirements as the family (e.g., criminal background checks, signing authorization forms, disclosure and documentation of social security numbers, etc.). Many PHAs require the proposed additional member to complete a form similar to the PHA application form.

It can be difficult to prove the actual residence of an unreported occupant, especially when the family claims that the person lives elsewhere (often with a relative). The HCV manager should evaluate the evidence before proposing termination in this situation.

***The family must promptly notify the PHA if any family member no longer resides in the unit.***

The family's subsidy standard is based on their household composition. If a family member moves out of the unit, the family may qualify for a smaller voucher size.

***If the PHA has given approval, a foster child or a live-in aide may live in the unit. The PHA has the discretion to adopt reasonable policies concerning residence and when PHA consent may be given or denied.***

PHAs should have written policy on the criteria they will apply in accepting or denying the addition of a foster child. A PHA may want to consider tying approval of a foster child to the voucher bedroom size and to the availability of funding at the time of the request.

***HUD allows participants to engage in legal profit-making activities in the unit, but only if such activities are incidental to the primary use of the unit for residence by the family.***

PHA approval of the use of a unit for business relates to the unit's continued primary use as a residence. Incidental use means that no modifications to the unit are made and that the business does not create a traffic issue for other residents. Any home-based business should be approved by the owner.

***The family must supply any information or certification requested by the PHA to verify that the family is living in the unit or relating to family absence from the unit. The family must cooperate with this process and promptly notify the PHA of absence from the unit.***

The administrative plan should address absences from the unit.

***The family must not sublease or sublet the unit.***

***The family must not assign the lease or transfer the unit.***

***The family must not own or have any interest in the unit.***

Family members may not own or have any interest in the unit. Some PHAs require the landlord to submit proof of ownership to ensure this does not occur. Remember, the term "owner" includes a representative of the owner or other interested party. (See the Relatives Rule for further information).



***The family may not receive Section 8 tenant-based assistance while receiving another housing subsidy for the same unit or for a different unit under any duplicate federal, state, or local assistance program.***

This would more than likely be detected by the EIV system.

***Family members must not commit fraud, bribery or any other corrupt or criminal act in connection with the programs.***

***The members of the household may not engage in drug-related criminal activity, violent criminal activity, or other criminal activity that threatens the health, safety or right to peaceful enjoyment of other residents and persons residing in the immediate vicinity of the premises.***

*Violent criminal activity* is “any criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force substantial enough to cause, or be reasonably likely to cause, serious bodily injury or property damage.” PHAs must establish standards that allow termination of assistance if it determines that the household member has violated the family’s obligation not to engage in any violent criminal activity.

This could include:

- Restraining orders
- Arrests
  - Notice PIH 2015-19 states that the fact that someone has been arrested does not prove that the person has engaged in criminal activity and is not an acceptable reason to terminate assistance. The PHA may, however, consider other factors and circumstances surrounding the arrest as the basis for the termination.
- Convictions
- Evictions
- Activities that have created a disturbance in the building or neighborhood

### **DRUG-RELATED CRIMINAL ACTIVITY**

HUD requires PHAs to terminate assistance for a family if any household member has ever been convicted of drug-related criminal activity for methamphetamine production on the premises of federally assisted housing. In addition, PHAs must establish standards that allow termination of assistance if they determine that a household member:

- Is currently engaged in illegal drug use
- Has a pattern of illegal drug use that interferes with the health, safety or right to peaceful enjoyment of the premises by other residents
- Is in violation of the family's obligation not to engage in any drug-related criminal activity

*Drug-related criminal behavior* is “the illegal manufacture, sale, distribution, or use of a drug, or the possession of a drug with the intent to manufacture, sell, distribute, or use the drug.”

Since the regulatory definition above includes any and all activities involving drugs, PHA policies should specify when and how decisions to terminate for this reason will be approached.

### **TERMINATING ASSISTANCE OF ALCOHOL ABUSERS**

PHAs must establish standards that allow termination of HCV assistance for any person if they determine that the person's abuse or pattern of abuse of alcohol interferes with the health, safety or right to peaceful enjoyment of the premises by other residents.

- The administrative plan should define what will be considered a pattern of abuse.

The ADA includes alcoholics as disabled persons for purposes of prohibiting discrimination. Many persons who abuse alcohol never engage in behavior that violates the lease or disturbs others. PHAs should focus on whether the abuse or pattern of abuse rises to the level of a threat.

Another cause for termination of assistance is the family has engaged in or threatened abusive or violent behavior toward PHA personnel.

- Your PHA should define what it will consider “abusive or violent behavior toward PHA personnel.” It could include verbal as well as physical abuse or violence, such as use of expletives that are generally considered insulting, racial epithets, or other written or oral language that is customarily used to insult or intimidate.

*24 CFR 984.101(d)*

Note that PHAs are not allowed to terminate assistance for failure to comply with the obligations of the Family Self-Sufficiency (FSS) contract of participation.

### **CONSIDERATION OF CIRCUMSTANCES**

While the applicable regulations mandate termination of assistance in some cases, most terminations are discretionary. In these cases, the PHA may elect to continue assistance although the family has violated family obligations or other rules.

Some PHAs schedule a meeting or conference with families who have violated their responsibilities. Most often used after a first violation, the meeting is used to review family obligations and to obtain their agreement to comply in the future.

Regulations state that the PHA may consider issues such as the seriousness of the case, the extent of participation of family members, mitigating disability-related circumstances, and the effects of termination on family members who were not involved in the violation.

The PHA can also take into account rehabilitation of the family member if the cause for termination involved illegal drug use or alcohol abuse.

Section 8: Terminations

If the PHA's written policies call for consideration of the circumstances, consideration should be documented in the family file before a termination notice is issued. Case notes should reflect why a decision to terminate was made despite the circumstances.

*Notice PIH 2015-19*

- It is not acceptable to adopt "blanket policies" for terminations for either arrests or convictions for criminal activity.
- Keep in mind that termination policies that fail to take into account the nature and severity of the circumstances surrounding an arrest or a conviction, or take into account how recently they occurred, may be considered discriminatory under the Fair Housing Act.

In considering the circumstances, it is extremely important that decisions be made impartially and fairly. It is a good idea for one person (the HCV manager or designee) to be responsible for considering the circumstances and documenting the decisions. This reduces any appearance of bias in termination actions.

#### **REQUIRED EVIDENCE**

*Preponderance of evidence* means evidence that has greater weight or is more convincing than the evidence offered in opposition to it, that is, evidence that as a whole shows that what you are trying to prove is more likely than not. The intent is not to prove criminal liability but to establish whether some act occurred.

- Preponderance of evidence should not be determined by the number of witnesses but by the weight of all evidence.

Credible evidence can be obtained from police or court records, such as arrest warrants or documentation of drug raids. Testimony from neighbors can be considered credible when combined with other factual evidence. PHAs should pursue fact-finding efforts as needed to obtain credible evidence.

*Notice PIH 2015-19*

Remember, an arrest alone does not prove that a person has engaged in criminal activity and is not an acceptable reason to terminate assistance. The PHA may, however, consider other factors and circumstances surrounding the arrest as the basis for the termination.

#### **NOTICE OF TERMINATION OF ASSISTANCE**

Whenever PHAs decide to terminate assistance to a family, they must give the family written notice that includes:

Section 8: Terminations

- The reasons for the proposed termination including the specific regulations supporting termination (e.g., 24 Code of Federal Regulations 982.551(d))
- The effective date of the proposed termination
- The VAWA Notice of Occupancy Rights, and the opportunity to provide documentation and certification (this is required under VAWA)
- A copy of form HUD-5382, “Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking,” which may be used for victim self-certification
- A statement of the family’s right to request an informal hearing before termination
- The date by which the PHA must receive a request for an informal hearing
- A statement of the family’s right to request an interpreter, free of charge

PHAs should simultaneously give written notice of the HAP contract termination to the owner so that it will coincide with the termination of assistance. The notice to the owner should not include any details regarding the reason for termination of assistance but should state that if the termination is rescinded, the PHA will promptly notify the owner.

As an HCV manager, you must ensure that the termination letter tells the family of their right to appeal the PHA's decision and that they can obtain (at their own expense) copies of the contents of their file that will be used for the termination prior to the informal hearing. Every letter must include the right for people with disabilities to ask for consideration of a reasonable accommodation prior to final termination.

## **TERMINATION OF THE ASSISTED LEASE**

### **THE PROCESS**

In addition to terminating program assistance, the assisted lease can be terminated by the owner or the tenant in accordance with the lease terms. HCV managers may be called upon to intercede from time to time but must keep in mind that the PHA is not a party to the lease.

The term of the HAP contract is the same as the term of the lease. The HAP contract terminates if the lease terminates.

The assisted lease terminates if any of the following occur:

- The owner terminates the lease
- The tenant terminates the lease
- The owner and the tenant agree to terminate the lease
- The PHA terminates the HAP contract
- The PHA terminates assistance to the family

### **PROPER TERMINATION NOTICE**

The family and owner may agree to a mutual rescission of the lease during the initial term of the lease. If the owner will not agree to a mutual rescission, the family will not be permitted to move until after the initial term of the lease. The owner's lease specifies the termination notice period.

### **OWNER NOTICE PERIOD TO TERMINATE LEASE**

During the initial term and any extension term, the owner may terminate the lease only with cause or a mutual rescission with the family. The requirement for cause does not apply if the owner terminates the tenancy at the end of the initial term or at the end of any successive definite term (such as month-to-month renewal).

- The PHA is not required to honor a mutual rescission which violates the PHA's policies restricting moves (within the initial lease term or within a calendar year).

Section 8: Terminations

After the initial term, the lease defines what constitutes cause to terminate the lease. The lease must provide for automatic renewal after the initial term. The owner has three options for lease language after the initial term:

- The lease automatically renews on a month-to-month basis
- The lease automatically renews on a year-to-year basis (but this does not affect the family's notice period)
- The lease automatically renews for an indefinite extension of the lease term

If the initial term is over, and the lease has automatic month-to-month renewal terms, the owner can terminate the family's lease without cause by giving one month's notice. If, however, the owner wanted to terminate the lease during any of the monthly renewal terms, they could only terminate by court action.

The owner must comply with state or local laws limiting good cause for termination of tenancy. Such laws may require a longer notice period or may restrict the allowable reasons for termination.

## **TERMINATION OF HAP CONTRACT**

The HAP contract is between a PHA and an owner. A PHA may terminate the HAP contract for reasons listed in the regulations and in the contract.

### **TERMINATING FOR UNIT SIZE VS. FAMILY SIZE**

One reason a PHA can terminate a HAP contract is if a PHA determines that the unit does not meet the HQS space standards due to an increase in family size or a change in family composition. In such cases, the PHA must issue a new voucher, and the family and the PHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available, the PHA must terminate the HAP contract according to the contract terms.

- If a decrease in family size causes the family to be overhoused, the PHA is not required to terminate the HAP contract. The family can choose to continue to live in the unit and pay the difference between the gross rent and the payment standard for the new family unit size.

## Section 9      Portability

### INTRODUCTION

There are many specific details and requirements for both initial and receiving PHAs in managing the portability function. This means that there are many opportunities for errors by staff. To manage portability effectively, the HCV manager must create systems and tools to monitor and track the status of all portable families. In the absence of such tracking and monitoring, the manager may be the last to know when there is a problem.

It is also critical that HCV managers train the staff and implement procedures to ensure consistency in the processing of incoming and outgoing portable families. There are risks involved in portability for families, and when a PHA fails to manage and control the process, it is often the family that must deal with the consequences.

There are a number of objectives for the HCV manager as both the initial and receiving PHA.

As the Initial PHA:

- Minimize the risks to families moving under portability by effective pre-portability counseling and providing families with the required contact information about the receiving PHA.
- Ensure that all required documents (50058, verification, copy of voucher, and portability billing form Part A) are provided to the RHA promptly.
- Implement effective procedures to ensure that timely initial and subsequent payments are made when vouchers are administered by the receiving PHA
- Ensure that applicants who exercise portability are income-eligible in the receiving PHA jurisdiction.



As the Receiving PHA:

- Ensure that vouchers and leasing documents are issued to incoming portable families promptly (within two weeks) and they are prepared to find suitable housing.
- Establish and maintain communication with the Initial PHA.
- Meet initial and subsequent billing deadlines, and ensure that notifications to the IHA of all changes in family status and billing changes are made in accordance with the HUD portability requirements.

## **WHO PROCESSES PORTABILITY MOVES?**

Some PHAs hold each housing specialist responsible to process the families on their caseloads who request to move under portability, but most PHAs designate a portability specialist to process all portable moves both in and out of the jurisdiction. It seems logical that the likelihood for error is less when one person manages (and is accountable for) the process. The portability specialist may only handle the moves in and out and not be required to do the calculations, etc. on these families.

## **REVIEW OF KEY PORTABILITY RULES**

Because of their complexity, we are going to review key portability rules in this section. Make sure that your portability procedures comply with all of the rules and requirements, not just the ones mentioned here.

HUD regulations governing where a family can live and move with assistance can be found at 24 CFR 982.353. HCV Managers should ensure that staff are aware of and remain in compliance with the Housing Choice Voucher Program: Streamlining the Portability Process rule, effective September 21, 2015.

Section 9: Portability

**LIMITATIONS UNDER THE PORTABILITY PROVISIONS**

Portability provisions include the following limitations:

- Portability does not apply to project-based programs.
- An initial PHA must not provide portability assistance for a participant family if the family has moved out of its assisted unit in violation of the lease.
- A PHA may establish policies in its administrative plan prohibiting any move (both within and outside the PHA's jurisdiction) by a family during the initial lease term.
- A PHA may also establish policies in its administrative plan prohibiting more than one move (both within and outside the PHA's jurisdiction) during any one-year period.

**RESIDENCY REQUIREMENT FOR APPLICANTS**

If neither the head of household nor the spouse of an assisted family already had a "domicile" (legal residence) in the jurisdiction of a PHA at the time the family first submitted an application for assistance with that PHA, the family does not have a right to portability unless your PHA and the receiving PHA agree.

Section 9: Portability

The following two examples better illustrate the effects of the residency restriction.

**EXAMPLE 1 – EFFECT OF RESIDENCY RESTRICTION**

The Johnson family lives in Charleston, SC. While visiting relatives in Jacksonville, FL, the family applies for tenant based housing assistance with the PHA in Jacksonville and is placed on the waiting list. While on the waiting list, the Johnson family moves to Jacksonville and is living there when the head of household submits the family's full application for final eligibility. The Johnson family can only lease in Jacksonville, FL, for the first year after being admitted to the HCV program unless the Jacksonville PHA (the initial PHA) and the receiving PHA agree to allow the family to exercise portability.

**EXAMPLE 2 – EFFECT OF RESIDENCY RESTRICTION**

The Delacy family lives in San Diego and applies for housing assistance. The family moves to Los Angeles for a while and later moves up the coast to San Francisco. While living in San Francisco the family is notified by the San Diego PHA that its name has come to the top of the waiting list. The Delacys go to San Diego to submit their full application for eligibility. When they receive their voucher they may lease a unit anywhere within the jurisdiction of the San Diego PHA or outside it with portability.

**INCOME LIMIT RESTRICTIONS FOR NEW ADMISSIONS**

Remember, applicants moving into your jurisdiction must be under your income limits, and applicants moving from your jurisdiction under portability must be under the RHA's income limits.

If your jurisdiction contains more than one income limit area:

- For voucher issuance (eligibility), use the highest applicable income limit.
- For admission to the program, the family must be under the income limit in the area that they initially lease a unit.

Section 9: Portability

**RESTRICTION ON DENIALS DUE TO INSUFFICIENT FUNDING**

The PHA may deny permission to move if the PHA does not have sufficient funding for continued assistance. An initial PHA must notify the local HUD office within 10 business days of a determination to deny a portability move based on insufficient funding. You may not deny a move simply because the move is to a higher-cost area. You should also take into consideration any reported changes in the family's income or composition that would result in a decreased subsidy amount (therefore not resulting in an increased cost).

If a portability move is denied, you must support and document the lack of funds in accordance with Notice PIH 2011-3 which specifies the exact documentation that the notification must include. Also note that if a move is denied due to insufficient funding, your PHA may not admit any waiting list families to the program until funding is sufficient to support the move. You must then promptly process the portability request if family still wishes to move.

In addition, PHAs must establish policies in their administrative plan which state how the agency will address families who have requested a move and were denied due to lack of funding once funds become available for those moves.

**INITIAL AND RECEIVING PHA RESPONSIBILITIES**

The initial PHAs, receiving PHAs, and families each have distinct responsibilities when it comes to portability procedures. Review the portability regulations and all relevant PIH notices, then review your current procedures. Make certain that your PHA is in compliance with these responsibilities. We will review the primary responsibilities here.

**RESPONSIBILITIES OF INITIAL PHA**

*24 CFR 982.355  
Notice PIH 2012-42*

Families must inform the PHA of the area to which they want to move. This is to ensure that there is a PHA with an HCV program in that area. If the family is an applicant, you must determine their income-eligibility in the new location. Participant families are not subject to income limit requirements.

Section 9: Portability

The Initial PHA must:

- Contact the receiving PHA (RHA) in writing via e-mail or other confirmed delivery method prior to approving the family's request to move to determine whether they will administer or absorb the voucher. Based on the receiving PHA's response and available funding, the initial PHA will determine whether they will approve or deny the portability request. The receiving PHA must advise the initial PHA in writing, via email or other confirmed delivery method, of its decision.
- If the porting family is participating in the FSS program and the receiving PHA either does not have an FSS program or continued participation in FSS is not possible, the initial PHA must discuss options that may be available to the family, such as modification or termination of the FSS contract, or locating a receiving PHA that has the capacity to enroll the family into its FSS program.
- Provide the RHA with the following documents:
  - Form HUD-52665, Family Portability Information, with Part I completed
  - The family's most recent form HUD-50058, Family Report (for applicants, provide a facsimile)
  - Related verification information for the current HUD 50058
  - A copy of the family's voucher
  - Optional: Family self-sufficiency (FSS) information if the family is participating in FSS
  - Optional: Copies of all citizen/eligible immigrant verifications

*24 CFR 984.306(b)  
and (c)*

For applicants (as opposed to participants), the initial PHA has not completed a form HUD-50058 and submitted the information to HUD because the family is not yet a new admission. However, they must still provide the family information and income information to the receiving PHA in a format similar to that of HUD-50058 so that the information is easily available for use by the receiving PHA.

The initial PHA must promptly reimburse the receiving PHA for the full amount of the housing assistance payments and for the lesser of 80 percent of the initial PHA's prorated ongoing administrative fee or 100 percent of the receiving PHA's prorated ongoing administrative fee.

Section 9: Portability

The initial PHA must also make payments to the receiving PHA in accordance with Notice PIH 2011-3 and form HUD-52665, Family Portability Information. The initial PHA must comply with the financial procedures, and billing and payment deadlines required by HUD. Be aware that the initial PHA may not terminate or delay making payments under existing billing arrangements as a result of overleasing or funding shortfalls. PHAs may only terminate HAP contracts as the result of insufficient funding in accordance with 24 CFR 982.454 to which they are a party.

If the initial PHA fails to make billing payments in a timely manner, HUD may transfer units and funds for assistance from the initial PHA's annual contributions contract (ACC) to the receiving PHA's ACC.

**Note:** Initial PHAs may voluntarily request that HUD transfer units from their ACC to a receiving PHA's ACC in order to eliminate portability billing arrangements.

#### **RESPONSIBILITIES OF THE FAMILY**

*24 CFR 982.355(c)*

In portability procedures, the family has responsibilities of their own. These responsibilities include the following:

- The family must promptly contact the receiving PHA and comply with their procedures for incoming portable families.
- The family must submit a request for tenancy approval to the receiving PHA during the term of the receiving PHA's voucher.
- The family is responsible for selecting the receiving PHA from PHAs that serve the area and must inform the initial PHA which PHA it has selected as the receiving PHA. If the family prefers not to select the receiving PHA, the initial PHA selects the receiving PHA on behalf of the family.

#### **RESPONSIBILITIES OF RECEIVING PHA**

*24 CFR 982.355  
Notice PIH 2012-42*

The receiving PHA must do the following:

- Respond (via e-mail or other confirmed delivery method) to the initial PHA's inquiry regarding whether the family's voucher will be billed or absorbed.
- Determine the family unit size for a portable family based on its own subsidy standards.

Section 9: Portability

- Issue a voucher to the family.
  - The voucher may not expire before 30 calendar days from the expiration date of the initial PHA voucher.

Should the receiving PHA notify the initial PHA that it will absorb the family's voucher, the receiving PHA may not reverse its decision at a later date without the consent of the initial PHA.

The receiving PHA must process the family's paperwork and issue the incoming family a voucher for its jurisdiction within two weeks of receiving the HUD-52665 and supporting documentation, provided the information is in order, the family has contacted the receiving PHA, and the family complies with the receiving PHA's procedures.

The receiving PHA should not process the family if the initial PHA's voucher has already expired when the PHA receives the paperwork from the initial PHA, but should refer the family back to the initial PHA.

If the receiving PHA opts to conduct a new reexamination, it may not delay issuing the family a voucher or otherwise delay approval of a unit unless the recertification is necessary to determine income eligibility. The receiving PHA may always delay approval of a unit or issuance of a voucher if the family refuses to comply with the PHA's procedures (such as completing disclosure forms or certifications).

The receiving PHA does not redetermine eligibility for a participant family. However, for a family that was not already receiving assistance in the PHA's HCV program, the initial PHA must determine whether the family is eligible for admission to the receiving PHA's HCV program. In determining income eligibility, the receiving PHA's income limits are used by the initial PHA.

The voucher, issued by the receiving PHA to the family, may not expire before 30 calendar days from the expiration date of the initial PHA's voucher. The receiving PHA decides whether to extend the voucher term.

- The receiving PHA may provide additional search time to the family beyond the expiration date of the initial PHA voucher either when it initially issues its own voucher or by subsequently extending the term of its own voucher.
- Any extensions of search time provided by the receiving PHA's voucher are only valid for the family's search in the receiving PHA's jurisdiction.

Section 9: Portability

- If the receiving PHA provides the family with search time beyond the expiration date of the initial PHA's voucher, the receiving PHA must inform the initial PHA of the extension and should keep in mind the billing deadline the initial PHA has provided.
- Unless willing and able to absorb the family, the receiving PHA should ensure that any voucher expiration date would leave sufficient time to process a request for lease approval, execute a HAP contract, and cover the anticipated delivery time (if the PHA is not submitting the billing information by fax or e-mail) so that it will be received by the initial PHA by the deadline date.

The receiving PHA is required to provide assistance when a family has a right to lease up under portability. This means the receiving PHA must perform all PHA program functions, such as reexaminations of family income and composition.

The receiving PHA must promptly notify the initial PHA whether it will bill the initial PHA for assistance or absorb the family.



Section 9: Portability

If the receiving PHA decides to bill the initial PHA, the receiving PHA completes Part II of form HUD-52665 and sends it along with a copy of the family's form HUD-50058 to the initial PHA.

- Part II of HUD-52665 is also used to report any change in the billing amount while the billing arrangement is in effect.
- The receiving PHA must send the initial PHA a copy of the family's updated form HUD-50058 at each annual recertification for the duration of time the receiving PHA is billing the initial PHA on behalf of the family, regardless of whether there is a change in the billing amount.

The receiving PHA may absorb the family into its own program once the HAP contract is executed on behalf of the family by the receiving PHA, assuming it has funding available under its ACC to do so and such a decision will not result in overleasing. The receiving PHA may also absorb a portable family assisted through a billing arrangement by terminating the billing arrangement with the initial PHA.

The receiving PHA should also provide adequate notice to the initial PHA in each of the following situations:

- The billing amount changes. If the receiving PHA fails to send Form HUD-52665 within 10 days of effective date of billing changes, the initial PHA is not responsible for any increase prior to notification. For example:
  - A HAP increase is effective April 1, 2017
  - The receiving PHA sends Form HUD-52665 to the initial PHA on July 9, 2017
  - The initial PHA pays the new amount effective August 1, 2017 and is not responsible for the increased amount for April through July
- The receiving PHA decides to absorb a family for which it has previously been billing the initial PHA or the family's housing assistance payments are terminated for any reason. The receiving PHA may not retroactively absorb portable families for any period more than 10 working days prior to notification of the initial PHA.
- A portable family for which the receiving PHA is currently billing the initial PHA wants to move to another PHA's jurisdiction. In this case, the initial PHA is responsible for issuing the family's voucher and sending the Form HUD-52665 and supporting documentation to the new receiving PHA.

Section 9: Portability

If an incoming portable family ultimately decides not to lease in the jurisdiction of the receiving PHA but instead wishes either to return to the initial PHA or to search in another jurisdiction, the receiving PHA must refer the family back to the initial PHA.

- The voucher on record for the family is once again the voucher originally issued by the initial PHA.
- Any extensions of the initial PHA's voucher necessary to allow the family additional search time to return to the initial PHA's jurisdiction or to move to another jurisdiction would be at the discretion of the initial PHA.

**Administering or Absorbing**

When a family moves under portability to another PHA's jurisdiction, the receiving PHA must administer assistance for the family if the PHA has a tenant-based program. The receiving PHA must decide if it will either administer the subsidy for the initial PHA or if it will absorb onto its program.

*Administering* means that in order to cover the assistance for the portable family, the receiving housing authority (RHA) bills the initial housing authority (IHA) for the housing assistance payment and the administrative fees. The assistance comes from the IHA's HCV allocation.

*Absorbing* means that the RHA uses the funds available under its ACC to assist the family. The IHA can then reissue a voucher to another family.

If the RHA initially decides to administer the voucher, at any point the RHA may decide to absorb the family.

- PHAs who initially administer vouchers might decide to absorb if leasing rates are low, housing markets are tight, utilization rates are low, or the PHA's SEMAP score is low.
- The PHA does not need to wait for the family's annual recertification in order to absorb a voucher it was administering.

If the RHA states that it will absorb the family, the RHA cannot later decide to bill.

Section 9: Portability

**Note:** If the RHA administers the voucher for a new admission to the program, the family counts towards the IHA's income-targeting requirements. If the RHA absorbs the voucher of a new admission family, the family counts towards the RHA's income-targeting requirements.

The RHA must decide if it will administer or absorb incoming portable families. The RHA may make this decision based on changing circumstances and may wish to administer in certain circumstances or at certain times of the year and absorb at others. Many factors go into this decision, including:

- Leasing rates
  - Absorbing vouchers is one way to boost utilization.
- Administrative cost of billing
  - Generally, absorbing is more cost-effective since staff time is not spent billing other agencies.
- The relationship between the IHA and RHA
  - Some PHAs may wish to absorb families from agencies with which the PHA has never worked before.
  - If the RHA absorbs families from all but a handful of agencies, it reduces the number of other agencies the RHA must bill.
- Needs of families or number of families on the RHA's waiting list
  - If the RHA absorbs an incoming port family, families in the RHA's jurisdiction on the RHA's waiting list will likely have to wait longer for assistance.

## PORTABILITY BILLING

All billing arrangements must be in accordance with the procedures established in Notice PIH 2011-3. As discussed briefly above, submitting Form HUD-52665 is necessary for making portability arrangements. This form also contains information pertaining to making such arrangements.

- PHAs are no longer allowed to mutually agree in writing to a different billing schedule and arrangement. In order to reduce the amount of complication associated with portability billing arrangements, all PHAs are now required to follow the HUD procedures on billing requirements, including the billing schedule and reimbursement deadlines.

### **SUBMISSION OF THE INITIAL BILLING BY THE RECEIVING PHA**

As mentioned above, when submitting the initial billing, the receiving PHA must complete and mail (which may include email or fax) Part II of the Form HUD-52665 along with a copy of the Form HUD-50058. The initial PHA must receive these billing forms within 10 working days from the date a HAP contract is executed on behalf of a family.

- The initial PHA is generally not obligated to honor initial billings that are postmarked, emailed, or faxed more than 10 working days after the date the HAP contract is executed.
  - This refers to the date the HAP contract is executed, not the effective date of the HAP contract. For instance, if a PHA executes a HAP contract within 60 days of the approval of the unit, the HAP contract may be retroactive to the date the unit was approved. It is the date the PHA executed the contract, not the retroactive effective date of the contract, which establishes the deadline by which the initial billing must be mailed, emailed or faxed.
- A receiving PHA failing to send the initial billing within 10 working days of the date the HAP contract execution is generally required to absorb the family into its own program unless the initial PHA is willing to accept the late submission.

Also, the initial billing submission must be received by the initial PHA no later than 60 days following the expiration date of the family voucher issued by the initial PHA.

- If the initial PHA has not received a billing notice by the 60-day deadline, the initial PHA must contact the receiving PHA to determine the status of the family if the initial PHA intends not to honor a late billing submission.
- If the receiving PHA reports that the family is under HAP contract and it cannot absorb when the initial PHA contacts the receiving PHA to determine the status of the family, the initial PHA is required to accept the subsequent late billing.

Section 9: Portability

- If the receiving PHA reports that the family is not yet under HAP contract, the initial PHA may inform the receiving PHA that they will not accept any subsequent billing on behalf of the family. Once the initial PHA has so notified the receiving PHA, the initial PHA is not required to honor any billing notice received after the billing deadline. If the initial PHA still subsequently receives a late billing notice on behalf of the family, it simply returns the late Form HUD-52665 to the receiving PHA, and the receiving PHA must absorb the family.

**PAYMENT OF THE INITIAL BILLING**

After the receiving PHA submits Part II of the Form HUD-52665, the initial PHA must pay the first billing amount due within 30 calendar days of receipt.

- Payment must be provided in a form and manner that the receiving PHA is able and willing to accept.

**SUBSEQUENT BILLING PAYMENTS**

After each PHA makes their billing arrangements and the first payment has been sent, the initial PHA must make a payment each month that the arrangement is in effect. Regarding these subsequent payments, keep the following in mind:

- The receiving PHA does not send a billing notice each month. The receiving PHA is required to send a new notice only when there is a change in the billing amount or in the family's status.
- Subsequent monthly billing payments must be received by the receiving PHA no later than the fifth working day of each month.

If the initial PHA fails to make the monthly payment to the receiving PHA by the fifth working day of the month, the receiving PHA must promptly notify the initial PHA in writing of the deficiency.

- The notice must identify the family or families, the total billing payment that was late or has yet to be paid, and the date the payment was ultimately received (if received at all).
- A copy of the notification must be sent to the director (or the staff person designated by the Director) of the Office of Public Housing (OPH) in the HUD Area Office with jurisdiction over the receiving PHA.

Section 9: Portability

If the initial PHA fails to correct the problem by the second month following the notification (e.g., the receiving PHA informs of late payment in June and the payment is still late in August), the receiving PHA may request by memorandum to the director of the Office of Public Housing (OPH) with jurisdiction over the receiving PHA that HUD transfer the unit or units in question.

**NOTIFICATION OF CHANGE IN BILLING AMOUNT OR OTHER ACTION**

If there is any change in the billing amount, the receiving PHA is required to send a new Form HUD-52665 along with the Form HUD-50058 to report this change. The timing of the notice should correspond with the notification to the owner and the family in order to provide the initial PHA with advance notice of the change. However, under no circumstances should the notification be later than 10 working days following the effective date of the change in the billing amount.

- Changes include termination for any reason, change in billing amount, and absorption.

**BILLING PROCESS**

- The following tables summarize the portability billing process.

Annual Requirement
<ul style="list-style-type: none"><li>• The receiving PHA is required to send the completed Form HUD-50058 to the initial PHA (IHA) annually, even if there is no change.</li><li>• IHA managers should track the receipt of an annual HUD-50058 and reconcile these families annually. If no annual HUD-50058 is received for a family, the RHA should be contacted. If no HUD-50058 is then received, the IHA should follow up with the HUD area office.</li></ul>

HCV Program Management  
Managing Program Functions

Section 9: Portability

Overview of the Process	
•	Family informs IHA of proposed portability move
•	IHA determines family's eligibility for move
•	IHA contacts RHA about family and provides family with RHA information
•	IHA sends RHA 50058, billing form and verification information
-	If voucher has expired when family arrives, RHA refers family back to IHA
-	If IHA extends voucher (and billing deadline), process continues
•	RHA issues voucher with expiration date at least 30 days after expiration date of the initial PHA's voucher within <i>2 weeks of receipt of port docs</i>
•	RHA notifies IHA if voucher is extended
•	Family finds unit and RHA executes HAP contract
•	RHA bills or absorbs family into its own program
-	If RHA absorbs family, RHA provides IHA with effective date within <i>10 working days</i>
-	If RHA bills, RHA sends billing form and 50058 to IHA within <i>10 working days from HAP contract execution</i>
•	IHA must receive initial billing within <i>60 days of expiration of IHA's voucher</i>
•	RHA is required to absorb family if it misses deadline unless OK'd by IHA
•	IHA must pay RHA within <i>30 days from receipt of billing</i>
•	IHA sends ongoing payments to ensure receipt by RHA by 5th working day of each month
•	RHA sends IHA changes in amounts no later than <i>10 working days of effective date of change</i>
•	RHA notifies IHA if RHA terminates assistance or absorbs within <i>10 working days</i>
•	RHA sends annual HUD-50058 to IHA, even if there is no change.

## **HUD REVIEWS**

HUD does periodic reviews of PHAs with respect to portability billing arrangements. For these reviews, PHAs will be required to submit information on families covered under billing arrangements. HUD then determines if the information is consistent between initial and receiving PHAs.

- HUD urges PHAs to compare portability billing records with their initial and receiving PHA partners in order to identify and address any discrepancies before the HUD review.

Receiving PHAs that failed to inform initial PHAs, in accordance with Notice PIH 2011-3 that billing arrangements have been terminated in a timely manner will be subject to the penalties described in the notice.

## **PIC DATA ENTRY**

In addition to understanding the ins and outs of portability billing, it's equally important to be able to accurately input your data into the PIC system.

## **Portability Move-in or New Admission**

The part of the HUD-50058 concerning portability move-ins or new admissions is line number 2a. When filling out this section, keep in mind the following:

- The receiving PHA classifies a family as a 4 (Portability Move-in) if the family moves into a receiving PHA's jurisdiction after being previously assisted by an initial PHA regardless of whether the receiving PHA absorbs the family or bills the initial PHA.
  - The PIC system generates a fatal error for the submission of action code 4 without prior submission of a form HUD-50058 or form HUD-50058 MTW with action code 10.
- The receiving PHA classifies a family as a 1 (New Admission) if the family exercises portability with its first admission into the voucher program. This family (generally off the waiting list) would have received a voucher for the first time from the initial PHA and exercised portability without ever having leased an assisted unit in the initial PHA's jurisdiction.

In addition, line 2b represents the Effective Date of the Action, which is the effective date of the HAP contract for the family.



Section 9: Portability

**Portability Move-out**

On the other hand, portability move-out is addressed in the HUD-50058 on line number 2a. For this part of the form:

- A participant family is classified as a 5 (Portability Move-out) if the family moves out of an initial PHA's jurisdiction, where it had been previously assisted, and into a receiving PHA's jurisdiction, regardless of whether the receiving PHA bills the initial PHA or absorbs the family.
- The initial PHA submits a Portability Move-Out report only after the receiving PHA reports that it has executed a HAP contract on behalf of the family as recorded in Boxes 2 or 3 in Part II-B of the Form HUD-52665.

In this case, the effective date of the action (2b) for the portability move-out is the date entered in Box 2 or 3 of the Form HUD-52665.

### **Additional Data Entry Requirements**

Other portability-related data entry requirements are found in the HUD-50058 on line number 12d and line number 12F. For line number 12d:

- If the family moved into a PHA's jurisdiction under portability as a new admission or portability move-in, regardless of whether the family is absorbed into the receiving PHA's jurisdiction or the initial PHA is billed, the PHA must enter Y in this field. That field will not change as long as the family continues to be assisted in the receiving PHA's jurisdiction, even if the receiving PHA decides to absorb the family after first billing the initial PHA.

For line number 12F:

- Since a PHA is not responsible for submitting reports into PIC for families whose assistance is being administered by another PHA under portability, the PHA code of the billed PHA must be entered correctly in order for reporting rates to be accurate.

## **PORTABILITY TRACKING**

Another important aspect of maintaining accuracy involves portability tracking. PHAs need to have an effective means of tracking in order to successfully manage portability billings and payments. Once again, tracking differs depending on whether you are an initial or receiving PHA.

### **THE INITIAL PHA**

The Initial PHA should track:

- The date the initial PHA's voucher was issued
- The date the initial PHA's voucher expires
- 60 days following the initial PHA's voucher expiration

Section 9: Portability

If the form HUD-52665 has not been received within 90 days, the initial PHA should contact the receiving PHA to determine if the family is under contract. If the family is not under contract as of that date, the initial PHA should determine whether they intend to honor the billing statement (if the receiving PHA is administering the voucher), and so inform the receiving PHA.

The initial PHA may want to track the number and status of families who are searching in other jurisdictions and may eventually lease up. The Housing Choice Voucher Guidebook provides a sample log.

### **THE RECEIVING PHA**

The receiving PHA may want to create a processing log to track the number of families currently searching in their jurisdiction. This allows the program manager to make sure that the agency is keeping up with billing deadlines and allows staff to gauge where families are in the portability process. The Housing Choice Voucher Guidebook provides a sample log.

### **Receipt of Billing (Form HUD-52665) from Receiving PHA (If Administering)**

Remember, initial payment is made within 30 days of receipt of form HUD-52665, ongoing billing payments should be received by the receiving PHA no later than the fifth working day of each month, and the receiving PHA must send a completed form HUD-50058 at annual reexamination.

The Receiving PHA should track:

- The expiration date of the initial PHA's voucher
- 90 days after the expiration date of the initial PHA's voucher (the form HUD-52665 is due to the initial PHA by this date for administered families)
  - In cases where suspension of the voucher delays the initial billing submission, the receiving PHA must notify the initial PHA of delayed billing before the billing deadline and document that the delay is due to the suspension. In this case, the initial PHA must extend the billing deadline by 30 days.
- 10 working days from the date a HAP contract is executed (the form HUD-52665 is due to the initial PHA by this date for administered families)

Section 9: Portability

- That the initial billing payment is reimbursed to the receiving PHA within 30 calendar days of receipt of the form HUD-52665 by the initial PHA
- That ongoing monthly payments are received by the receiving PHA no later than the fifth working day of each month
- That a completed form HUD-50058 is sent to the initial PHA at annual reexamination
- That a completed form HUD-52665 (plus required documents) is sent to the initial PHA no later than 10 working days from the effective date of a change in family status or billing amount

## Section 10      Informal Reviews And Hearings

### INTRODUCTION

Individuals receiving or applying for HCV program assistance have the right to disagree with certain actions and inactions of the PHA in accordance with HUD regulations at 24 CFR 982.554 and 982.555. These regulations describe the circumstances under which PHAs must provide applicants with the opportunity for an informal review and participants with the opportunity for an informal hearing, and also describe the actions and inactions of the PHA for which informal reviews and hearings are not required.

The PHA proposed action to terminate assistance is an adverse action against individuals, and as such, is subject to procedural safeguards to protect the individuals' rights. These rights are referred to as *due process*. The government's authority over individuals is limited by the law-through due process.

*Fair hearing* has been defined as a judicial or administrative hearing conducted in accordance with due process. The HCV administrative plan must clearly state the policies and procedures for informal reviews for applicants and informal hearings for participants. In addition, the PHA's briefing packet, provided to all voucher holders, must include a description of the procedures for requesting informal reviews and informal hearings.

With the exception of decisions related to restrictions on noncitizens, an informal review is for voucher program applicants and an informal hearing is for program participants. Decisions related to restrictions on assistance to noncitizens always require an informal hearing regardless of whether the family is an applicant or a participant.

The key issue for HCV managers is to ensure that applicants and participants are afforded full due process in accordance with the regulations. We will discuss various aspects of the informal review and hearing requirements in this section and offer some suggestions on managing this important program function.

Section 10: Informal Reviews And Hearings

Some important objectives for the HCV manager include:

- That the PHA administrative plan has clear policies and the PHA has procedures that describe how informal reviews and hearings are conducted and that those policies and procedures are consistently applied
- That all families are provided the opportunity for an informal review or informal hearing at times required by HUD regulations
- That all notices of adverse action to applicants and participants comply with HUD requirements and the administrative plan
- That the PHA case file and documentary evidence presented by the PHA at informal reviews and hearings is clear, organized, and presented so as to be readily understood by the applicant or participant and the informal review/hearing officer

## KEY POINTS FOR THE MANAGER

Review all of the notification letters for informal reviews and informal hearings and make sure they contain the following:

- The date, time, and location of the hearing
- Notice that the family has the right to bring an attorney at their own expense
- Notice of the family's right to discovery of PHA records and documents pertaining to the action, including the date by which the request must be received and any cost per copy.
- Notice that family must provide to the PHA any records and documents pertaining to the action, which the family intends to use at the informal hearing, including the date by which the request must be received and any cost per copy
- A copy of the PHA informal review/hearing procedures

Section 10: Informal Reviews And Hearings

Make certain that the review or hearing officer is not the person who made or approved the PHA decision or anyone subordinate to that person.

Make certain that there is a management approved protocol for the organization of the case file and documents to be presented at the hearing.

Hearing officers must always use the principles of due process as a touchstone in rendering decisions.

If conducting remote hearings, make certain that they meet the requirements specified in Notice PIH 2020-32.

## **DENIAL OF HCV ASSISTANCE TO AN APPLICANT**

The following items do not constitute grounds for an informal review:

- Discretionary administrative determinations by the PHA
- General policy issues or class grievances
- A determination of the family unit size under the PHA subsidy standards
- A PHA decision not to approve an extension of a voucher term
- A PHA decision not to approve a unit or a proposed tenancy
- A PHA determination that a unit selected by the applicant is not in compliance with HQS
- A PHA determination that the unit is not in accordance with HQS because of family size or composition
- A PHA decision not to waive a particular general requirement in their case

PHAs must provide an opportunity for an informal review for as the following items:

- Denying listing on the PHA waiting list
- Denying admission or withdrawing a voucher

## Section 10: Informal Reviews And Hearings

**WHO CAN CONDUCT THE REVIEW**

Anyone other than the person or subordinate of the person who made or approved the decision under review may conduct an informal review. For example, if the HCV manager approves all decisions to deny admission, then the informal review cannot be conducted by the manager or anyone on the HCV staff who is subordinate to the manager. Whoever conducts the review should have knowledge of the PHA administrative plan and the regulatory grounds for denial of admission.

The applicant must be given an opportunity to present written or oral objections to the PHA's decision. The PHA must then notify the applicant of the final decision including a brief statement of the reasons for the decision.

**Note:** People whose assistance is denied or terminated on the basis of citizenship should be granted an informal hearing.

**INFORMAL HEARINGS FOR PARTICIPANTS****WHEN AN INFORMAL HEARING IS REQUIRED**

24 CFR 982.555

A PHA must give a participant family an opportunity for an informal hearing to consider whether the following PHA decisions relating to the individual circumstances of a participant family are in accordance with the law, HUD regulations, and PHA policies. The reasons for which an informal hearing must be provided are as follows:

- The determination of the family's annual or adjusted income used to calculate the housing assistance payment
- The determination of the appropriate utility allowance when there are tenant-paid utilities
  - Note that participants are not entitled to an informal hearing to dispute the PHA-established utility allowance schedules, but only for the calculation of their specific utility allowance.
- The determination of the family unit size under the PHA subsidy standards
- The decision to terminate assistance for a participant family because of the family's actions or failure to act
- A determination to terminate assistance because the participant family has been absent from the assisted unit for longer than the maximum period permitted under PHA policy and HUD rules.



Section 10: Informal Reviews And Hearings

In the cases related to determination of income, HAP, utility allowances, and family unit size, the PHA must notify the family that the family may ask for an explanation of the basis of the PHA determination, and that if the family does not agree with the determination, the family may request an informal hearing on the decision.

In cases involving termination of assistance, the PHA must give the opportunity for an informal hearing before the PHA terminates housing assistance payments for the family under an outstanding HAP contract.

**WHEN AN INFORMAL HEARING IS NOT REQUIRED**

Informal hearings are not required for the following:

- Discretionary administrative determinations by the PHA
- General policy issues or class grievances
- Establishment of the PHA schedule of utility allowances for families in the program
- A PHA determination not to approve an extension or suspension of a voucher term
- A PHA decision not to approve a unit or tenancy
- A PHA determination that an assisted unit is not in compliance with HQS
  - However, the PHA must provide the opportunity for an informal hearing for a decision to terminate assistance for a breach of the HQS caused by the family as described in 24 CFR 982.551.
- A PHA determination that the unit is not in accordance with HQS because of the family size
- A determination by the PHA to exercise or not to exercise any right or remedy against the owner under a HAP contract

## ELEMENTS OF DUE PROCESS

### ADEQUATE NOTICE

*24 CFR 982.555(c)*

The notice of proposed action must state the reasons for the PHA's decision specifically enough to allow the person to understand the who, what, where, and when. In other words, the notice should provide enough specific information for the person to adequately prepare their defense.

In some cases when hearing is required, the PHA must notify the family that the family may ask for an explanation of the basis of the PHA determination, and that if the family does not agree with the determination, the family may request an informal hearing on the decision. In other cases when hearing is required, the PHA must give the family prompt written notice that the family may request a hearing.

The notice must:

- Contain a brief statement of reasons for the decision
- State that if the family does not agree with the decision, the family may request an informal hearing on the decision
- State the deadline for the family to request an informal hearing

### NOTICE TO APPLICANT

The notice should contain the factual basis for the denial and the specific HUD regulations that the denial is based on. You may also want to include the provision of the administrative plan that authorizes the denial. It is also important that the notice explain the factual basis for denial in clear, concise, and specific language that describes the grounds for denial. For example, a review notice would not qualify if it cited only “drug-related activity,” or “it has been determined that you are not eligible at this time.”

Section 10: Informal Reviews And Hearings

Here are some acceptable examples:

- We mailed a request for you to attend an eligibility interview on (insert date), and you failed to appear. A second notice was mailed to you on (insert date) to attend an eligibility interview, and you failed to appear at the second appointment. You did not contact us to reschedule either of these appointments prior to the appointment dates.
- Your annual income exceeds the income limits for the area. Your annual income is \$X and the income limit for your family size is \$Y.
- We notified you on (insert date) to request that you provide the following documents no later than (insert date) in order to determine your eligibility for the program. You failed to provide the documents requested by the due date. (Name the documents.)
- You were evicted from public housing (include address of unit) on (insert date) for drug-related criminal activity which involved the sale of marijuana on the premises of the unit.

**DENIAL AND TERMINATION FOR CRIMINAL HISTORY**

**Authority**

*24 CFR 5.903(a)*

If you are a PHA that administers the HCV program or public housing program, 24 CFR 5.903 authorizes you to obtain criminal conviction records from a law enforcement agency (as defined in 24 CFR 5.902). You may use the criminal conviction records that you obtain from a law enforcement agency under the authority of this section to screen applicants for admission to covered housing programs (which includes HCV), and for lease enforcement or eviction of families residing in public housing or receiving Section 8 project-based assistance as long as there is not disparate treatment as outlined in the OGC Guidance.

### **Opportunity to Dispute for Criminal History**

*24 CFR 5.903(f)*

If a PHA obtains criminal record information from a state or local agency (under 24 CFR 5.903) showing that a household member has been convicted of a crime relevant to applicant screening, lease enforcement, or eviction, the PHA must notify the household of the proposed action to be based on the information and must provide the subject of the record and the applicant or tenant a copy of such information, and an opportunity to dispute must be provided before a denial of admission, eviction, or lease enforcement action on the basis of such information.

### **THE RIGHT TO FURTHER EXPLANATION**

When notices of a PHA's decisions are sent to participants (such as HAP and rent adjustments) the notice should contain a statement that the participant may request a further explanation of the notice, and if they disagree with the explanation, they may request an informal hearing. Hearings should be scheduled promptly and take place before the decision of the PHA goes into effect.

### **ADMINISTRATIVE PLAN**

As an HCV manager, it is your responsibility to ensure that the administrative plan sufficiently describes the procedures for conducting informal hearings for participants. The relevant HUD regulations can be found at 982.555(e)(2).

### **DISCOVERY OF DOCUMENTS**

Both the PHA and the family have the right to discovery of records and documents.

#### **By Family**

The family must be given an opportunity to examine any relevant PHA records or documents prior to the hearing and must be allowed to copy any such documents at their own expense. If the PHA does not make a document available for examination on request, they may not rely on the document at the hearing. It is suggested that PHAs establish a deadline (both in the administrative plan and in the notice to the family) by which requests for discovery must be received prior to the hearing in order to avoid last-minute requests on the date of the hearing.

Section 10: Informal Reviews And Hearings

**By the PHA**

If the PHA intends to exercise discovery, it should be included in the administrative plan and in the notice to the family to schedule the informal hearing.

**CONDUCTING AN INFORMAL HEARING**

The hearing will be conducted in accordance with the PHA's hearing procedures. The hearing officer is responsible to explain the purpose of the hearing, the order of business and the standards for conduct and behavior.

Both the participant and the PHA should have the opportunity to present arguments, present documents and ask questions. Refer to the informal hearing procedures in your administrative plan.

*24 CFR 982.555(d)*

Where a hearing for a participant family is required, the PHA must proceed with the hearing in a reasonable expeditious manner upon the request of the family.

## **HEARING PROCEDURES**

### **A Hearing Prior to Termination**

The hearing must be fair, meaning that the individual or family has the right to:

- An opportunity to be heard
- The opportunity to examine, before the hearing, any PHA documents, records, and regulations relevant to the hearing that the PHA intends to present at the hearing
  - If the PHA does not make the document available for examination on request of the family, the PHA may not rely on the document at the hearing
- Copy any such documents at the family's expense
- Confront and cross-examine all witnesses upon whose testimony or information the PHA relies
- The opportunity to present evidence and arguments
- An impartial decision-maker
- A decision based only on the evidence presented at the hearing
- A decision that includes the reasons and evidence relied upon
- The person who conducts the hearing must issue a written decision within a reasonable time, as specified in the PHA's hearing policies.

### **REPRESENTATION OF FAMILY**

At its own expense, the family may be represented by a lawyer or other representative.

### **Hearing Officer: Appointment and Authority**

The hearing may be conducted by any person or persons designated by the PHA, other than a person who made or approved the decision under review, or a subordinate of this person.

The person who conducts the hearing may regulate the conduct of the hearing in accordance with the PHA hearing procedures.

### **Ex Parte Communication**

The PHA, hearing officer, and the hearing process must be vigilant to avoid ex parte communication, or even the appearance of ex parte.

## Section 10: Informal Reviews And Hearings

Ex parte is a contact between the decision maker and a party (or other on behalf of party), regarding the matter under review, without notice and opportunity for all parties to participate.

- No party has any special influence.
- All parties have the opportunity to rebut.
- All facts are on the record.

**Evidence**

*24 CFR 982.555(e)(5)*

The PHA and the family must be given the opportunity to present evidence and question any witnesses. In general, all evidence is admissible at an informal hearing. Evidence may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings. Any evidence to be considered by the hearing officer should be presented at the time of the hearing. There are four categories of evidence:

- **Oral evidence:** The testimony of witnesses.
- **Documentary evidence:** A writing that is relevant to the case, for example, a letter written to the PHA. Writings include all forms of recorded communication or representation, including letters, words, pictures, sounds, videotapes, symbols, or combinations thereof.
- **Demonstrative evidence:** Evidence created specifically for the hearing and presented as an illustrative aid to assist the hearing officer, such as a model, a chart or other diagram.
- **Real evidence:** A tangible item relating directly to the case.
- **Hearsay evidence:** Evidence of a statement that was made other than by a witness while testifying at the hearing and that is offered to prove the truth of the matter. Even though evidence, including hearsay, is generally admissible, hearsay evidence alone cannot be used as the sole basis for the hearing officer's decision.

Section 10: Informal Reviews And Hearings

If either the PHA or the family fail to comply with the discovery requirements described above, the hearing officer must refuse to admit such evidence.

Other than the failure of a party to comply with discovery, the hearing officer has the authority to overrule any objections to evidence.

**Preparing for the Hearing**

A best practice is for the PHA to utilize a pre-hearing checklist that the hearing coordinator provides to the hearing officer before the hearing, either in the hearing packet or separately.

Following is a pre-informal hearing checklist template for the voucher program.

**Note:** This is not a HUD form or a legal form. State law may affect some of these categories. In addition, your PHA may have particular procedures that should be incorporated. Check with hearing coordinator or legal counsel before adopting this form.



## Exhibit 8-12: Informal Hearing Checklist

INFORMAL HEARING CHECKLIST – HOUSING CHOICE VOUCHER		
<b>Applicability</b>		
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Was this adverse action subject to the informal hearing process per the PHA's Administrative Plan and HUD regulations?
If "No" to the above, why not?		
Consult with hearing coordinator or legal counsel before discontinuing the hearing process.		
<b>Review adequacy of and service of notice of adverse action</b>		
<b>Adverse action</b>		
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did notice state the reasons for the adverse action in sufficient detail to enable the participant to prepare a defense?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the notice explain that the family had the right to request an informal hearing and explain how this was done?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the notice state the deadline for the family to request an informal hearing and was the deadline consistent with the PHA's Administrative Plan? (e.g., 10 business days) and reasonable?
<b>Proper service</b>		
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Does the PHA have adequate proof of service or does participant admit service?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Was notice served sufficiently in advance of effective date of adverse action as to comply with HUD regulations and the PHA's Administrative Plan and satisfy any due process concerns?
<b>Did family request hearing in timely manner?</b>		
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the family request an informal hearing within deadline set forth in the notice of adverse action?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	If not, did the family have good cause for filing a late request for the informal hearing?
<b>PHA's acknowledgement of hearing request</b>		
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the PHA adequately acknowledge the family's hearing request, preferably in writing?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the PHA provide the family with a copy of its informal hearing procedures?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the PHA explain the discovery process, including the family's right to review relevant documents, including the PHA's Administrative Plan and HUD regulations, and the family's duty to share documents with the PHA?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the PHA offer to meet with the family prior to the hearing to clarify issues, resolve issues through agreement, answer questions about the hearing process and the laws and rules that apply, and to exchange documents, witness statements, and lists of witnesses?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the PHA advise the family of the process it would use to select the hearing officer, advise the family that neither party may have separate contacts (ex parte) with the hearing officer in the interests of one side only, remind the family that once the hearing officer is selected, both parties must provide copies of all documents intended to be used at the hearing, and assure the family that the hearing officer will decide the case solely on evidence presented during the hearing?

Selection of Hearing Officer		
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the PHA select the hearing officer in accordance with its Administrative Plan?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did you, the hearing officer, make or approve the decision under review or are you a subordinate of the person who did make the decision?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Is there any evidence suggesting that you, as the hearing officer, should be disqualified for bias, prejudice, conflict of interest, or because of ex parte contacts with one of the parties?
Discovery		
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did family ask for opportunity to examine relevant documents prior to hearing; if so, were they allowed to copy such documents at their own expense?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did PHA fail to make any documents available to the family, which should now be excluded at the hearing?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did PHA ask family for opportunity to examine family documents relevant to the hearing?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the family fail to make any documents available to the PHA, which should now be excluded at the hearing?
Preparation of the Pre-Hearing Packet		
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the PHA include in the pre-hearing packet only those documents the hearing officer might need to prepare for the hearing and understand the legal and procedural issues likely to be presented, such as the notice of adverse action, the hearing request, other background documents not in dispute, relevant excerpts from the PHA's Administrative Plan, and HUD regulations?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the agency withhold documents or exhibits that contain facts in dispute or those that might create confusion or pose a danger or unfair prejudice if considered out of context of without the benefit of cross-examination or rebuttal?
Notice of Hearing and Pre-Hearing Packet		
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the PHA provide the family with reasonable notice of the hearing and give the family an opportunity to reschedule the hearing due to a scheduling conflict (per PHA's Administrative Plan)?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the PHA serve a copy of the pre-hearing packet with its notice of hearing so that the family might see what documents would be provided to the hearing officer prior to the hearing?
Pre-Hearing Meeting between PHA and Participant		
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the PHA and participant meet in an attempt to resolve their dispute, clarify or limit the hearing issues, and exchange witness lists and documents to be introduced at the hearing?
	None <input type="checkbox"/>	If so, what stipulations or agreements, were made, if any? NOTES:
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did participant request that any witnesses participate by telephone?
Yes <input type="checkbox"/>	No <input type="checkbox"/>	If "Yes" to the above, did the PHA and participant make arrangements needed so that witnesses could participate by telephone?

Reasonable Accommodation			
	<b>Yes</b> <input type="checkbox"/>	<b>No</b> <input type="checkbox"/>	Did the family receive a clear statement before the hearing that if the participant, or any family member or witness attending the hearing, is a person with disabilities, and anyone requires a specific accommodation in order to participate in the hearing process, they had the right to request such reasonable accommodation, and how to go about doing that?
7.	<b>Yes</b> <input type="checkbox"/>	<b>No</b> <input type="checkbox"/>	At any time before or during the hearing, did the participant indicate that a reasonable accommodation was needed for person with disabilities in order to participate in the hearing process?
8.	<b>Yes</b> <input type="checkbox"/>	<b>No</b> <input type="checkbox"/>	If "Yes" to # 7 above, was the request for an accommodation reviewed and considered?
9.	<b>Yes</b> <input type="checkbox"/>	<b>No</b> <input type="checkbox"/>	If "Yes" #8 to above, was the request for an accommodation granted? If "Yes", what was provided?
If "No" to #9 the above, on what basis was the request for an accommodation denied?			

## Section 10: Informal Reviews And Hearings

**HEARING OFFICER'S DECISION***24 CFR 982.555(e)(6)*

The person who conducts the hearing must issue a written decision stating the reasons for the decision within the time stated in the PHA informal hearing procedures. Factual determinations relating to the individual circumstances of the family must be based on a preponderance of evidence presented at the hearing. A copy of the hearing must be furnished promptly to the family. In rendering a decision, the hearing officer should consider the following matters:

- **PHA Notice to the Family:** The hearing officer should determine if the reasons for the PHA's decision are factually stated in the notice.
- **Discovery:** The hearing officer should determine if the PHA and the family were given the opportunity to examine any relevant documents in accordance with PHA policy.
- **PHA Evidence to Support the PHA Decision:** The evidence consists of the facts presented. Evidence is not conclusion, and it is not argument. The hearing officer should evaluate the facts to determine if they support the PHA's conclusion.
- **Validity of Grounds for Termination of Assistance (when applicable):** The hearing officer should determine if the termination of assistance is for one of the grounds specified in the HUD regulations and PHA policies. If the grounds for termination are not specified in the regulations or in compliance with PHA policies, then the decision of the PHA should be overturned.

Typically, the notification letter should contain the following:

- Hearing information (purpose of the letter)
  - Name of participant
  - Date, time, and place of hearing
  - Name of hearing officer
  - Name of PHA representative
  - Name of participant and representative (if any)

Section 10: Informal Reviews And Hearings

- Background
  - A brief, impartial statement of the reason for the hearing and grounds for the termination (from the termination notice)
- Summary of the evidence
  - Brief description summarizing the information presented by each side and any documentation they submitted as evidence of their testimony
- Findings of fact
  - The hearing officer should include all findings of fact, based on a preponderance of the evidence
- Conclusions
  - The hearing officer should render a conclusion derived from the facts that were found to be true by a preponderance of the evidence. The conclusion should result in a determination of whether these facts uphold the PHA's decision.
- Order
  - The hearing report should include a statement of whether the PHA's decision is upheld or overturned. If it is overturned, the hearing officer should instruct the PHA to change the decision in accordance with the hearing officer's determination. In the case of termination of assistance, the hearing officer should instruct the PHA to restore the participant's program status.

## Exhibit 8-13: Post-Hearing Checklist

POST- HEARING CHECKLIST			
<b>Post-Hearing Protocol</b>			
	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Hearing officer will have no ex parte (one side only) contacts after the hearing, prior to issuance of the decision
1.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Was the hearing held open for further evidence?
If "No" to #1 above, continue to next section			
2.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If "Yes" to #1 above, was deadline for submission of further evidence set?
3.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If "Yes" to #1 above, was date of reconvening set and adhered to?
	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If "No" to either #2 or #3 above, stop. Consult with hearing coordinator or legal counsel.
<b>Hearing Decision</b>			
	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Was written decision rendered and issued within timeline set by PHA hearing/grievance procedure?
	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the written decision identify the key issues and conclusions of the hearing officer?
	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the written decision include findings of fact on evidence presented at the hearing?
	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Did the written decision state whether the PHA's adverse action is upheld (affirmed) or reversed (overturned)?
	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If the decision was to reverse (overturn), was the matter remanded to the PHA for appropriate action?
	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If the decision was upheld (affirmed), was the participant/tenant informed of their right to seek judicial review?
<b>Effect of Decision</b>			
	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A Where the PHA determined that it was not required to provide a hearing in the first place, did the PHA make a determination within time specified in its hearing/grievance procedures not to comply with the decision?
	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A Where the PHA determined that the decision is contrary to HUD regulations or requirements, or otherwise contrary to federal, state or local law, did the PHA make a determination within time specified in its hearing/grievance procedures not to comply with the decision?
	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If "Yes" to either question above, did the PHA notify the participant/tenant and the hearing officer of this determination in writing, explaining the reason(s) for the decision?

## EFFECT OF DECISION

*24 CFR 982.555(f)*

Even though a hearing officer does not directly represent a PHA, the PHA is almost always bound by a hearing decision. Your PHA would not be bound by a hearing decision in the following situations, however:

- The hearing concerns a matter for which your PHA is not required to provide an opportunity for an informal hearing.
- The decision exceeds the authority of the person conducting the hearing under your PHA's hearing procedures.
- The decision is contrary to HUD regulations or requirements or to federal, state, or local law.

Once your PHA receives the informal hearing letter and decides it is not bound by a hearing decision, you must promptly notify the family of the determination and of the reasons for it.

Otherwise, if your PHA is bound by the decision, it must inform the participant of the informal hearing decision and the next step if any. It's wise to review the Civil Procedure Code and determine whether to limit the time within which judicial review must be sought to narrow the time frame for a court appeal of the final decision.

## REHEARINGS

HCV managers should work hard to avoid rehearings, although sometimes they are unavoidable. The informal hearing should normally be the final review. However, managers may want to include procedures for rehearings for situations where the facts show that the hearing procedure was somehow defective. Basically, rehearings should only be granted if there are extenuating circumstances, and the time frame to request such a hearing should be short and within the sole discretion of your PHA. You could allow a rehearing for the purpose of rectifying any obvious mistakes of law or any obvious injustice not known at the time of hearing. The appeal may allow for new oral arguments or just require written documentation.

If the HCV manager was not involved in the decision to deny or terminate, their overall role is to act as the informal reviewer or hearing officer or to schedule another person familiar with voucher program rules and regulations to serve as the reviewer or officer.

The HCV manager should also check decisions for possible precedents or need for policy changes. They should ensure that PHA practice matches its policies and that there are no appearances of disproportionate terminations for one or more protected classes in possible violation of fair housing.

## **ASSESSING THE CASE BEFORE THE HEARING AND WHAT THE HEARING DECISION SHOULD BE BASED UPON**

### **DUE PROCESS**

The hearing officer must decide whether the participant did or did not violate a program regulation, law, or policy. The hearing officer must also decide whether the PHA correctly applied the program rules, regulations, or PHA policies, and followed all due procedures. For example, was the participant clearly notified in writing, and informed of his or her rights at each step?

PHAs and hearing officers often ignore basic rights of due process, including providing adequate written notice of reasons for the proposed termination, the opportunity for an expeditious hearing, the family's right to review any documents the PHA intends to use before the hearing, a decision made only upon facts that were presented during the hearing, and a written decision setting forth the legal and factual basis for the hearing decision.

### **PREPONDERANCE OF THE EVIDENCE**

#### **Burden of Proof**

The law follows the general rule that "ordinarily the party seeking a change in the status quo has the burden of proof." The standard of proof in a civil matter is "preponderance of the evidence."



### **Preponderance of the Evidence**

Factual determinations relating to the individual circumstances of the family must be based on a preponderance of the evidence presented at the hearing. Here is a description of preponderance of the evidence:

- Something is more likely than not true if you believe that the chance that it is true is even the slightest bit greater than the chance that it is false. In more familiar language, something is more likely than not true if you believe there is a greater than 50 percent chance that it is true. Fifty-one percent certainty is sufficient; no more is required for you to decide that something is more likely than not true.

If the chance that something is true is 50/50 or less, it is false. In other words, if something is more likely than not true, it is accepted as true; otherwise, it is considered false.

A further explanation of preponderance of the evidence is evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which as a whole shows that the fact sought to be proved is more probable than not.

Preponderance of the evidence may not be determined by the number of witnesses, but by the greater weight of all evidence.

### **Findings of Fact**

The hearing decision needs to include findings of fact, based exclusively on evidence presented during the hearing or matters officially noticed.

Findings of fact are based on the kind of evidence on which “reasonable and prudent people would rely in their daily affairs.” Evidence doesn’t need to be at the level admissible in a judicial hearing, but the PHA (going into the hearing) and the hearing officer (at the hearing) should exclude evidence that’s irrelevant, immaterial, or unduly repetitious.

Hearsay evidence is allowed if it’s the type of evidence that reasonable and prudent people might rely on, but hearsay evidence isn’t sufficient in itself to support the PHA’s findings of fact and must not violate a participant/resident’s right to confront witnesses. Disputes of fact are decided by a preponderance of the evidence.

## **WORKING WITH ADVOCACY GROUPS**

Changes in civil rights laws and HUD regulations, including Limited English Proficiency (LEP) and Violence Against Women Act (VAWA) protections, as well as disability rights awareness, have created networks of advocacy groups. Advocacy groups provide valuable resources for our common customer: the applicants and participants. Advocacy groups understand that influence is also about trust and reliability. Advocates are often experts in their fields, delivering the most comprehensive and reliable information and analysis that can greatly benefit PHAs.

### **THE ROLE OF ADVOCACY GROUPS IN APPEALS AND HEARINGS**

Here's the bottom line: You will be facing advocates across the hearing room and the courtroom. Work with them! We're serving the same people.

A track record of collaboration will serve you well in the hearing. The PHA's responsibility is to build long-term relationships with community partners, including advocacy groups. Building and maintaining these relationships will take some time and commitment, but the benefits in the long run are exponential. Working well together should include:

- Involving advocacy groups in public hearings; receiving input to proposed changes that will affect applicants and participants/residents.
- Working with advocacy groups to establish policies and implement policies concerning:
  - Domestic violence issues
  - Reasonable accommodation issues
  - Language interpretation and translation
  - Families with children
  - Child abuse and senior abuse issues
  - Literacy
  - Community service opportunities and strategies for public housing
  - Getting input on proposed changes to the PHA's hearing/grievance procedures

Section 10: Informal Reviews And Hearings

Regarding the hearing process, there are some key practical considerations:

- Cooperate with advocates when they ask for discovery documents.
- Apply the same procedures and protocol to advocates as to other parties. In other words, it's okay to set limits.
- If an advocate brings up an issue of reasonable accommodation, domestic violence, or language interpretation, make sure the issue has been addressed. Work with the 504 Coordinator to assess.
- It will be essential to explain the process to everyone at the beginning of the hearing. A very clear explanation of the process and sequence of the hearing makes it clear to the PHA representative, advocates, the family, and any other attendees what is expected.

**CONFIDENTIALITY AND RESPECT**

Adhering to strict standards of confidentiality is essential to protect privacy and ensure productive interactions with advocates. Unacceptable behaviors include gossip, improper or selective sharing of information, and forming factions with certain groups.

## Section 11      Inspections

### INTRODUCTION

The goal of the Housing Choice Voucher program is to provide “decent, safe and sanitary” housing at an affordable cost to low-income families. To accomplish this, HUD regulations set forth basic housing quality standards (HQS) which all units must meet before assistance can be paid on behalf of a family and at least once every 24 months throughout the term of the assisted tenancy. HQS defines *standard housing* and establishes the minimum criteria necessary for the health and safety of program participants.

HUD requires that all units occupied by families receiving housing choice voucher assistance meet HUD’s housing quality standards. It should be noted that HUD permits PHAs to establish additional requirements beyond the HUD-required HQS standards.

The HCV manager’s objectives that relate to inspections include ensuring that:

- All units pass a full housing quality standards (HQS) inspection prior to the effective date of the lease
- All units on the program are inspected within 24 months of that last full HQS inspection
- The HQS are enforced in accordance with HUD requirements when repairs are not made by the family or owner within the time period specified by the PHA
- Quality control inspections are performed in accordance with HUD requirements
- Inspection activities are properly communicated and coordinated with other housing activities and personnel to avoid delays in unit approvals and owner payments

Section 11: Inspections

Compliance with HQS requirements and how PHAs manage inspections have a major impact on the quality of the program and the organizational effectiveness.

- SEMAP: There are four SEMAP indicators that directly relate to inspections; they are Pre-contract HQS inspections (5 points), Quality Control Inspections (5 points), Annual Inspections (10 points), and HQS Enforcement (10 points). This represents 45 points of the maximum available to a PHA.

Owner relations are critical to the success of the program.

Professionalism and consistency of HQS inspectors plays a major role in owner satisfaction and retention.

## **KNOW THE HQS BASICS**

The HCV manager must know the HQS basics. PHAs are required to conduct three types of inspections: initial, biennial or annual, and special inspections, including quality control inspections. Inspections result in pass, fail, or inconclusive reports. Pass inspections require no further action by the PHA. Fail or inconclusive inspections require follow-up reinspections or PHA verification to confirm the correction of the HQS infractions. The performance requirements of the HQS can be found at 24 CFR 982.401. There are 13 performance requirements:

- Sanitary facilities
- Food preparation and refuse disposal
- Space and security
- Thermal environment
- Illumination and electricity
- Structure and materials
- Interior air quality
- Water supply
- Lead-based paint
- Access
- Site and neighborhood
- Sanitary condition
- Smoke detectors

Note: PHAs and owners must also comply with state, local, and other codes, as required, including the requirement to comply with the 2018 International Fire Code (IFC) standards on the installation of Carbon Monoxide (CO) alarms or detectors by December 27, 2022. HUD intends to enforce the CO detector requirement upon the effective date

## **ANNUAL/BIENNIAL HQS INSPECTION**

*24 CFR 982.405(a)*  
*Notice PIH 2016-05*

PHAs must inspect assisted dwelling units during the term of a HAP contract at least biennially. If a PHA wishes to conduct HQS inspections more often, they may do so, although the PHA must then revise its policies, since annual inspections are now considered discretionary. PHA policy may call for annual inspections for some owners or units and biennial for others. For example, a PHA might have policy to conduct annual reexaminations, but make exceptions for high performing owner. For owners who have exhibited a high level of responsibility, compliance, and accountability, the PHA might conduct biennial inspections on units owned by these landlords. Conversely, the PHA could make biennial inspections the standard policy, but require annual HQS inspections for units where the owner has failed to correct HQS violations in a timely manner, or for owners that owe the PHA money.

- Note that HUD discourages PHAs from adopting biennial inspections for reasons unrelated to the owner's record of HQS compliance. For example, a policy based on the unit's distance from PHA facilities would be unacceptable.

Regardless of policy, all units must be inspected at least once every 24 months (except when alternative inspections are used—see subheading in this section).

For multi-family properties with a large number of assisted units, many PHAs conduct all biennial or annual HQS inspections during the same time period. This allows the owner to have the inspector “shadowed” by property maintenance staff. The property maintenance staff may then make minor repairs immediately, thus eliminating the need for follow-up actions to verify the HQS violation has been corrected.

Section 11: Inspections

Both the family and the owner are notified of the date of the inspection. The family is responsible to ensure that a family representative is present at the inspection. Many PHAs require owners to attend the biennial or annual inspection. This provides an opportunity for inspectors to clarify exactly what repairs are needed and for the owner to observe the family's housekeeping habits and to determine if there are damages to the unit.

*24 CFR 982.404(b)(1)-(3)*

Families are responsible for certain breaches of the HQS: utilities and appliances that the lease requires the family to provide, and damages beyond normal wear and tear. This creates challenges for PHAs, specifically for inspectors. It is not always easy to determine the difference beyond normal wear and tear and tenant damages (whether or not the damages cause the unit to fail). Inspectors should be diligent about recording "pass with comment" items on the initial and all subsequent inspections. Items that were "pass with comment" one or two years ago may have eroded to a fail condition, and in the absence of this documentation, inspectors cannot be expected to remember every condition in every unit at the next regularly scheduled inspection.

*24 CFR 982.404(b)(2)*

Owners and families must be given the same time period to correct HQS deficiencies for which they are responsible.

If the HQS inspection identifies a life-threatening deficiency:

- If the deficiency is the responsibility of the owner, the owner must correct the deficiency within 24 hours or the PHA must enforce the HAP contract.
- If the deficiency is the responsibility of the family, the family must correct the deficiency within 24 hours or the PHA must enforce the family obligations.

If the HQS inspection identifies a non-life-threatening deficiency:

- If the deficiency is the responsibility of the owner, the owner must correct the deficiency within 30 days or any PHA-approved extension or the PHA must enforce the HAP contract.
- If the deficiency is the responsibility of the family, the family must correct the deficiency within 30 days or any PHA-approved extension or the PHA must enforce the family obligations.

*24 CFR 982.405(g)*

A special inspection must be conducted upon receipt of a complaint from an assisted family or government official regarding a unit's condition. Similarly:

- If the reported condition is life-threatening (i.e., the PHA would require the owner to make the repair within no more than 24 hours), then the PHA must inspect the unit within 24 hours of when the PHA received the notification.
- If the reported condition is not life-threatening (i.e., the PHA would require the owner to make the repair within no more than 30 calendar days), then the PHA must inspect the unit within 15 days of when the PHA received the notification.

HUD has clarified that PHAs may now define how they will verify that HQS fail items have been corrected. PHAs can verify through owner documentation or certification or family documentation or certification. While PHAs are not required to visually reinspect failed items to verify that they have been corrected, most PHAs continue to do so. A PHA should carefully consider possibilities before adopting policy to not require the reinspection of failed units.

Note that PHAs are still required to physically verify that HQS fail items have been corrected for units under a project-based voucher contract, and for all units at initial lease-up.



### **ALTERNATIVE INSPECTIONS**

A PHA may comply with the biennial inspection requirement through reliance on an inspection conducted for another housing assistance program (e.g., LIHTC or HOME). If a PHA relies on an alternative inspection to fulfill the inspection requirement, then the PHA must identify the alternative standard in its administrative plan. Such a change may be a significant amendment to the plan, in which case the PHA must follow its PHA plan amendment and public notice requirements before utilizing the alternative inspection method. Additionally:

- HCV units must be included in the population of units forming the sample.
- The PHA must obtain inspection reports and other data from the entity conducting the inspection within five business days of the inspection.
- Reports must be available for HUD inspection for at least three years from the date of the latest inspection.

Compliance with the biennial inspection requirement may be met by reliance upon an inspection of housing assisted under the HOME Investment Partnerships (HOME) program or housing financed via the Treasury Department's Low-Income Housing Tax Credit program (LIHTC), taking into account the standards employed by those programs.

A PHA may also comply with the biennial inspection requirement by relying upon an inspection performed by HUD, for example an inspection performed by HUD's Real Estate Assessment Center (REAC).

*24 CFR 983.103(g)*

The PHA has the option in a mixed-finance property that is assisted with project-based vouchers (PBVs) and is also financed under a federal, state, or local housing program to rely on alternative inspections conducted at least triennially.

- LIHTC inspections, for example, are conducted at least once every three years.

The PHA may not rely on an alternative inspection if a property fails. However, if the property passes, even if deficiencies are identified, the PHA may rely on the alternative inspection.

HUD may grant approval for a PHA to use acceptability criteria variations which apply standards that are defined in local housing codes or other codes adopted by the PHA or because of local climatic or geographic conditions. HUD will only approve these variations if they meet or exceed the HQS performance requirement and does not unduly limit the amount and type of rental housing available at or below the fair market rent.

- In such cases, the PHA must certify annually that the code hasn't changed, or it must re-submit to HUD for approval.
- HUD will not approve variations if the change is likely to adversely affect the health or safety of participant families or severely restrict housing choice. Managers must clearly communicate variations to the HQS to owners.

Monitor any changes to the applicable standards and requirements in case such changes would cause the standards to no longer meet or exceed HQS, in which case the PHA would no longer be able to use the standards to comply with the biennial inspection requirement.

As with all other inspection reports, reports for inspections conducted under an alternative inspection method must be retained for at least three years.

### **OWNER HQS FAILS**

*24 CFR 982.404(a)(1)-(4)*

If the unit passes inspection, payments to the owner continue. If the unit does not pass inspection, the owner is typically given up to 30 days to correct the failed items (PHA policy may allow for less time), and the PHA reinspects only the failed items. PHAs may provide an extension beyond the 30 days. However, the PHA should approve these extensions judiciously, and only for reasons beyond the owner's control.

Section 11: Inspections

If the repairs are not made by the reinspection date, the PHA must enforce the HQS either by abatement or by termination of the HAP contract without an abatement period. Most PHAs abate the payment for a specific period of time, reinspect the unit, and then begin procedures to terminate the contract if corrections still have not been made. Owner payments are not abated for family fail items that have not been corrected by the reinspection date. Abatements should be tracked carefully and lifted in the software appropriately and promptly. PHAs should know their software well to determine what other areas in the software, such as payments, may be affected by lifting an abatement.

### TENANT HQS FAILS

*24 CFR 982.404(b)(1)-(3)*

If the HQS fail items are the responsibility of the family, then the PHA must give the family the same deadlines to correct them as provided to owners. If the family does not correct HQS deficiencies for which they are responsible within the time period specified by the PHA, then the PHA must enforce the family obligations of the voucher.

It is not always easy to distinguish between tenant damages and ordinary wear and tear. Note the information on this topic under Annual/Biennial HQS Inspection. Noting pass with comment items on the inspection form is recommended to protect the family from future claims of damages for items that were preexisting and now fail due to normal wear and tear.

### OWNER INSPECTION FEES

The PHA may not charge the owner for the unit inspection prior to the initial term of the lease or for a first inspection during assisted occupancy of the unit. The PHA may establish a reasonable fee to owners for a reinspection if after an owner notifies the PHA that a repair has been done or the allotted time for repairs has elapsed a reinspection reveals that any deficiencies have not been corrected. The owner may not pass this fee along to the family.

- Fees may not be imposed for tenant-caused damages, for cases in which the inspector could not gain access to the unit, or for new deficiencies discovered during a reinspection.

- The PHA must ensure that such a fee is not prohibited by state or local law.
- In the case of PHA-owned units, for any inspection performed by a HUD-approved entity other than the PHA, the details of any reinspection fee must be spelled out in the contractual agreement between the PHA and the entity.

## **CONSISTENCY IN HQS STANDARD**

A major challenge in managing inspections is to ensure consistency with the HQS inspection standard. Inspectors often impose a higher standard than the HQS required. Managers must teach and stress adherence to the standard and provide guidance in areas that may be subject to interpretation. One of the major complaints among HCV owners is “the HQS standard changes depending upon which inspector shows up.” This is a major disincentive for owners to continue their participation in the program. It is strongly recommended that supervisors and quality control staff be required to attend HQS training along with the inspectors to ensure that there is a clear understanding of the HQS standards.

## **CUSTOMER SERVICE AND INSPECTIONS**

Efficiently scheduling inspections that comply with SEMAP requirements can be challenging, especially for PHAs with large programs. One of the challenges is to balance inspections scheduling with good customer service for both families and owners. The size of the PHA’s program plays a big part in determining scheduling details. If inspections are routed efficiently by area with consideration for driving time, the PHA should be able to schedule limited-window appointments within specific time frames (such as a two-hour period), as opposed to scheduling on a specific day between 8:00 a.m. and 5:00 p.m.

## CHAPTER 9      Knowledge Checks

---

### CHAPTER 1: HUD’S REGULATORY ENVIRONMENT AND POLICY DEVELOPMENT

#### KNOWLEDGE CHECK 1: TERMINOLOGY

**I. Match the following terms with their definitions:**

- a. Type of assistance where families live in a building with subsidy attached to it \_\_\_\_\_
  - b. The written contract between HUD and the PHA under which HUD agrees to provide funding for the program, and the PHA agrees to comply with HUD requirements \_\_\_\_\_
  - c. Narrower definition of a person with disabilities used for purposes of receiving preferences and deductions \_\_\_\_\_
  - d. Type of assistance where families may choose their units \_\_\_\_\_
  - e. A HUD-required written plan that establishes local PHA policies for administering the HCV program \_\_\_\_\_
  - f. Broader definition of disability for purposes of granting a reasonable accommodation request \_\_\_\_\_
- 1. Annual contributions contract (ACC)
  - 2. Administrative plan
  - 3. HUD definition of disability
  - 4. ADA/504/FHA definition of disability
  - 5. Tenant-based assistance
  - 6. Project-based assistance

- II. Match the following program responsibilities with the entity or party responsible:
- a. Provide income and family information to PHA; pay tenant portion of rent and utilities to owner; adhere to lease requirements and family obligations \_\_\_\_\_
  - b. Passes authorizing legislation and appropriations bills \_\_\_\_\_
  - c. Administers funding according to the ACC; establishes local policies; subsidizes decent, affordable housing \_\_\_\_\_
  - d. Selects and screens tenants, receives HAP payments, enforces lease \_\_\_\_\_
  - e. Passes legislation allowing creation of PHAs \_\_\_\_\_
  - f. Department of HUD that administers and manages the HCV program \_\_\_\_\_
  - g. Allocates funds, develops regulations, contracts with PHAs, monitors PHA performance \_\_\_\_\_
- 1. Congress
  - 2. Department of Housing and Urban Development (HUD)
  - 3. Office of Public and Indian Housing (PIH)
  - 4. State government
  - 5. PHA
  - 6. Owner
  - 7. Participants
3. HUD regulations cover all aspects of the Housing Choice Voucher program.
- a. True
  - b. False

4. The HUD regulations for Social Security number requirements for the HCV program are found in 24CFR:
  - a. Part 5
  - b. Part 8
  - c. Part 982
  - d. Part 985
5. The SEMAP regulations are found in 24CFR:
  - a. Part 5
  - b. Part 8
  - c. Part 982
  - d. Part 985

**KNOWLEDGE CHECK 2: ADMIN PLAN**

1. Which of the following statements below is true regarding “safe harbor” in developing policy?
  - a. HUD regulations require that PHAs follow HUD’s safe harbor requirements.
  - b. HUD guidance is considered “safe harbor”
  - c. PHAs must follow HUD’s “safe harbor” guidance
  - d. PHAs do not need to consider state or local law if a policy follows HUD “safe harbor” guidance
2. All of the following are required by HUD to be addressed in the Admin Plan except:
  - a. Voucher term and extensions
  - b. Family absence from the unit
  - c. Reasonable rent methodology
  - d. Notice of mutual termination of lease
3. When a HUD regulation states, “The PHA may not... do something” it means:
  - a. The PHA will do that function one way at sometimes and may do it a different way at other times
  - b. The PHA is prohibited from doing that
  - c. The PHA will make a policy decision on whether to do this
  - d. This is a discretionary policy
4. Which of the following is not a mandatory reference?
  - a. Handbook
  - b. Statute or law
  - c. HCV Guidebook
  - d. Opinion by the HUD Office of General Counsel
  - e. Current PIH notice
5. The list of contents in the administrative plan under 24 CFR 982.54 is discretionary.
  - a. True
  - b. False



6. You are a new HCV manager and have been asked to totally overhaul your HCV administrative plan. The principles and steps for good policy development include all of the following except:
  - a. Policy language should sound sophisticated, using erudite words and long sentences
  - b. There should be collaborative thinking and discussion
  - c. You should bring the relevant subject matter experts into the thinking process
  - d. You will develop a checklist to keep track of all the requirements
  - e. When you've arrived at the final draft stages, you'll find an editor to check for grammar and spelling—you've looked at the document too many times to find those "little" mistakes
7. The HCV administrative plan
  - a. Must be approved by HUD
  - b. Must be available for public review
  - c. Is a confidential document, available only to PHA staff and managers
  - d. Describes only statutory requirements
  - e. A and B above
8. The administrative plan must be approved by:
  - a. HUD
  - b. The mayor
  - c. The board
  - d. Your staff
  - e. OIG

9. Discretionary policies give PHAs the opportunity to:
  - a. Design your program to meet the unique needs of your community
  - b. Address the “PHA may...” regulations within regulatory and statutory limits
  - c. Address relevant issues where HUD regulations are silent
  - d. All of the above
10. State law has no impact on the PHA’s Housing Choice Voucher policies.
  - a. True
  - b. False
11. The administrative plan is a supporting document to the:
  - a. PHA’s strategic plan
  - b. Admission and occupancy plan
  - c. Agency plan
  - d. PHA’s mission

## CHAPTER 2: PROGRAM KNOWLEDGE AREAS

### KNOWLEDGE CHECK 1: WAITING LIST, SELECTION AND ELIGIBILITY

1. When the PHA opens the HCV waiting list: (982.206)
  - a. The PHA must obtain approval from the HUD field office
  - b. Public notice is a policy decision
  - c. Public notice is a requirement
  - d. The PHA may not close the waiting list
2. All of the items must be on the waiting list EXCEPT: (982.204)
  - a. Applicant name
  - b. Number of people in the family
  - c. Family unit size (voucher size)
  - d. Date and time of application, qualification for any local preference
  - e. Racial or ethnic designation for head of household
3. A residency preference may require the applicant to live in the residency preference jurisdiction for a specific period of time. (982.207)
  - a. True
  - b. False
4. If the PHA establishes a working preference for the Housing Choice Voucher waiting list: (982.207)
  - a. The PHA must require all adult family members to be working at least 32 hours per week
  - b. The PHA must give this preference to families where head of household and spouse/cohead are at least 62 years of age or a person with disabilities
  - c. The PHA can establish a minimum wage that head of household or spouse/cohead must meet in order to be considered working
  - d. The PHA could establish all of the above criteria in order for families to meet the definition of working

5. Which family member(s) must be working to qualify for the working preference? (982.207)
  - a. All family members
  - b. All adult children
  - c. Head, spouse or cohead
  - d. All adult family members
6. The head is 35, the spouse is 32, and the disabled son is 10. If the PHA has a preference for persons with disabilities, this family qualifies. (982.207)
  - a. True
  - b. False
7. Preferences must be verified: (982.201)
  - a. At initial application
  - b. At annual reexamination
  - c. To be placed on the waiting list
  - d. Before final eligibility is determined
  - e. It is not required that preferences be verified
8. If a PHA has multiple open waiting lists, the PHA: (982.205)
  - a. Must limit an applicant family to one waiting list only
  - b. Must offer to place an applicant family on every waiting list that is open
  - c. May limit an applicant family to one waiting list only
  - d. May remove an applicant family's name from one waiting list if the family has accepted housing in another program
  - e. May refuse to place an applicant family on more than one waiting list

9. Not less than 50 percent of the families admitted to a PHA's HCV program during the PHA fiscal year from the PHA waiting list must be extremely low-income families. (982.201)
  - a. True
  - b. False
10. All of the following preferences are prohibited (not allowed), EXCEPT:
  - a. Preference based on race or color
  - b. Preference based on family's willingness to participate in the Family Self-Sufficiency (FSS) program
  - c. Preference for families with a disabled family member
  - d. Preference for persons with a specific disability
11. Applicants must disclose and document Social Security numbers for: (5.216 and Notice PIH 2018-24)
  - a. All family members age six or over
  - b. All household members except noncontending family members
  - c. All household members except noncontending or elderly persons
12. Which of the following qualify as a "disabled family"? (5.403)
  - a. 51-year-old head with disabled daughter
  - b. Retired couple under 62 years of age with no children
  - c. 28-year-old head who is receiving SSI
  - d. None of the above
13. A mixed family, for purposes of the noncitizens rule, includes: (5.504 & 5.506)
  - a. Family members of different races
  - b. Family members of different nationalities
  - c. Some citizens and some eligible noncitizens
  - d. Some eligible members and some ineligible members

14. The income limit set at 50 percent of the median income for the area, as determined by HUD, is called the: (982.201)
  - a. Low-income limit
  - b. Very low-income limit
  - c. Extremely low-income limit
15. Which of the following family types would have their subsidy prorated? (5.504/5.506)
  - a. All members are citizens or eligible immigrants
  - b. Some members are citizens or eligible immigrants, and some are ineligible immigrants
  - c. All members are ineligible immigrants
  - d. All members are noncontending family members

**KNOWLEDGE CHECK 2: LEASING AND MOVES**

1. The maximum period for which a PHA may initially issue a voucher is 60 days. (982.302/303)
  - a. True
  - b. False
2. At the time of initial voucher issuance, verification must be no older than: (982.201)
  - a. 120 days
  - b. 90 days
  - c. 60 days
  - d. None of the above
3. Suspension of the voucher term: (982.303)
  - a. Is required for persons with disabilities
  - b. Is required by HUD
  - c. Is an optional policy for the PHA
  - d. Stops the clock on the voucher term from the date the family submits an RFTA until the date the PHA notifies the family in writing whether the request has been approved or denied
  - e. Both b and d
4. A briefing packet must be issued: (982.301)
  - a. When a family moves from one unit to another
  - b. When a family wants to exercise portability
  - c. After a family has been determined eligible and prior to or upon the initial issuance of a voucher for admission to the program
  - d. When the family reaches the top of the waiting list
  - e. Both a and c
5. The lease-up process is triggered by: (982.302)
  - a. The voucher issuance
  - b. The receipt of the request for tenancy approval
  - c. The receipt of the executed lease
  - d. The receipt of the executed lease and contract

6. Any HAP contract executed more than 60 calendar days from the beginning of the lease term is void, and the PHA may not pay any HAP to the owner. (982.305)
  - a. True
  - b. False
7. According to the HAP contract, if the brother of a member of Congress was the owner of the unit a voucher holder wanted to lease, it would be a conflict of interest. (Form 52641)
  - a. True
  - b. False
8. What documents must be compared to ensure that there is consistent data for the utility allowance calculation?
  - a. Owner's lease, HAP contract, RFTA, inspection report,
  - b. Voucher, owner's lease, RFTA, inspection report
  - c. RFTA, owner's lease, tenancy addendum, inspection report
9. The rent reasonableness methodology must be consistent with: (985.54)
  - a. Local practice
  - b. The real estate market
  - c. The annual adjustment factors
  - d. The administrative plan
10. The family unit size listed on the voucher is determined by:
  - a. The PHA's subsidy standards
  - b. HUD's occupancy standards
  - c. The family's request
  - d. All of the above



11. The tenant may terminate the lease without notice, and the PHA must reissue the voucher to allow the family to move. (982.314)
  - a. True
  - b. False
12. If the family moves from the unit without notice to the PHA or owner, the owner is only entitled to the HAP through the date that the family moved.
  - a. True
  - b. False

**KNOWLEDGE CHECK 3: ANNUAL AND INTERIM ACTIVITIES**

1. When a unit fails HQS because of a family-caused HQS violation: (982.404)
  - a. The family is given the same deadlines to correct the defect as the owner
  - b. The PHA must abate HAP to the owner if the defect is not corrected in time
  - c. The owner is responsible for correcting the defect
  - d. For non-life-threatening defects, the family is always given 90 days to correct the breach
2. If the owner wishes to raise the rent after the initial term of the lease: (HAP contract)
  - a. They must give the PHA 60 days notice prior to the date of the rent increase
  - b. They must do so in accordance with the terms of the lease
  - c. They may only do so at the time of the family's annual recertification
  - d. They may only do so on the anniversary date of the HAP contract
  - e. Both a and b
3. Rent to owner may not be increased during the initial term of the lease. (HAP contract)
  - a. True
  - b. False
4. HUD requires the PHA to perform an annual recertification each time a family moves to a new unit. (982.516)
  - a. True
  - b. False
5. Rent to owner can only be increased after the initial term of the lease. (HAP contract)
  - a. True
  - b. False

6. A new lease may not begin during the month the family moves from their old unit, as the overlap is considered duplicative subsidy. (982.311)
  - a. True
  - b. False
7. When an assisted family splits up, the voucher goes to: (982.315)
  - a. Whoever notifies the agency about the break up
  - b. Whoever is left in the assisted unit
  - c. Whoever originally signed up for the assistance
  - d. It's up to the PHA, depending on the policy stated in their administrative plan

**KNOWLEDGE CHECK 4: TERMINATIONS**

1. The PHA must terminate assistance to a participant family who is evicted from their unit for any reason. (982.552)
  - a. True
  - b. False
2. For which of the following violations is termination of assistance required by HUD? (982.552)
  - a. A family member assaults PHA personnel
  - b. The family is evicted from the unit for a serious violation of the lease
  - c. The family commits fraud or another criminal act in connection with the program
  - d. All of the above
3. In order to terminate the assistance of a participant family for the criminal activity of one of its members, the PHA must wait until the family member is either arrested or convicted. (982.553)
  - a. True
  - b. False
4. Shirley Mason is a participant in the HCV program. At her annual recertification, Shirley tells her case worker that she refuses to sign the HUD 9886 form because she doesn't want the PHA pulling EIV reports for her. The PHA must terminate her assistance. (982.552)
  - a. True
  - b. False
5. The HAP contract automatically terminates \_\_\_\_\_ calendar days after the last housing assistance payment to the owner. (982.445/HAP contract)
  - a. 180
  - b. 60
  - c. PHA policy

6. At the discretion of the PHA, the PHA may terminate assistance for all the following reasons, EXCEPT: (982.552)
  - a. A household member engaged in criminal activity
  - b. An individual can no longer live independently
  - c. A family member violates their family obligations
  - d. A family member threatened a PHA employee
7. When the PHA is no longer paying HAP because of an increase in participant income, the HAP contract must immediately be terminated. (982.445)
  - a. True
  - b. False

### **KNOWLEDGE CHECK 5: PORTABILITY**

1. For portability purposes, a non-resident applicant family is one in which: (982.353)
  - a. Neither the household head nor the spouse had a legal residence in the jurisdiction of the initial PHA at the time the family first applied
  - b. Neither the household head nor the spouse had a legal residence in the jurisdiction of the initial PHA at the time the family's name came to the top of the wait list
  - c. The head or spouse lived in another state when the family first applied
  - d. None of the above
2. During the 12-month period from the time of admission to the program, a nonresident family: (982.353)
  - a. May lease a unit anywhere in the jurisdiction of the initial PHA
  - b. Does not have a right to portability
  - c. May be allowed to exercise portability if the initial PHA allows portability during this period
  - d. All of the above
3. Which of the following is the IHA not required to provide the RHA for a participant exercising portability? (982.355/Notice PIH 2016-09)
  - a. Documentation of citizenship status
  - b. A copy of the voucher
  - c. Current verifications supporting the 50058
  - d. Form 52665 with Part 1 completed

4. The RHA may delay issuing a voucher to an applicant family porting into the RHA's jurisdiction for which of the following reasons? (982.355/Notice PIH 2016-09)
  - a. The family requires a handicap-accessible unit and there are none available
  - b. One of the family members has left the home during the move process
  - c. In order to determine that the family is income eligible
  - d. In order to require the family to attend a portability briefing
5. For which of the following reasons may an IHA deny a move under portability? (982.354/Notice PIH 2016-09)
  - a. The RHA will be administering the family's voucher
  - b. PHA policy does not allow families to move at any time other than their annual reexamination, and the family's annual is still six months away
  - c. PHA policy limits moves to once per year, and the family has already moved during the past twelve months
  - d. The IHA may deny a move under portability for all of the above reasons
6. Only the receiving PHA has the right to terminate the family's assistance if the PHA is administering the voucher. (982.355)
  - a. True
  - b. False
7. If the receiving PHA does not bill the initial PHA within the HUD-required timeframes, HUD may require the receiving PHA to absorb portable families. (982.355)
  - a. True
  - b. False
8. The voucher the receiving PHA issues cannot expire before 30 calendar days from the expiration date of the initial PHA's voucher. (982.355)
  - a. True
  - b. False

9. The initial PHA decides whether to extend the RHA's voucher under portability. (982.355)
  - a. True
  - b. False
10. The initial billing from the RHA is due to the IHA: (Notice PIH 2016-09)
  - a. 10 days from the effective date of the HAP contract
  - b. 10 days from the execution of the HAP contract
  - c. 90 days from the expiration of the IHA's voucher
  - d. 90 days from the expiration of the RHA's voucher
  - e. Both b and c
  - f. Both a and d
11. Initial payment must be made within \_\_\_\_ days of receipt of the HUD portability billing form. (Notice PIH 2016-09)
  - a. 10
  - b. 30
  - c. 60
  - d. 90



## CHAPTER 3: HUD SYSTEMS

### KNOWLEDGE CHECK 1: PIC

1. PIC is accessible by families who are in the database.
  - a. True
  - b. False
2. PIC allows RHAs to verify that a portable family is currently assisted at another PHA.
  - a. True
  - b. False
3. The report that is intended to be a snapshot of the status and condition of the PHA in communicating with the board or public is called the executive summary.
  - a. True
  - b. False
4. When a family exercises portability with its first admission into the voucher program, the receiving PHA must classify this as a:
  - a. Code 1. New Admission
  - b. Code 4. Portability Move-in
  - c. Code 5. Portability Move-out
  - d. Code 6. End of Participation
  - e. Code 7. Other Change of Unit
5. Which system validates Social Security numbers received against the Social Security Administration's data base?
  - a. EIV
  - b. Two-Year Tool
  - c. VMS
  - d. Both a and b only
  - e. a, b and c

6. When a family is active in PIC but should not be, what would be the most common cause?
  - a. Social Security number error
  - b. End of participation was rejected
  - c. Family receiving multiple subsidies
  - d. Change in head of household
7. The SEMAP indicators which are measured through PIC data include:
  - a. Adjusted income
  - b. Continuing HQS inspections
  - c. Voucher utilization
  - d. HQS quality control
  - e. Rent reasonableness
8. Housing authorities are scored by comparing what is in their systems with what is in PIC every month. Housing authorities who consistently score below this percentage may have sanctions imposed on them:
  - a. 90%
  - b. 95%
  - c. 97%
  - d. 98%
  - e. 100%
9. PIC stores records by:
  - a. Head of household name
  - b. Head of household SSN
  - c. Head of household date of birth
  - d. Head of household address
  - e. All of the above

10. If a recertification has to be in PIC but there is a later transaction in PIC for the family, what must be done for the earlier date to be accepted?
  - a. No problem—both records will be accepted
  - b. Neither record will be accepted
  - c. The later date transaction must be voided
  - d. Both transactions must be voided
11. Information gets into PIC through:
  - a. VMS
  - b. HUD 50058
  - c. HUD 9886
  - d. HUD Two-year tool
12. To successfully submit any transactions to PIC for existing families, what transactions must already have been submitted?
  - a. Portability move-out
  - b. Portability move-in
  - c. New admission
  - d. All of the above
  - e. Either b or c
13. If a Code 6, End of Participation, has been submitted, no further transactions will be accepted, and the family will not be verified in EIV if:
  - a. The family tries to port out
  - b. The family tries to port in
  - c. There is no New Admission
  - d. The EOP is not voided

**KNOWLEDGE CHECK 2: EIV**

1. EIV compares data to all listed below EXCEPT:
  - a. Social Security Administration
  - b. Real Estate Assessment Center
  - c. Internal Revenue Service
  - d. National Database of New Hires
2. EIV verifies all of the following EXCEPT:
  - a. Asset sources and amounts
  - b. Name and date of birth of each household member
  - c. Multiple subsidies
  - d. Certain income sources and amounts
3. The report(s) that are required to be completed before HAP issuance are:
  - a. Multiple subsidy report
  - b. Income discrepancy report
  - c. Zero income report
  - d. Deceased tenants report
  - e. Both a and d
4. An EIV report for a new admission is only required to be run at their next annual reexamination.
  - a. True
  - b. False
5. Which system verifies household information?
  - a. PIC
  - b. VMS
  - c. TYT
  - d. SEMAP

6. The Department of Health and Human Services with New Hires Database produces this kind of information:
  - a. SS/SSI benefits
  - b. Deaths
  - c. Wage and employment
  - d. Real estate
  - e. Medicare
7. Which agency is likely to fail a record for a deceased tenant?
  - a. Department of Health and Human Services
  - b. Social Security Administration
  - c. Real Estate Assessment Center
  - d. New Hires Database
8. The actions that should be taken on a deceased tenant report before updating the PHA's software system of record include:
  - a. Run the report monthly
  - b. Enter results into PHA's tracking system
  - c. Follow PHA policy for the effective date of action
  - d. Contact the remaining family members or the emergency contact
  - e. All of the above
9. If the head of household is deceased and the only remaining members are minors but have a guardian who will assume the voucher, what action should the PHA take?
  - a. Follow PHA policy for termination
  - b. Guardians cannot assume the voucher because they were never on the lease
  - c. Follow PHA policy for reporting new head of household's social security number
  - d. Ensure the former head of household's Social Security number is on form HUD-50058 on the proper line
  - e. Both c and d above

10. HUD requires an EIV report be run within \_\_\_\_\_ days after PIC submission of an initial lease-up.
- a. 30
  - b. 60
  - c. 90
  - d. 120

## CHAPTER 4: YOUR MONEY AT WORK

### KNOWLEDGE CHECK 1: FUNDING AND FINANCIAL

1. The primary contractual agreement between the PHA and HUD is the:
  - a. Annual consolidated contract
  - b. PHA plan
  - c. HCV administrative plan
  - d. Annual contributions contract
  - e. Strategic plan contract
2. The total allocation of units from HUD is referred to as:
  - a. Baseline units
  - b. Certified units
  - c. Leased units
  - d. Issued units
3. HUD may, at its discretion, provide additional funding to the PHA if it over leases units.
  - a. True
  - b. False
4. If a PHA's actual per unit cost (PUC) is higher than the funded PUC:
  - a. HUD will provide additional funding to cover the cost
  - b. HUD will not provide additional funding to cover the cost
  - c. HUD will reduce administrative fees by 10 percent
  - d. Both b and c
5. If a PHA leased 400 units for each month in the calendar year, that would be \_\_\_\_\_ actual unit months leased:
  - a. 400
  - b. 480
  - c. 4000
  - d. 4800

6. To determine the actual per unit cost for six months:
  - a. Divide the total HAP for one month by six
  - b. Divide the total HAP paid for six months by the unit months leased for six months
  - c. Divide the total HAP paid for six months by the current number of units under lease
  - d. Multiply the total number of units leased by the average HAP
7. Funding is based on:
  - a. The same amount each year
  - b. Previous year's expenditures
  - c. Current year's expenditures
  - d. None of the above
8. The PHA earns administrative fees by the number of units leased on the first day of the:
  - a. Year
  - b. Quarter
  - c. Month
  - d. Week
9. If actual per unit cost exceeds the funded per unit cost:
  - a. The PHA must apply to HUD for additional funds
  - b. The PHA cannot fully lease up to its voucher allocation
  - c. The baseline units must be adjusted by HUD
  - d. All of the above
10. The HUD per unit cost is calculated by dividing the annual budget authority by:
  - a. The annual actual units leased
  - b. 12
  - c. The annual baseline unit months approved by HUD
  - d. The actual expenditures per year



11. Administrative fee reserves generally should be used for:
  - a. One-time events
  - b. Long-term expenses
  - c. Whatever the board approves
12. A PHA may lease in excess of its authorized units in a given month or months but must be within total authorized unit months by calendar year end.
  - a. True
  - b. False
13. Common actions taken by PHAs to lower PUC include:
  - a. Implementing stricter subsidy standards
  - b. Limiting moves
  - c. Conducting interims for income increases
  - d. Establishing a minimum rent of \$50
  - e. a, c and d

**KNOWLEDGE CHECK 2: VOUCHER MANAGEMENT SYSTEMS (VMS)**

1. Who is eligible to submit to the Voucher Management System?
  - a. Executive director
  - b. Board of commissioners
  - c. Finance manager
  - d. All of the above
  - e. Only someone with a WASS ID
2. Expenses are reported in VMS on a(n) \_\_\_\_ basis:
  - a. Actual
  - b. Accrual
  - c. Calendar year
  - d. Semi annual
3. PHAs must report required data to the Voucher Management System (VMS) on a(n) \_\_\_\_\_ basis:
  - a. Annual
  - b. Monthly
  - c. Biannual
  - d. Quarterly
4. The HUD entity that is responsible for maintaining funding controls, approving funding requisitions, and validating VMS data is:
  - a. HUD regional offices
  - b. HUD field offices
  - c. HUD Real Estate Assessment Center (REAC)
  - d. HUD Financial Management Center (FMC)
5. Leased units must be broken out by their specific funding source.
  - a. True
  - b. False

6. To make VMS corrections, the PHA needs to resubmit the HUD-50058.
  - a. True
  - b. False
7. The PHA can always rely on the VMS data because:
  - a. It is current
  - b. It will always include all the months in the year
  - c. It cannot be overridden by the PHA
  - d. None of the above

## CHAPTER 5: PROGRAM UTILIZATION

### KNOWLEDGE CHECK 1: HUD TWO-YEAR TOOL (TYT) OVERVIEW

1. The TYT projects HCV leasing, funding, and spending over:
  - a. The current year
  - b. Two years
  - c. Three years
  - d. Four years
2. The TYT can populate actual data from these sources:
  - a. Annual budget authority
  - b. Leasing information from VMS
  - c. Reserves
  - d. All of the above
  - e. None of the above
3. The TYT can also compute all of the following except:
  - a. Success rates
  - b. Turnover rates
  - c. Earned administrative fees
  - d. Administrative fee reserves
4. One of the most useful features of the TYT is:
  - a. Track portability in and out actions
  - b. Determine the number of families to select from the waiting list to reach desired lease-up
  - c. Determine the number of families to be annually reexamined in a month
  - d. Determine the number of informal reviews requested

**KNOWLEDGE CHECK 2: USING THE TYT FOR PROGRAM UTILIZATION**

1. The Success Rate in the Two-Year Tool is:
  - a. The percent of eligible families receiving a voucher
  - b. The percent of participants leaving the program
  - c. The average number of months for which vouchers are issued
  - d. The percent of families issued vouchers that successfully lease up
2. To develop a leasing plan, you need all of the following information except:
  - a. Administrative fee reserves
  - b. Annual budget authority
  - c. Baseline units
  - d. Desired HAP Reserves
3. The TYT calculates success rates.
  - a. True
  - b. False
4. The annual turnover rate:
  - a. Is based on PHA actual data from EIV
  - b. Is based on PHA actual data from PIC
  - c. Is based on current data
  - d. Cannot be computed in the TYT
5. The figures that need to be updated monthly include:
  - a. Actual unit months leased
  - b. Leasing intervals
  - c. Monthly budget authority
  - d. Monthly administrative fee
  - e. Both a and b
6. When you enter data into the TYT, it will save to HUD's website.
  - a. True
  - b. False

7. In estimating the number of applicant families to pull from the waiting list, all of the following should be considered except:
  - a. Pull smaller families first, in order to lease up more vouchers
  - b. Review lease up success rates
  - c. Review current housing trends
  - d. Know your baseline ACC vouchers
  - e. Know your available budget authority
8. You are the HCV waiting list supervisor. Your PHA is underleased by 489 vouchers. Which of the following statements is true?
  - a. You would pull 489 applicant families from the waiting list
  - b. You would pull 4,890 applicant families from the waiting list
  - c. You would review your needs analysis data and methodology to determine how many applicant families to select
  - d. None of the above

## CHAPTER 6: SEMAP (985)

### KNOWLEDGE CHECK 1: SEMAP

1. Key performance indicators under SEMAP include all of the following, EXCEPT:
  - a. Waiting list
  - b. Payment standards
  - c. Adjusted income
  - d. Fair housing
  - e. Continuing HQS inspections
2. All SEMAP indicators require a supervisory audit.
  - a. True
  - b. False
3. SEMAP ratings make up the PHA profile. The profile includes which of the following?
  - a. The percentage score
  - b. An overall rating
  - c. A point score for each indicator
  - d. All of the above
4. If your agency received a SEMAP score of 61 percent, it would be ranked at which performance level?
  - a. High performer
  - b. Standard performer
  - c. Low performer
  - d. Troubled performer
5. Which indicator(s) require a supervisory audit?
  - a. Indicator 10. Correct Tenant Rent Calculations
  - b. FSS
  - c. HQS enforcement
  - d. Biennial HQS inspections

6. Agency SEMAP certification is due:
  - a. Within 30 calendar days of the agency's fiscal year end (FYE)
  - b. 30 calendar days before the agency's fiscal year end (FYE)
  - c. Within 60 calendar days of the agency's fiscal year end (FYE)
  - d. Quarterly
  - e. With each PIC submission
7. PHAs can appeal a troubled status.
  - a. True
  - b. False
8. Sampling for Indicator 5, HQS Quality Control Inspections, should be drawn from:
  - a. Recently completed inspections
  - b. Cross section of neighborhoods
  - c. Cross section of inspectors' work
  - d. All of the above
9. A HUD field office may change a PHA's Indicator 10: Correct Tenant Rent Calculations score to zero if the PHA fails Indicator 3: Determination of Adjusted Income.
  - a. True
  - b. False
10. The PIC SEMAP Indicators Report for Annual Reexaminations shows:
  - a. The number of families who have had a change in the effective date of their annual reexaminations
  - b. A list of families with rent discrepancies as of their last annual reexamination
  - c. The number of families whose last annual reexamination was 14 or more months ago
  - d. The list of families with zero income



11. Which of the following SEMAP indicators is not scored through IMS/PIC?
  - a. Pre-Contract HQS Inspections
  - b. Waiting List Selection
  - c. Annual/Biennial HQS Inspections
  - d. Correct Tenant Rent Calculations
12. An error in the calculation of the utility allowance would affect which SEMAP indicator?
  - a. Correct Tenant Rent Calculations
  - b. Utility Allowance Schedule
  - c. Determination of Adjusted Income
  - d. Annual Reexaminations

## CHAPTER 7: QUALITY CONTROL

### KNOWLEDGE CHECK 1

1. The first step in developing a quality control plan is to:
  - a. Identify key performance indicators
  - b. Develop forms and tools for the quality control staff
  - c. Develop a calendar of quality control events
  - d. Develop a buddy system for staff quality control
2. Quality control systems should be designed around:
  - a. The PHA's goals and desired outcomes
  - b. The number of staff
  - c. The number of quality control staff
  - d. Prior SEMAP scores
3. As it relates to tenant files, the first level of quality control should be done by:
  - a. The QC specialist
  - b. The supervisor
  - c. The housing specialist who completed the work on the file
  - d. The executive director
4. Errors are more likely to repeat themselves in the future if:
  - a. The QC specialist corrects all errors found
  - b. The housing specialist corrects the errors found
  - c. The HCV manager corrects all errors
  - d. Both a and c
5. File reviews help do all of the following except:
  - a. Evaluate the level of customer service provided to families by housing specialists
  - b. Evaluate the accuracy and timeliness of the work of housing specialists
  - c. Determine if required documents and documentation are present in the file
  - d. Evaluate compliance with PHA policies

6. When you are conducting QC file reviews, you should evaluate the file data and perform your own calculations before comparing to the form HUD-50058.
  - a. True
  - b. False
7. A supervisor or quality control staff person is reviewing a file with the specialist who performed the work. This is an appropriate time to discuss the specialist's overall job performance.
  - a. True
  - b. False
8. Quality control (QC) results should be tracked at the following levels:
  - a. Individual
  - b. Supervisor
  - c. Department
  - d. All of the above
9. Who is responsible for addressing a staff person's performance deficiencies?
  - a. QC person who reviews the files
  - b. QC
  - c. The staff person's supervisor
  - d. Any of the above

**KNOWLEDGE CHECKS ANSWERS****CHAPTER 1: HUD'S REGULATORY ENVIRONMENT AND POLICY DEVELOPMENT****Knowledge Check 1: Terminology****I. Match the following terms with their definitions:**

a. 6	c. 3	e. 2
b. 1	d. 5	f. 4

**II. Match the following program responsibilities with the entity or party responsible:**

a. 7	c. 5	e. 4	g. 2
b. 1	d. 6	f. 3	

3. b	5. d
4. a	

**Knowledge Check 2: Admin Plan**

1. b	4. c	7. b	10. b
2. d	5. b	8. c	11. c
3. b	6. a	9. d	

**CHAPTER 2: PROGRAM KNOWLEDGE AREAS****Knowledge Check 1: Waiting List, Selection and Eligibility**

1. c	4. b	7. d	10. c	13. d
2. b	5. c	8. b	11. b	14. b
3. b	6. a	9. b	12. c	15. b

**Knowledge Check 2: Leasing and Moves**

1. b	4. c	7. a	10. a
2. c	5. b	8. a	11. b
3. e	6. a	9. d	12. b

**Knowledge Check 3: Annual and Interim Activities**

1. a	3. a	5. a	7. d
2. e	4. b	6. b	

**Knowledge Check 4: Terminations**

1. b	3. b	5. a	7. b
2. b	4. a	6. b	

**Knowledge Check 5: Portability**

1. a	4. c	7. a	10. e
2. d	5. c	8. a	11. b
3. a	6. b	9. b	

**CHAPTER 3: HUD SYSTEMS****Knowledge Check 1: PIC**

1. b	4. a	7. b	10. c	13. d
2. a	5. a	8. b	11. b	
3. a	6. b	9. e	12. e	

**Knowledge Check 2: EIV**

1. c	3. d	5. a	7. b	9. e
2. a	4. b	6. c	8. e	10. d

**CHAPTER 4: YOUR MONEY AT WORK****Knowledge Check 1: Funding and Financial**

1. d	4. b	7. b	10. c	13. e
2. a	5. d	8. c	11. a	
3. b	6. b	9. b	12. a	

**Knowledge Check 2: Voucher Management Systems (VMS)**

1. e	3. b	5. a	7. d
2. b	4. d	6. b	

**CHAPTER 5: PROGRAM UTILIZATION****Knowledge Check 1: HUD Two-Year Tool (TYT) Overview**

1. d	2. d	3. d	4. b
------	------	------	------

**Knowledge Check 2: Using the TYT for Program Utilization**

1. d	3. a	5. e	7. a
2. a	4. b	6. b	8. c

**CHAPTER 6: SEMAP (985)****Knowledge Check 1: SEMAP**

1. d	4. b	7. a	10. c
2. b	5. c	8. d	11. b
3. d	6. c	9. a	12. c

**CHAPTER 7: QUALITY CONTROL****Knowledge Check 1**

1. a	3. c	5. a	7. b	9. c
2. a	4. d	6. a	8. d	

Notes



## CHAPTER 10

## HUD References

## 24 CFR REFERENCES

**PART 5 GENERAL HUD PROGRAM REQUIREMENTS; WAIVERS****Subpart B Disclosure and Verification of Social Security Numbers and Employer Identification Numbers; Procedures for Obtaining Income Information****5.216 Disclosure and verification of Social Security and Employer Identification Numbers.**

(a) General. The requirements of this section apply to applicants and participants as described in this section, except that this section is inapplicable to individuals who do not contend eligible immigration status under subpart E of this part (see §5.508).

(b) Disclosure required of assistance applicants. Each assistance applicant must submit the following information to the processing entity when the assistance applicant's eligibility under the program involved is being determined.

(1) The complete and accurate SSN assigned to the assistance applicant and to each member of the assistance applicant's household; and

(2) The documentation referred to in paragraph (g)(1) of this section to verify each such SSN.

(c) Disclosure required of individual owner applicants. Each individual owner applicant must submit the following information to the processing entity when the individual owner applicant's eligibility under the program involved is being determined:

(1) The complete and accurate SSN assigned to the individual owner applicant and to each member of the individual owner applicant's household who will be obligated to pay the debt evidenced by the mortgage or loan documents; and

(2) The documentation referred to in paragraph (g)(1) of this section to verify each such SSN.

(d) Disclosure required of certain officials of entity applicants. Each officer, director, principal stockholder, or other official of an entity applicant must submit the following information to the processing entity when the entity applicant's eligibility under the program involved is being determined:

(1) The complete and accurate SSN assigned to each such individual; and

(2) The documentation referred to in paragraph (g)(1) of this section to verify each SSN.

(e) Disclosure required of participants—(1) Initial disclosure. (i) Each participant, except those age 62 or older as of January 31, 2010, whose initial determination of eligibility was begun before January 31, 2010, must submit the information described in paragraph (e)(1)(ii) of this section, if the participant has:

(A) Not previously disclosed a SSN;

(B) Previously disclosed a SSN that HUD or the SSA determined was invalid; or

(C) Been issued a new SSN.

(ii) Each participant subject to the disclosure requirements under paragraph (e)(1)(i) of this section must submit the following information to the processing entity at the next interim or regularly scheduled reexamination or recertification of family composition or income, or other reexamination or recertification for the program involved:

(A) The complete and accurate SSN assigned to the participant and to each member of the participant's household; and

(B) The documentation referred to in paragraph (g)(1) of this section to verify each such SSN.

(2) Subsequent disclosure. Once a participant has disclosed and the processing entity has verified each SSN, the following rules apply:

(i) Addition of new household member who is at least 6 years of age or under the age of 6 and has an assigned SSN. When the participant requests to add a new household member who is at least 6 years of age, or is under the age of 6 and has an assigned SSN, the participant must provide the following to the processing entity at the time of the request, or at the time of processing the interim reexamination or recertification of family composition that includes the new member(s):

(A) The complete and accurate SSN assigned to each new member; and

(B) The documentation referred to in paragraph (g)(1) of this section to verify the SSN for each new member.

(ii) Addition of new household member who is under the age of 6 and has no assigned SSN. (A) When a participant requests to add a new household member who is under the age of 6 and has not been assigned a SSN, the participant shall be required to provide the complete and accurate SSN assigned to each new child and the documentation referred to in paragraph (g)(1) of this section to verify the SSN for each new child within 90 calendar days of the child being added to the household.

(B) The processing entity shall grant an extension of one additional 90-day period if the processing entity, in its discretion, determines that the participant's failure to comply was due to circumstances that could not have reasonably been foreseen and were outside the control of the participant. During the period that the processing entity is awaiting documentation of a SSN, the processing entity shall include the child as part of the assisted household and the child shall be entitled to all the benefits of being a household member. If, upon expiration of the provided time period, the participant fails to produce a SSN, the processing entity shall follow the provisions of §5.218.

(iii) Assignment of new SSN. If the participant or any member of the participant's household has been assigned a new SSN, the participant must submit the following to the processing entity at either the time of receipt of the new SSN; at the next interim or regularly scheduled reexamination or recertification of family composition or income, or other reexamination or recertification; or at such earlier time specified by the processing entity:

(A) The complete and accurate SSN assigned to the participant or household member involved; and

(B) The documentation referred to in paragraph (g)(1) of this section to verify the SSN of each individual.

(f) Disclosure required of entity applicants. Each entity applicant must submit the following information to the processing entity when the entity applicant's eligibility under the program involved is being determined:

(1) Any complete and accurate EIN assigned to the entity applicant; and

(2) The documentation referred to in paragraph (g)(2) of this section to verify the EIN.

(g) Required documentation—(1) SSN. The documentation necessary to verify the SSN of an individual who is required to disclose his or her SSN under paragraphs (a) through (e) of this section is:

(i) A valid SSN card issued by the SSA;

(ii) An original document issued by a federal or state government agency, which contains the name of the individual and the SSN of the individual, along with other identifying information of the individual; or

(iii) Such other evidence of the SSN as HUD may prescribe in administrative instructions.

(2) EIN. The documentation necessary to verify an EIN of an entity applicant that is required to disclose its EIN under paragraph (f) of this section is the official, written communication from the Internal Revenue Service (IRS) assigning the EIN to the entity applicant, or such other evidence of the EIN as HUD may prescribe in administrative instructions.

(h) Effect on assistance applicants. (1) Except as provided in paragraphs (h)(2) and (3) of this section, if the processing entity determines that the assistance applicant is otherwise eligible to participate in a program, the assistance applicant may retain its place on the waiting list for the program but cannot become a participant until it can provide the documentation referred to in paragraph (g)(1) of this section to verify the SSN of each member of the household.

(2) For applicants to the Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program for Homeless Individuals under 24 CFR part 882, subpart H, the documentation required in paragraph (g)(1) of this section must be provided to the processing entity within 90 calendar days from the date of admission into the program. The processing entity shall grant an extension of one additional 90-day period if the processing entity, in its discretion, determines that the applicant's failure to comply was due to circumstances that could not have reasonably been foreseen and were outside the control of the applicant. If, upon expiration of the provided time period, the individual fails to produce a SSN, the processing entity shall follow the provisions of §5.218.

(3) If a child under the age of 6 years was added to the assistance applicant household within the 6-month period prior to the household's date of admission (or, for the HCV program, the date of voucher issuance), the assistance applicant may become a participant, so long as the documentation required in paragraph (g)(1) of this section is provided to the processing entity within 90 calendar days from the date of admission into the program (or, for the HCV program, the effective date of the Housing Assistance Payment contract). The processing entity must grant an extension of one additional 90-day period if the processing entity determines that, in its discretion, the assistance applicant's failure to comply was due to circumstances that could not reasonably have been foreseen and were outside the control of the assistance applicant. If the applicant family fails to produce the documentation required in paragraph (g)(1) of this section within the required time period, the processing entity must follow the provisions of §5.218.

(i) Rejection of documentation. The processing entity must not reject documentation referred to in paragraph (g) of this section, except as HUD may otherwise prescribe through publicly issued notice.

#### **Subpart D Definitions for Section 8 and Public Housing Assistance Under the United States Housing Act of 1937**

##### **5.403 Definitions.**

Annual contributions contract (ACC) means the written contract between HUD and a PHA under which HUD agrees to provide funding for a program under the 1937 Act, and the PHA agrees to comply with HUD requirements for the program.

Applicant means a person or a family that has applied for housing assistance.

Disabled family means a family whose head (including co-head), spouse, or sole member is a person with a disability. It may include two or more persons with disabilities living together, or one or more persons with disabilities living with one or more live-in aides.

Displaced family means a family in which each member, or whose sole member, is a person displaced by governmental action, or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief.

Elderly family means a family whose head (including co-head), spouse, or sole member is a person who is at least 62 years of age. It may include two or more persons who are at least 62 years of age living together, or one or more persons who are at least 62 years of age living with one or more live-in aides.

Family includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status:

(1) A single person, who may be an elderly person, displaced person, disabled person, near-elderly person, or any other single person; or

(2) A group of persons residing together, and such group includes, but is not limited to:

(i) A family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family);

(ii) An elderly family;

(iii) A near-elderly family;

(iv) A disabled family;

(v) A displaced family; and

(vi) The remaining member of a tenant family.

Live-in aide means a person who resides with one or more elderly persons, or near-elderly persons, or persons with disabilities, and who:

(1) Is determined to be essential to the care and well-being of the persons;

(2) Is not obligated for the support of the persons; and

(3) Would not be living in the unit except to provide the necessary supportive services.

Near-elderly family means a family whose head (including co-head), spouse, or sole member is a person who is at least 50 years of age but below the age of 62; or two or more persons, who are at least 50 years of age but below the age of 62, living together; or one or more persons who are at least 50 years of age but below the age of 62, living with one or more live-in aides.

Person with disabilities:

(1) Means a person who:

(i) Has a disability, as defined in 42 U.S.C. 423;

(ii) Is determined, pursuant to HUD regulations, to have a physical, mental, or emotional impairment that:

(A) Is expected to be of long-continued and indefinite duration;

(B) Substantially impedes his or her ability to live independently, and

(C) Is of such a nature that the ability to live independently could be improved by more suitable housing conditions; or

(iii) Has a developmental disability as defined in 42 U.S.C. 6001.

(2) Does not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome;

(3) For purposes of qualifying for low-income housing, does not include a person whose disability is based solely on any drug or alcohol dependence; and

(4) Means "individual with handicaps", as defined in §8.3 of this title, for purposes of reasonable accommodation and program accessibility for persons with disabilities.

#### **Subpart E Restrictions on Assistance to Noncitizens**

##### **5.504 Definitions.**

(a) The definitions 1937 Act, HUD, Public Housing Agency (PHA), and Section 8 are defined in subpart A of this part.

(b) As used in this subpart E:

Child means a member of the family other than the family head or spouse who is under 18 years of age.

Citizen means a citizen or national of the United States.

Evidence of citizenship or eligible status means the documents which must be submitted to evidence citizenship or eligible immigration status. (See §5.508(b).)

Family has the same meaning as provided in the program regulations of the relevant Section 214 covered program.

Head of household means the adult member of the family who is the head of the household for purposes of determining income eligibility and rent.

Housing covered programs means the following programs administered by the Assistant Secretary for Housing:

(1) Section 235 of the National Housing Act (12 U.S.C. 1715z) (the Section 235 Program);

(2) Section 236 of the National Housing Act (12 U.S.C. 1715z-1) (tenants paying below market rent only) (the Section 236 Program); and

(3) Section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s) (the Rent Supplement Program).

INS means the U.S. Immigration and Naturalization Service.

Mixed family means a family whose members include those with citizenship or eligible immigration status, and those without citizenship or eligible immigration status.

National means a person who owes permanent allegiance to the United States, for example, as a result of birth in a United States territory or possession.

Noncitizen means a person who is neither a citizen nor national of the United States.

Project owner means the person or entity that owns the housing project containing the assisted dwelling unit.

Public Housing covered programs means the public housing programs administered by the Assistant Secretary for Public and Indian Housing under title I of the 1937 Act. This definition does not encompass HUD's Indian Housing programs administered under title II of the 1937 Act. Further, this term does not include those programs providing assistance under section 8 of the 1937 Act. (See definition of "Section 8 Covered Programs" in this section.)

Responsible entity means the person or entity responsible for administering the restrictions on providing assistance to noncitizens with ineligible immigration status. The entity responsible for administering the restrictions on providing assistance to noncitizens with ineligible immigration status under the various covered programs is as follows:

(1) For the Section 235 Program, the mortgagee.

(2) For Public Housing, the Section 8 Rental Certificate, the Section 8 Rental Voucher, and the Section 8 Moderate Rehabilitation programs, the PHA administering the program under an ACC with HUD.

(3) For all other Section 8 programs, the Section 236 Program, and the Rent Supplement Program, the owner.

Section 8 covered programs means all HUD programs which assist housing under Section 8 of the 1937 Act, including Section 8-assisted housing for which loans are made under section 202 of the Housing Act of 1959.

Section 214 means section 214 of the Housing and Community Development Act of 1980, as amended (42 U.S.C. 1436a).

Section 214 covered programs is the collective term for the HUD programs to which the restrictions imposed by Section 214 apply. These programs are set forth in §5.500.

Tenant means an individual or a family renting or occupying an assisted dwelling unit. For purposes of this subpart E, the term tenant will also be used to include a homebuyer, where appropriate.

## **5.506 General provisions.**

(a) Restrictions on assistance. Financial assistance under a Section 214 covered program is restricted to:

(1) Citizens; or

(2) Noncitizens who have eligible immigration status under one of the categories set forth in Section 214 (see 42 U.S.C. 1436a(a)).

(b) Family eligibility for assistance. (1) A family shall not be eligible for assistance unless every member of the family residing in the unit is determined to have eligible status, as described in paragraph (a) of this section, or unless the family meets the conditions set forth in paragraph (b)(2) of this section.

(2) Despite the ineligibility of one or more family members, a mixed family may be eligible for one of the three types of assistance provided in §§5.516 and 5.518. A family without any eligible members and receiving assistance on June 19, 1995 may be eligible for temporary deferral of termination of assistance as provided in §§5.516 and 5.518.

(c) Preferences. Citizens of the Republic of Marshall Islands, the Federated States of Micronesia, and the Republic of Palau who are eligible for assistance under paragraph (a)(2) of this section are entitled to receive local preferences for housing assistance, except that, within Guam, such citizens who have such local preference will not be entitled to housing assistance in preference to any United States citizen or national resident therein who is otherwise eligible for such assistance.

## **PART 982 SECTION 8 TENANT BASED ASSISTANCE: HOUSING CHOICE VOUCHER PROGRAM**

### **Subpart A General Information**

#### **982.1 Programs: Purpose and structure.**

(a) *General description.* (1) In the HUD Housing Choice Voucher (HCV) program, HUD pays rental subsidies so eligible families can afford decent, safe, and sanitary housing. The HCV program is generally administered by State or local governmental entities called public housing agencies (PHAs). HUD provides housing assistance funds to the PHA. HUD also provides funds for PHA administration of the program.

(2) Families select and rent units that meet program housing quality standards. If the PHA approves a family's unit and tenancy, the PHA contracts with the owner to make rent subsidy payments on behalf of the family. A PHA may not approve a tenancy unless the rent is reasonable.

(3) Subsidy in the HCV program is based on a local "payment standard" that reflects the cost to lease a unit in the local housing market. If the rent is less than the payment standard, the family generally pays 30 percent of adjusted monthly income for rent. If the rent is more than the payment standard, the family pays a larger share of the rent.

(b) *Tenant-based and project-based assistance.* (1) Section 8 assistance may be 'tenant-based' or 'project-based'. In project-based programs, rental assistance is paid for families who live in specific housing developments or units. With tenant-based assistance, the assisted unit is selected by the family. The family may rent a unit anywhere in the United States in the jurisdiction of a PHA that runs a voucher program.

(2) To receive tenant-based assistance, the family selects a suitable unit. After approving the tenancy, the PHA enters into a contract to make rental subsidy payments to the owner to subsidize occupancy by the family. The PHA contract with the owner only covers a single unit and a specific assisted family. If the family moves out of the leased unit, the contract with the owner terminates. The family may move to another unit with continued assistance so long as the family is complying with program requirements.

**982.2 Applicability.**

Part 982 contains the program requirements for the tenant-based housing assistance program under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f). The tenant-based program is the HCV program.

**982.3 HUD.**

The HUD field offices have been delegated responsibility for day-to-day administration of the program by HUD. In exercising these functions, the field offices are subject to HUD regulations and other HUD requirements issued by HUD headquarters. Some functions are specifically reserved to HUD headquarters.

**982.4 Definitions.**

(a) *Definitions found elsewhere*—(1) *General definitions.* The following terms are defined in part 5, subpart A of this title: 1937 Act, covered person, drug, drug-related criminal activity, federally assisted housing, guest, household, HUD, MSA, other person under the tenant's control, public housing, Section 8, and violent criminal activity.

(2) *Definitions concerning family income and rent.* The terms “adjusted income,” “annual income,” “extremely low income family,” “tenant rent,” “total tenant payment,” “utility allowance,” “utility reimbursement,” and “welfare assistance” are defined in part 5, subpart F of this title. The definitions of “tenant rent” and “utility reimbursement” in part 5, subpart F of this title do not apply to the HCV program under part 982.

(b) In addition to the terms listed in paragraph (a) of this section, the following definitions apply:

*Absorption.* For purposes of subpart H, the point at which a receiving PHA starts making assistance payments with funding under its consolidated ACC, rather than billing the initial PHA.

*Administrative fee.* Fee paid by HUD to the PHA for administration of the program. See §982.152.

*Administrative fee reserve* (formerly “operating reserve”). Account established by PHA from excess administrative fee income. The administrative fee reserve must be used for housing purposes. See §982.155.

*Administrative plan.* The plan that describes PHA policies for administration of the HCV program. See §982.54.

*Admission.* The point when the family becomes a participant in the program. The date used for this purpose is the effective date of the first HAP contract for a family (first day of initial lease term) in the tenant-based program.

*Applicant* (applicant family). A family that has applied for admission to the HCV program but is not yet a program participant.

*Budget authority.* An amount authorized and appropriated by the Congress for payment to PHAs under the HCV program. For each funding increment in the program, budget authority is the maximum amount that may be paid by HUD to the PHA over the ACC term of the funding increment.

*Common space.* In shared housing: Space available for use by the assisted family and other occupants of the unit.

*Congregate housing.* Housing for elderly persons or persons with disabilities that meets the HQS for congregate housing. A special housing type: see §982.606 to §982.609.

*Continuously assisted.* An applicant is continuously assisted under the 1937 Act if the family is already receiving assistance under any 1937 Act program when the family is admitted to the HCV program.

*Cooperative.* Housing owned by a corporation or association, and where a member of the corporation or association has the right to reside in a particular unit, and to participate in management of the housing.

*Cooperative member.* A family of which one or more members owns membership shares in a cooperative.

*Domicile.* The legal residence of the household head or spouse as determined in accordance with State and local law.

*Downpayment assistance grant.* A form of homeownership assistance in the homeownership option: A single downpayment assistance grant for the family. If a family receives a downpayment assistance grant, a PHA may not make monthly homeownership assistance payments for the family. A downpayment assistance grant is applied to the downpayment for purchase of the home or reasonable and customary closing costs required in connection with purchase of the home.

*Fair market rent (FMR).* The rent, including the cost of utilities (except telephone), as established by HUD for units of varying sizes (by number of bedrooms), that must be paid in the housing market area to rent privately owned, existing, decent, safe and sanitary rental housing of modest (non-luxury) nature with suitable amenities. See periodic publications in the Federal Register in accordance with 24 CFR part 888.

*Family.* A person or group of persons, as determined by the PHA consistent with 24 CFR 5.403, approved to reside in a unit with assistance under the program. See “family composition” at §982.201(c).

*Family rent to owner.* In the voucher program, the portion of rent to owner paid by the family. For calculation of family rent to owner, see §982.515(b).

*Family self-sufficiency program (FSS program).* The program established by a PHA in accordance with 24 CFR part 984 to promote self-sufficiency of assisted families, including the coordination of supportive services (42 U.S.C. 1437u).

*Family share.* The portion of rent and utilities paid by the family. For calculation of family share, see §982.515(a).

*Family unit size.* The appropriate number of bedrooms for a family, as determined by the PHA under the PHA subsidy standards.

*First-time homeowner.* In the homeownership option: A family of which no member owned any present ownership interest in a residence of any family member during the three years before commencement of homeownership assistance for the family. The term “first-time homeowner” includes a single parent or displaced homemaker (as those terms are defined in 12 U.S.C. 12713) who, while married, owned a home with his or her spouse, or resided in a home owned by his or her spouse.

*Funding increment.* Each commitment of budget authority by HUD to a PHA under the consolidated annual contributions contract for the PHA program.

*Gross rent.* The sum of the rent to owner plus any utility allowance.

*Group home.* A dwelling unit that is licensed by a State as a group home for the exclusive residential use of two to twelve persons who are elderly or persons with disabilities (including any live-in aide). A special housing type: see §982.610 to §982.614.

*HAP contract.* Housing assistance payments contract.

*Home.* In the homeownership option: A dwelling unit for which the PHA pays homeownership assistance.

*Homeowner.* In the homeownership option: A family of which one or more members owns title to the home.

*Homeownership assistance.* Assistance for a family under the homeownership option. There are two alternative and mutually exclusive forms of homeownership assistance by a PHA for a family: monthly homeownership assistance payments, or a single downpayment assistance grant. Either form of homeownership assistance may be paid to the family, or to a mortgage lender on behalf of the family.

*Homeownership expenses.* In the homeownership option: A family's allowable monthly expenses for the home, as determined by the PHA in accordance with HUD requirements (see §982.635).

*Homeownership option.* Assistance for a homeowner or cooperative member under §982.625 to §982.641. A special housing type.

*Housing assistance payment.* The monthly assistance payment by a PHA, which includes:

(1) A payment to the owner for rent to the owner under the family's lease; and

(2) An additional payment to the family if the total assistance payment exceeds the rent to owner.

*Housing quality standards (HQS).* The HUD minimum quality standards for housing assisted under the HCV program. See §982.401.

*Initial PHA.* In portability, the term refers to both:

(1) a PHA that originally selected a family that later decides to move out of the jurisdiction of the selecting PHA; and

(2) a PHA that absorbed a family that later decides to move out of the jurisdiction of the absorbing PHA.

*Initial payment standard.* The payment standard at the beginning of the HAP contract term.

*Initial rent to owner.* The rent to owner at the beginning of the HAP contract term.

*Interest in the home.* In the homeownership option:

(1) In the case of assistance for a homeowner, "interest in the home" includes title to the home, any lease or other right to occupy the home, or any other present interest in the home.

(2) In the case of assistance for a cooperative member, "interest in the home" includes ownership of membership shares in the cooperative, any lease or other right to occupy the home, or any other present interest in the home.

*Jurisdiction.* The area in which the PHA has authority under State and local law to administer the program.

*Lease.* (1) A written agreement between an owner and a tenant for the leasing of a dwelling unit to the tenant. The lease establishes the conditions for occupancy of the dwelling unit by a family with housing assistance payments under a HAP contract between the owner and the PHA.

(2) In cooperative housing, a written agreement between a cooperative and a member of the cooperative. The agreement establishes the conditions for occupancy of the member's cooperative dwelling unit by the member's family with housing assistance payments to the cooperative under a HAP contract between the cooperative and the PHA. For purposes of this part 982, the cooperative is the Section 8 "owner" of the unit, and the cooperative member is the Section 8 "tenant."

*Manufactured home.* A manufactured structure that is built on a permanent chassis, is designed for use as a principal place of residence, and meets the HQS. A special housing type: see §982.620 and §982.621.

*Manufactured home space.* In manufactured home space rental: A space leased by an owner to a family. A manufactured home owned and occupied by the family is located on the space. See §982.622 to §982.624.

*Membership shares.* In the homeownership option: shares in a cooperative. By owning such cooperative shares, the share-owner has the right to reside in a particular unit in the cooperative, and the right to participate in management of the housing.

*Merger date.* October 1, 1999, which is the effective date of the merger of the two tenant-based programs (the housing voucher and housing certificate programs) into the Housing Choice Voucher (HCV) program.

*Notice of Funding Availability (NOFA).* For budget authority that HUD distributes by competitive process, the Federal Register document that invites applications for funding. This document explains how to apply for assistance and the criteria for awarding the funding.

*Owner.* Any person or entity with the legal right to lease or sublease a unit to a participant.

*Participant* (participant family). A family that has been admitted to the PHA program and is currently assisted in the program. The family becomes a participant on the effective date of the first HAP contract executed by the PHA for the family (first day of initial lease term).

*Payment standard.* The maximum monthly assistance payment for a family assisted in the voucher program (before deducting the total tenant payment by the family).

*PHA plan.* The annual plan and the 5-year plan as adopted by the PHA and approved by HUD in accordance with part 903 of this chapter.

*Portability.* Renting a dwelling unit with Section 8 tenant-based assistance outside the jurisdiction of the initial PHA.

*Premises.* The building or complex in which the dwelling unit is located, including common areas and grounds.

*Present homeownership interest.* In the homeownership option: "Present ownership interest" in a residence includes title, in whole or in part, to a residence, or ownership, in whole or in part, of membership shares in a cooperative. "Present ownership interest" in a residence does not include the right to purchase title to the residence under a lease-purchase agreement.

*Private space.* In shared housing: The portion of a contract unit that is for the exclusive use of an assisted family.

*Program.* The Section 8 HCV program under this part.

*Program receipts.* HUD payments to the PHA under the consolidated ACC, and any other amounts received by the PHA in connection with the program.

*Public housing agency (PHA).* PHA includes both:

(1) Any State, county, municipality, or other governmental entity or public body which is authorized to administer the program (or an agency or instrumentality of such an entity), and

(2) Any of the following:

(i) A consortium of housing agencies, each of which meets the qualifications in paragraph (1) of this definition, that HUD determines has the capacity and capability to efficiently administer the program (in which case, HUD may enter into a consolidated ACC with any legal entity authorized to act as the legal representative of the consortium members);

(ii) Any other public or private non-profit entity that was administering a Section 8 tenant-based assistance program pursuant to a contract with the contract administrator of such program (HUD or a PHA) on October 21, 1998; or

(iii) For any area outside the jurisdiction of a PHA that is administering a tenant-based program, or where HUD determines that such PHA is not administering the program effectively, a private non-profit entity or a governmental entity or public body that would otherwise lack jurisdiction to administer the program in such area.

*Reasonable rent.* A rent to owner that is not more than rent charged:

(1) For comparable units in the private unassisted market; and

(2) For comparable unassisted units in the premises.

*Receiving PHA.* In portability: A PHA that receives a family selected for participation in the HCV program of another PHA. The receiving PHA issues a voucher and provides program assistance to the family.

*Renewal units.* The number of units, as determined by HUD, for which funding is reserved on HUD books for a PHA's program. This number is used in calculating renewal budget authority in accordance with §982.102.

*Rent to owner.* The total monthly rent payable to the owner under the lease for the unit. Rent to owner covers payment for any housing services, maintenance and utilities that the owner is required to provide and pay for.

*Residency preference.* A PHA preference for admission of families that reside anywhere in a specified area, including families with a member who works or has been hired to work in the area (“residency preference area”).

*Residency preference area.* The specified area where families must reside to qualify for a residency preference.

*Shared housing.* A unit occupied by two or more families. The unit consists of both common space for shared use by the occupants of the unit and separate private space for each assisted family. A special housing type: see §982.615 to §982.618.

*Single room occupancy housing (SRO).* A unit that contains no sanitary facilities or food preparation facilities, or contains either, but not both, types of facilities. A special housing type: see §982.602 to §982.605.

*Special admission.* Admission of an applicant that is not on the PHA waiting list or without considering the applicant's waiting list position.

*Special housing types.* See subpart M of this part 982. Subpart M of this part states the special regulatory requirements for: SRO housing, congregate housing, group home, shared housing, manufactured home (including manufactured home space rental), cooperative housing (rental assistance for cooperative member) and homeownership option (homeownership assistance for cooperative member or first-time homeowner).

*Statement of homeowner obligations.* In the homeownership option: The family's agreement to comply with program obligations.

*Subsidy standards.* Standards established by a PHA to determine the appropriate number of bedrooms and amount of subsidy for families of different sizes and compositions.

*Suspension.* The term on the family's voucher stops from the date that the family submits a request for PHA approval of the tenancy, until the date the PHA notifies the family in writing whether the request has been approved or denied.

*Tenant.* The person or persons (other than a live-in aide) who executes the lease as lessee of the dwelling unit.

*Utility reimbursement.* The portion of the housing assistance payment which exceeds the amount of the rent to owner. (See §982.514(b)).

*Voucher holder.* A family holding a voucher with an unexpired term (search time).

*Voucher (rental voucher).* A document issued by a PHA to a family selected for admission to the voucher program. This document describes the program and the procedures for PHA approval of a unit selected by the family. The voucher also states obligations of the family under the program.

*Waiting list admission.* An admission from the PHA waiting list.

*Welfare-to-work (WTW) families.* Families assisted by a PHA with voucher funding awarded to the PHA under the HUD welfare-to-work voucher program (including any renewal of such WTW funding for the same purpose).

## **982.5 Notices required by this part.**

Where part 982 requires any notice to be given by the PHA, the family or the owner, the notice must be in writing.

### **Subpart B HUD Requirements and PHA Plan for Administration of Program**

#### **982.51 PHA authority to administer program.**

(a) The PHA must have authority to administer the program. The PHA must provide evidence, satisfactory to HUD, of its status as a PHA, of its authority to administer the program, and of the PHA jurisdiction.

(b) The evidence submitted by the PHA to HUD must include enabling legislation and a supporting legal opinion satisfactory to HUD. The PHA must submit additional evidence when there is a change that affects its status as a PHA, its authority to administer the program, or its jurisdiction.

#### **982.52 HUD requirements.**

(a) The PHA must comply with HUD regulations and other HUD requirements for the program. HUD requirements are issued by HUD headquarters, as regulations, *Federal Register* notices or other binding program directives.

(b) The PHA must comply with the consolidated ACC and the PHA's HUD-approved applications for program funding.

#### **982.53 Equal opportunity requirements and protection for victims of domestic violence, dating violence, or stalking.**

(a) The tenant-based program requires compliance with all equal opportunity requirements imposed by contract or federal law, including the authorities cited at 24 CFR 5.105(a) and title II of the Americans with Disabilities Act, 42 U.S.C. 12101, et seq.

(b) *Civil rights certification.* The PHA must submit a signed certification to HUD that:

(1) The PHA will administer the program in conformity with the Fair Housing Act, Title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and Title II of the Americans with Disabilities Act.

(2) The PHA will affirmatively further fair housing in the administration of the program.

(c) *Obligation to affirmatively further fair housing.* The PHA shall affirmatively further fair housing as required by 903.7(o) of this title.

(d) *State and local law.* Nothing in part 982 is intended to pre-empt operation of State and local laws that prohibit discrimination against a Section 8 voucher-holder because of status as a Section 8 voucher-holder. However, such State and local laws shall not change or affect any requirement of this part, or any other HUD requirements for administration or operation of the program.

(e) *Protection for victims of domestic violence, dating violence, or stalking.* The PHA must apply 24 CFR part 5, subpart L, in all applicable cases where there is involved incidents of, or criminal activity related to, domestic violence, dating violence, or stalking.

#### **982.54 Administrative plan.**

(a) The PHA must adopt a written administrative plan that establishes local policies for administration of the program in accordance with HUD requirements. The administrative plan and any revisions of the plan must be formally adopted by the PHA Board of Commissioners or other authorized PHA officials. The administrative plan states PHA policy on matters for which the PHA has discretion to establish local policies.

(b) The administrative plan must be in accordance with HUD regulations and requirements. The administrative plan is a supporting document to the PHA plan (part 903 of this title) and must be available for public review. The PHA must revise the administrative plan if needed to comply with HUD requirements.

(c) The PHA must administer the program in accordance with the PHA administrative plan.

(d) The PHA administrative plan must cover PHA policies on these subjects:

(1) Selection and admission of applicants from the PHA waiting list, including any PHA admission preferences, procedures for removing applicant names from the waiting list, and procedures for closing and reopening the PHA waiting list;

(2) Issuing or denying vouchers, including PHA policy governing the voucher term and any extensions of the voucher term. If the PHA decides to allow extensions of the voucher term, the PHA administrative plan must describe how the PHA determines whether to grant extensions, and how the PHA determines the length of any extension;

(3) Any special rules for use of available funds when HUD provides funding to the PHA for a special purpose (e.g., desegregation), including funding for specified families or a specified category of families;

- (4) Occupancy policies, including:
  - (i) Definition of what group of persons may qualify as a 'family';
  - (ii) Definition of when a family is considered to be "continuously assisted";
  - (iii) Standards for denying admission or terminating assistance based on criminal activity or alcohol abuse in accordance with 982.553;
- (5) Encouraging participation by owners of suitable units located outside areas of low income or minority concentration;
- (6) Assisting a family that claims that illegal discrimination has prevented the family from leasing a suitable unit;
- (7) Providing information about a family to prospective owners;
- (8) Disapproval of owners;
- (9) Subsidy standards;
- (10) Family absence from the dwelling unit;
- (11) How to determine who remains in the program if a family breaks up;
- (12) Informal review procedures for applicants;
- (13) Informal hearing procedures for participants;
- (14) The process for establishing and revising payment standards, including policies on administering decreases in the payment standard during the HAP contract term (see §982.505(d)(3));
- (15) The method of determining that rent to owner is a reasonable rent (initially and during the term of a HAP contract);
- (16) Special policies concerning special housing types in the program (e.g., use of shared housing);
- (17) Policies concerning payment by a family to the PHA of amounts the family owes the PHA;
- (18) Interim redeterminations of family income and composition;
- (19) Restrictions, if any, on the number of moves by a participant family (see 982.3540(c));
- (20) Approval by the Board of Commissioners or other authorized officials to charge the administrative fee reserve;
- (21) Procedural guidelines and performance standards for conducting required HQS inspections;
- (22) PHA screening of applicants for family behavior or suitability for tenancy; and
- (23) Policies concerning application of Small Area FMRs to project-based voucher units (see §888.113(h)).

#### **Subpart C Funding and PHA Application for Funding**

##### **982.101 Allocation of funding.**

- (a) *Allocation of funding.* HUD allocates available budget authority for the tenant-based assistance program to HUD field offices.
- (b) *Section 213(d) allocation.* (1) Section 213(d) of the HCD Act of 1974 (42 U.S.C. 1439) establishes requirements for allocation of assisted housing budget authority. Some budget authority is exempt by law from allocation under section 213(d). Unless exempted by law, budget authority for the tenant-based programs must be allocated in accordance with section 213(d).
- (2) Budget authority subject to allocation under section 213(d) is allocated in accordance with 24 CFR part 791, subpart D. There are three categories of section 213(d) funding allocations under part 791 of this title:
  - (i) Funding retained in a headquarters reserve for purposes specified by law;
  - (ii) funding incapable of geographic formula allocation (e.g., for renewal of expiring funding increments); or
  - (iii) funding allocated by an objective fair share formula. Funding allocated by fair share formula is distributed by a competitive process.
- (c) *Competitive process.* For budget authority that is distributed by competitive process, the Department solicits applications from PHAs by publishing one or more notices of funding availability (NOFAs) in the *Federal Register*. See 24 CFR part 12, subpart B; and 24 CFR

791.406. The NOFA explains how to apply for assistance, and specifies the criteria for awarding the assistance. The NOFA may identify any special program requirements for use of the funding.

##### **982.102 Allocation of budget authority for renewal of expiring consolidated ACC funding increments.**

(a) *Applicability.* This section applies to the renewal of consolidated ACC funding increments in the program (as described in 982.151(a)(2)) that expire after December 31, 1999 (including any assistance that the PHA has attached to units for project-based assistance under part 983 of this title). This section implements section 8(dd) of the 1937 Act (42 U.S.C. 1437f(dd)),

(b) *Renewal Methodology.* HUD will use the following methodology to determine the amount of budget authority to be allocated to a PHA for the renewal of expiring consolidated ACC funding increments in the program, subject to the availability of appropriated funds. If the amount of appropriated funds is not sufficient to provide the full amount of renewal funding for PHAs, as calculated in accordance with this section, HUD may establish a procedure to adjust allocations for the shortfall in funding.

(c) *Determining the amount of budget authority allocated for renewal of an expiring funding increment.* Subject to availability of appropriated funds, as determined by HUD, the amount of budget authority allocated by HUD to a PHA for renewal of each program funding increment that expires during a calendar year will be equal to:

(1) Number of renewal units. The number of renewal units assigned to the funding increment (as determined by HUD pursuant to paragraph (d) of this section); multiplied by

(2) Adjusted annual per unit cost. The adjusted annual per unit cost (as determined by HUD pursuant to paragraph (e) of this section).

(d) *Determining the number of renewal units.* (1) Number of renewal units. HUD will determine the total number of renewal units for a PHA's program as of the last day of the calendar year previous to the calendar year for which renewal funding is calculated. The number of renewal units for a PHA's program will be determined as follows:

(i) Step 1: Establishing the initial baseline. HUD will establish a baseline number of units ('baseline') for each PHA program. The initial baseline equals the number of units reserved by HUD for the PHA program as of December 31, 1999.

(ii) Step 2: Establishing the adjusted baseline. The adjusted baseline equals the initial baseline with the following adjustments from the initial baseline as of the last day of the calendar year previous to the calendar year for which renewal funding is calculated:

(A) Additional units. HUD will add to the initial baseline any additional units reserved for the PHA after December 31, 1999.

(B) Units removed. HUD will subtract from the initial baseline any units de-reserved by HUD from the PHA program after December 31, 1999.

(iii) Step 3: Determining the number of renewal units. The number of renewal units equals the adjusted baseline minus the number of units supported by contract funding increments that expire after the end of the calendar year.

(2) Funding increments. HUD will assign all units reserved for a PHA program to one or more funding increment(s).

(3) Correction of errors. HUD may adjust the number of renewal units to correct errors.

(e) *Determining the adjusted per unit cost.* HUD will determine the PHA's adjusted per unit cost when HUD processes the allocation of renewal funding for an expiring contract funding increment. The adjusted per unit cost calculated will be determined as follows:

(1) Step 1: Determining monthly program expenditure.

(i) Use of most recent HUD-approved year end statement. HUD will determine the PHA's monthly per unit program expenditure for the PHA certificate and voucher programs (including project-based

assistance under such programs) under the consolidated ACC with HUD using data from the PHA's most recent HUD-approved year end statement.

(ii) Monthly program expenditure. The monthly program expenditure equals:

(A) Total program expenditure. The PHA's total program expenditure (the total of housing assistance payments and administrative costs) for the PHA fiscal year covered by the approved year end statement; divided by

(B) Total unit months leased. The total of unit months leased for the PHA fiscal year covered by the approved year end statement.

(2) Step 2: Determining annual per unit cost. HUD will determine the PHA's annual per unit cost. The annual per unit cost equals the monthly program expenditures (as determined under paragraph (e)(1)(ii) of this section) multiplied by 12.

(3) Step 3: Determining adjusted annual per unit cost.

(i) HUD will determine the PHA's adjusted annual per unit cost. The adjusted annual per unit cost equals the annual per unit cost (as determined under paragraph (e)(2) of this section) multiplied cumulatively by the applicable published Section 8 housing assistance payments program annual adjustment factors in effect during the period from the end of the PHA fiscal year covered by the approved year end statement to the time when HUD processes the allocation of renewal funding.

(ii) Use of annual adjustment factor applicable to PHA jurisdiction. For this purpose, HUD will use the annual adjustment factor from the notice published annually in the *Federal Register* pursuant to part 888 that is applicable to the jurisdiction of the PHA. For a PHA whose jurisdiction spans multiple annual adjustment factor areas, HUD will use the highest applicable annual adjustment factor.

(iii) Use of annual adjustment factors in effect subsequent to most recent Year End Statement. HUD will use the Annual Adjustment Factors in effect during the time period subsequent to the time covered by the most recent HUD approved Year End Statement and the time of the processing of the contract funding increment to be renewed.

(iv) Special circumstances. At its discretion, HUD may modify the adjusted annual per unit cost based on receipt of a modification request from a PHA. The modification request must demonstrate that because of special circumstances application of the annual adjustment factor will not provide an accurate adjusted annual per unit cost.

(4) Correction of errors. HUD may correct for errors in the adjusted per unit cost.

(f) *Consolidated ACC amendment to add renewal funding.* HUD will reserve allocated renewal funding available to the PHA within a reasonable time prior to the expiration of the funding increment to be renewed and establish a new expiration date one-year from the date of such expiration.

(g) *Modification of allocation of budget authority.* (1) HUD authority to conform PHA program costs with PHA program finances through *Federal Register* notice. In the event that a PHA's costs incurred threaten to exceed budget authority and allowable reserves, HUD reserves the right, through *Federal Register* notice, to bring PHA program costs and the number of families served, in line with PHA program finances.

(2) HUD authority to limit increases of per unit cost through *Federal Register* notice. HUD may, by *Federal Register* notice, limit the amount or percentage of increases in the adjusted annual per unit cost to be used in calculating the allocation of budget authority.

(3) HUD authority to limit decreases to per unit costs through *Federal Register* notice. HUD may, by *Federal Register* notice, limit the amount or percentage of decreases in the adjusted annual per unit cost to be used in calculating the allocation of budget authority.

(4) Contents of *Federal Register* notice. If HUD publishes a *Federal Register* notice pursuant to paragraphs (g)(1), (g)(2) or (g)(3) of this section, it will describe the rationale, circumstances and procedures

under which such modifications are implemented. Such circumstances and procedures shall, be consistent with the objective of enabling PHAs and HUD to meet program goals and requirements including but not limited to:

(i) Deconcentration of poverty and expanding housing opportunities;

(ii) Reasonable rent burden;

(iii) Income targeting;

(iv) Consistency with applicable consolidated plan(s);

(v) Rent reasonableness;

(vi) Program efficiency and economy;

(vii) Service to additional households within budgetary limitations; and

(viii) Service to the adjusted baseline number of families.

(5) Public consultation before issuance of *Federal Register* notice. HUD will design and undertake informal public consultation prior to issuing *Federal Register* notices pursuant to paragraphs (g)(1) or (g)(2) of this section.

(h) *Ability to prorate and synchronize contract funding increments.* Notwithstanding paragraphs (c) through (g) of this section, HUD may prorate the amount of budget authority allocated for the renewal of funding increments that expire on different dates throughout the calendar year. HUD may use such proration to synchronize the expiration dates of funding increments under the PHA's consolidated ACC.

(i) *Reallocation of budget authority.* If a PHA has performance deficiencies, such as a failure to adequately lease units, HUD may reallocate some of its budget authority to other PHAs. If HUD determines to reallocate budget authority, it will reduce the number of units reserved by HUD for the PHA program of the PHA whose budget authority is being reallocated and increase the number of units reserved by HUD for the PHAs whose programs are receiving the benefit of the reallocation, so that such PHAs can issue vouchers. HUD will publish a notice in the *Federal Register* that will describe the circumstances and procedures for reallocating budget authority pursuant to this paragraph.

#### **982.103 PHA application for funding.**

(a) A PHA must submit an application for program funding to HUD at the time and place and in the form required by HUD.

(b) For competitive funding under a NOFA, the application must be submitted by a PHA in accordance with the requirements of the NOFA.

(c) The application must include all information required by HUD. HUD requirements may be stated in the HUD-required form of application, the NOFA, or other HUD instructions.

#### **982.104 HUD review of application.**

(a) *Competitive funding under NOFA.* For competitive funding under a NOFA, HUD must evaluate an application on the basis of the selection criteria stated in the NOFA, and must consider the PHA's capacity and capability to administer the program.

(b) *Approval or disapproval of PHA funding application.* (1) HUD must notify the PHA of its approval or disapproval of the PHA funding application.

(2) When HUD approves an application, HUD must notify the PHA of the amount of approved funding.

(3) For budget authority that is distributed to PHAs by competitive process, documentation of the basis for provision or denial of assistance is available for public inspection in accordance with 24 CFR 12.14(b).

(c) *PHA disqualification.* HUD will not approve any PHA funding application (including an application for competitive funding under a NOFA) if HUD determines that the PHA is disbarred or otherwise disqualified from providing assistance under the program.



## Subpart D Annual Contributions Contract and PHA Administration of Program

### 982.151 Annual contributions contract.

(a) *Nature of ACC.* (1) An annual contributions contract (ACC) is a written contract between HUD and a PHA. Under the ACC, HUD agrees to make payments to the PHA, over a specified term, for housing assistance payments to owners and for the PHA administrative fee. The ACC specifies the maximum payment over the ACC term. The PHA agrees to administer the program in accordance with HUD regulations and requirements.

(2) HUD's commitment to make payments for each funding increment in the PHA program constitutes a separate ACC. However, commitments for all the funding increments in a PHA program are listed in one consolidated contractual document called the consolidated annual contributions contract (consolidated ACC). A single consolidated ACC covers funding for the PHA's HCV program.

(b) *Budget authority.* (1) Budget authority is the maximum amount that may be paid by HUD to a PHA over the ACC term of a funding increment. Before adding a funding increment to the consolidated ACC for a PHA program, HUD reserves budget authority from amounts authorized and appropriated by the Congress for the program.

(2) For each funding increment, the ACC specifies the term over which HUD will make payments for the PHA program, and the amount of available budget authority for each funding increment. The amount to be paid to the PHA during each PHA fiscal year (including payment from the ACC reserve account described in 982.154) must be approved by HUD.

### 982.152 Administrative fee.

(a) *Purposes of administrative fee.* (1) HUD may approve administrative fees to the PHA for any of the following purposes:

- (i) Ongoing administrative fee;
- (ii) Costs to help families who experience difficulty finding or renting appropriate housing under the program;
- (iii) The following types of extraordinary costs approved by HUD:
  - (A) Costs to cover necessary additional expenses incurred by the PHA to provide reasonable accommodation for persons with disabilities in accordance with part 8 of this title (e.g., additional counselling costs), where the PHA is unable to cover such additional expenses from ongoing administrative fee income or the PHA administrative fee reserve;

(B) Costs of audit by an independent public accountant;

(C) Other extraordinary costs determined necessary by HUD Headquarters;

(iv) Preliminary fee (in accordance with paragraph (c) of this section);

(v) Costs to coordinate supportive services for families participating in the family self-sufficiency (FSS) program.

(2) For each PHA fiscal year, administrative fees are specified in the PHA budget. The budget is submitted for HUD approval. Fees are paid in the amounts approved by HUD. Administrative fees may only be approved or paid from amounts appropriated by the Congress.

(3) PHA administrative fees may only be used to cover costs incurred to perform PHA administrative responsibilities for the program in accordance with HUD regulations and requirements.

(b) *Ongoing administrative fee.* (1) The PHA ongoing administrative fee is paid for each program unit under HAP contract on the first day of the month. The amount of the ongoing fee is determined by HUD in accordance with Section 8(q)(1) of the 1937 Act (42 U.S.C. 1437f(q)(1)).

(2) If appropriations are available, HUD may pay a higher ongoing administrative fee for a small program or a program operating over a large geographic area. This higher fee level will not be approved unless the PHA demonstrates that it is efficiently administering its HCV

program, and that the higher ongoing administrative fee is reasonable and necessary for administration of the program in accordance with HUD requirements.

(3) HUD may pay a lower ongoing administrative fee for PHA-owned units.

(c) *Preliminary fee.* (1) If the PHA was not administering a program of Section 8 tenant-based assistance prior to the merger date, HUD will pay a one-time fee in the amount of \$500 in the first year the PHA administers a program. The fee is paid for each new unit added to the PHA program by the initial funding increment under the consolidated ACC.

(2) The preliminary fee is used to cover expenses the PHA incurs to help families who inquire about or apply for the program, and to lease up new program units.

(d) Reducing PHA administrative fee. HUD may reduce or offset any administrative fee to the PHA, in the amount determined by HUD, if the PHA fails to perform PHA administrative responsibilities correctly or adequately under the program (for example, PHA failure to enforce HQS requirements; or to reimburse a receiving PHA promptly under portability procedures).

### 982.153 PHA responsibilities.

The PHA must comply with the consolidated ACC, the application, HUD regulations and other requirements, and the PHA administrative plan.

### 982.154 ACC reserve account.

(a) HUD may establish and maintain an unfunded reserve account for the PHA program from available budget authority under the consolidated ACC. This reserve is called the 'ACC reserve account' (formerly 'project reserve'). There is a single ACC reserve account for the PHA program.

(b) The amount in the ACC reserve account is determined by HUD. HUD may approve payments for the PHA program, in accordance with the PHA's HUD-approved budget, from available amounts in the ACC reserve account.

### 982.155 Administrative fee reserve.

(a) The PHA must maintain an administrative fee reserve (formerly 'operating reserve') for the program. There is a single administrative fee reserve for the PHA program. The PHA must credit to the administrative fee reserve the total of:

(1) The amount by which program administrative fees paid by HUD for a PHA fiscal year exceed the PHA program administrative expenses for the fiscal year; plus

(2) Interest earned on the administrative fee reserve.

(b)(1) The PHA must use funds in the administrative fee reserve to pay program administrative expenses in excess of administrative fees paid by HUD for a PHA fiscal year. If funds in the administrative fee reserve are not needed to cover PHA administrative expenses (to the end of the last expiring funding increment under the consolidated ACC), the PHA may use these funds for other housing purposes permitted by State and local law. However, HUD may prohibit use of the funds for certain purposes.

(2) The PHA Board of Commissioners or other authorized officials must establish the maximum amount that may be charged against the administrative fee reserve without specific approval.

(3) If the PHA has not adequately administered any Section 8 program, HUD may prohibit use of funds in the administrative fee reserve, and may direct the PHA to use funds in the reserve to improve administration of the program or to reimburse ineligible expenses.

### 982.156 Depository for program funds.

(a) Unless otherwise required or permitted by HUD, all program receipts must be promptly deposited with a financial institution selected as depository by the PHA in accordance with HUD requirements.

(b) The PHA may only withdraw deposited program receipts for use in connection with the program in accordance with HUD requirements.

(c) The PHA must enter into an agreement with the depository in the form required by HUD.

(d)(1) If required under a written freeze notice from HUD to the depository:

(i) The depository may not permit any withdrawal by the PHA of funds held under the depository agreement unless expressly authorized by written notice from HUD to the depository; and

(ii) The depository must permit withdrawals of such funds by HUD.

(2) HUD must send the PHA a copy of the freeze notice from HUD to the depository.

#### **982.157 Budget and expenditure.**

(a) *Budget submission.* Each PHA fiscal year, the PHA must submit its proposed budget for the program to HUD for approval at such time and in such form as required by HUD.

(b) *PHA use of program receipts.* (1) Program receipts must be used in accordance with the PHA's HUD-approved budget. Such program receipts may only be used for:

(i) Housing assistance payments; and

(ii) PHA administrative fees.

(2) The PHA must maintain a system to ensure that the PHA will be able to make housing assistance payments for all participants within the amounts contracted under the consolidated ACC.

(c) *Intellectual property rights.* Program receipts may not be used to indemnify contractors or subcontractors of the PHA against costs associated with any judgment of infringement of intellectual property rights.

#### **982.158 Program accounts and records.**

(a) The PHA must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements, in a manner that permits a speedy and effective audit. The records must be in the form required by HUD, including requirements governing computerized or electronic forms of record-keeping. The PHA must comply with the financial reporting requirements in 24 CFR part 5, subpart H.

(b) The PHA must furnish to HUD accounts and other records, reports, documents and information, as required by HUD. For provisions on electronic transmission of required family data, see 24 CFR part 908.

(c) HUD and the Comptroller General of the United States shall have full and free access to all PHA offices and facilities, and to all accounts and other records of the PHA that are pertinent to administration of the program, including the right to examine or audit the records, and to make copies. The PHA must grant such access to computerized or other electronic records, and to any computers, equipment or facilities containing such records, and shall provide any information or assistance needed to access the records.

(d) The PHA must prepare a unit inspection report.

(e) During the term of each assisted lease, and for at least three years thereafter, the PHA must keep:

(1) A copy of the executed lease;

(2) The HAP contract; and

(3) The application from the family.

(f) The PHA must keep the following records for at least three years:

(1) Records that provide income, racial, ethnic, gender, and disability status data on program applicants and participants;

(2) An application from each ineligible family and notice that the applicant is not eligible;

(3) HUD-required reports;

(4) Unit inspection reports;

(5) Lead-based paint records as required by part 35, subpart B of this title.

(6) Accounts and other records supporting PHA budget and financial statements for the program;

(7) Records to document the basis for PHA determination that rent to owner is a reasonable rent (initially and during the term of a HAP contract); and

(8) Other records specified by HUD.

#### **982.159 Audit requirements.**

(a) The PHA must engage and pay an independent public accountant to conduct audits in accordance with HUD requirements.

(b) The PHA is subject to the audit requirements in 24 CFR part 44.

#### **982.160 HUD determination to administer a local program.**

If the Assistant Secretary for Public and Indian Housing determines that there is no PHA organized, or that there is no PHA able and willing to implement the provisions of this part for an area, HUD (or an entity acting on behalf of HUD) may enter into HAP contracts with owners and perform the functions otherwise assigned to PHAs under this part with respect to the area.

#### **982.161 Conflict of interest.**

(a) Neither the PHA nor any of its contractors or subcontractors may enter into any contract or arrangement in connection with the HCV program in which any of the following classes of persons has any interest, direct or indirect, during tenure or for one year thereafter:

(1) Any present or former member or officer of the PHA (except a participant commissioner);

(2) Any employee of the PHA, or any contractor, subcontractor or agent of the PHA, who formulates policy or who influences decisions with respect to the programs;

(3) Any public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities with respect to the programs; or

(4) Any member of the Congress of the United States.

(b) Any member of the classes described in paragraph (a) of this section must disclose their interest or prospective interest to the PHA and HUD.

(c) The conflict of interest prohibition under this section may be waived by the HUD field office for good cause.

#### **982.162 Use of HUD-required contracts and other forms.**

(a) The PHA must use program contracts and other forms required by HUD headquarters, including:

(1) The consolidated ACC between HUD and the PHA;

(2) The HAP contract between the PHA and the owner; and

(3) The tenancy addendum required by HUD (which is included both in the HAP contract and in the lease between the owner and the tenant).

(b) Required program contracts and other forms must be word-for-word in the form required by HUD headquarters. Any additions to or modifications of required program contracts or other forms must be approved by HUD headquarters.

#### **982.163 Fraud recoveries.**

Under 24 CFR part 792, the PHA may retain a portion of program fraud losses that the PHA recovers from a family or owner by litigation, court-order or a repayment agreement.

#### **Subpart E Admission to Tenant-based Program**

##### **982.201 Eligibility and targeting.**

(a) *When applicant is eligible: In general.* The PHA may admit only eligible families to the program. To be eligible, an applicant must be a "family;" must be income-eligible in accordance with paragraph (b) of this section and 24 CFR part 5, subpart F; and must be a citizen or a noncitizen who has eligible immigration status as determined in accordance with 24 CFR part 5, subpart E. If the applicant is a victim of domestic violence, dating violence, or stalking, 24 CFR part 5, subpart L, applies.

(b) *Income*—(1) *Income-eligibility*. To be income-eligible, the applicant must be a family in any of the following categories:

- (i) A “very low income” family;
- (ii) A low-income family that is “continuously assisted” under the 1937 Housing Act;
- (iii) A low-income family that meets additional eligibility criteria specified in the PHA administrative plan. Such additional PHA criteria must be consistent with the PHA plan and with the consolidated plans for local governments in the PHA jurisdiction;
- (iv) A low-income family that qualifies for voucher assistance as a non-purchasing family residing in a HOPE 1 (HOPE for public housing homeownership) or HOPE 2 (HOPE for homeownership of multifamily units) project. (Section 8(o)(4)(D) of the 1937 Act (42 U.S.C. 1437f(o)(4)(D));

(v) A low-income or moderate-income family that is displaced as a result of the prepayment of the mortgage or voluntary termination of an insurance contract on eligible low-income housing as defined in §248.101 of this title;

(vi) A low-income family that qualifies for voucher assistance as a non-purchasing family residing in a project subject to a resident homeownership program under §248.173 of this title.

(2) *Income-targeting*. (i) Not less than 75 percent of the families admitted to a PHA’s HCV program during the PHA fiscal year from the PHA waiting list shall be extremely low income families. Annual income of such families shall be verified within the period described in paragraph (c) of this section.

(ii) A PHA may admit a lower percent of extremely low income families during a PHA fiscal year (than otherwise required under paragraph (b)(2)(i) of this section) if HUD approves the use of such lower percent by the PHA, in accordance with the PHA plan, based on HUD’s determination that the following circumstances necessitate use of such lower percent by the PHA:

(A) The PHA has opened its waiting list for a reasonable time for admission of extremely low income families residing in the same metropolitan statistical area (MSA) or non-metropolitan county, both inside and outside the PHA jurisdiction;

(B) The PHA has provided full public notice of such opening to such families, and has conducted outreach and marketing to such families, including outreach and marketing to extremely low income families on the Section 8 and public housing waiting lists of other PHAs with jurisdiction in the same MSA or non-metropolitan county;

(C) Notwithstanding such actions by the PHA (in accordance with paragraphs (b)(2)(ii)(A) and (B) of this section), there are not enough extremely low income families on the PHA’s waiting list to fill available slots in the program during any fiscal year for which use of a lower percent is approved by HUD; and

(D) Admission of the additional very low income families other than extremely low income families to the PHA’s tenant-based voucher program will substantially address worst case housing needs as determined by HUD.

(iii) If approved by HUD, the admission of a portion of very low income welfare-to-work (WTW) families that are not extremely low income families may be disregarded in determining compliance with the PHA’s income-targeting obligations under paragraph (b)(2)(i) of this section. HUD will grant such approval only if and to the extent that the PHA has demonstrated to HUD’s satisfaction that compliance with such targeting obligations with respect to such portion of WTW families would interfere with the objectives of the welfare-to-work voucher program. If HUD grants such approval, admission of that portion of WTW families is not counted in the base number of families admitted to a PHA’s tenant-based voucher program during the fiscal year for purposes of income targeting.

(iv) Admission of families as described in paragraphs (b)(1)(ii) or (b)(1)(v) of this section is not subject to targeting under paragraph (b)(2)(i) of this section.

(v) If the jurisdictions of two or more PHAs that administer the HCV program cover an identical geographic area, such PHAs may elect to be treated as a single PHA for purposes of targeting under paragraph (b)(2)(i) of this section. In such a case, the PHAs shall cooperate to assure that aggregate admissions by such PHAs comply with the targeting requirement. If such PHAs do not have a single fiscal year, HUD will determine which PHA’s fiscal year is used for this purpose.

(vi) If a family initially leases a unit outside the PHA jurisdiction under portability procedures at admission to the HCV program, such admission shall be counted against the targeting obligation of the initial PHA (unless the receiving PHA absorbs the portable family into the receiving PHA’s HCV program from the point of admission).

(3) The annual income (gross income) of an applicant family is used both for determination of income-eligibility under paragraph (b)(1) of this section and for targeting under paragraph (b)(2)(i) of this section. In determining annual income of an applicant family that includes a person with disabilities, the determination must include the disallowance of increase in annual income as provided in 24 CFR 5.617, if applicable.

(4) The applicable income limit for issuance of a voucher when a family is selected for the program is the highest income limit (for the family size) for areas in the PHA jurisdiction. The applicable income limit for admission to the program is the income limit for the area where the family is initially assisted in the program. At admission, the family may only use the voucher to rent a unit in an area where the family is income eligible.

(c) *Family composition*. See definition of “family” in 24 CFR 5.403.

(d) *Continuously assisted*. (1) An applicant is continuously assisted under the 1937 Housing Act if the family is already receiving assistance under any 1937 Housing Act program when the family is admitted to the voucher program.

(2) The PHA must establish policies concerning whether and to what extent a brief interruption between assistance under one of these programs and admission to the voucher program will be considered to break continuity of assistance under the 1937 Housing Act.

(e) *When PHA verifies that applicant is eligible*. The PHA must receive information verifying that an applicant is eligible within the period of 60 days before the PHA issues a voucher to the applicant.

(f) *Decision to deny assistance*—(1) *Notice to applicant*. The PHA must give an applicant prompt written notice of a decision denying admission to the program (including a decision that the applicant is not eligible, or denying assistance for other reasons). The notice must give a brief statement of the reasons for the decision. The notice must also state that the applicant may request an informal review of the decision, and state how to arrange for the informal review.

(2) For description of the grounds for denying assistance because of action or inaction by the applicant, see §982.552(b) and (c) (requirement and authority to deny admission) and §982.553(a) (crime by family members).

## **982.202 How applicants are selected: General requirements.**

(a) *Waiting list admissions and special admissions*. The PHA may admit an applicant for participation in the program either:

- (1) As a special admission (see 982.203).
- (2) As a waiting list admission (see 982.204 through 982.210).

(b) *Prohibited admission criteria*. (1) Where family lives. Admission to the program may not be based on where the family lives before admission to the program. However, the PHA may target assistance for families who live in public housing or other federally assisted housing, or may adopt a residency preference (see 982.207).

(2) Where family will live. Admission to the program may not be based on where the family will live with assistance under the program.

(3) Family characteristics. The PHA preference system may provide a preference for admission of families with certain characteristics from the PHA waiting list. However, admission to the program may not be based on:

- (i) Discrimination because members of the family are unwed parents, recipients of public assistance, or children born out of wedlock;
- (ii) Discrimination because a family includes children (familial status discrimination);
- (iii) Discrimination because of age, race, color, religion, sex, or national origin;
- (iv) Discrimination because of disability; or
- (v) Whether a family decides to participate in a family self-sufficiency program.

(c) *Applicant status.* An applicant does not have any right or entitlement to be listed on the PHA waiting list, to any particular position on the waiting list, or to admission to the programs. The preceding sentence does not affect or prejudice any right, independent of this rule, to bring a judicial action challenging a PHA violation of a constitutional or statutory requirement.

(d) *Admission policy.* The PHA must admit applicants for participation in accordance with HUD regulations and other requirements, including, but not limited to, 24 CFR part 5, subpart L, protection for victims of domestic violence, dating violence, or stalking, and with PHA policies stated in the PHA administrative plan and the PHA plan. The PHA admission policy must state the system of admission preferences that the PHA uses to select applicants from the waiting list, including any residency preference or other local preference.

#### **982.203 Special admission (non-waiting list): Assistance targeted by HUD.**

(a) If HUD awards a PHA program funding that is targeted for families living in specified units:

- (1) The PHA must use the assistance for the families living in these units.
- (2) The PHA may admit a family that is not on the PHA waiting list, or without considering the family's waiting list position. The PHA must maintain records showing that the family was admitted with HUD-targeted assistance.

(b) The following are examples of types of program funding that may be targeted for a family living in a specified unit:

- (1) A family displaced because of demolition or disposition of a public housing project;
- (2) A family residing in a multifamily rental housing project when HUD sells, forecloses or demolishes the project;
- (3) For housing covered by the Low Income Housing Preservation and Resident Homeownership Act of 1990 (41 U.S.C. 4101 et seq.):
  - (i) A non-purchasing family residing in a project subject to a homeownership program (under 24 CFR 248.173); or
  - (ii) A family displaced because of mortgage prepayment or voluntary termination of a mortgage insurance contract (as provided in 24 CFR 248.165);
- (4) A family residing in a project covered by a project-based Section 8 HAP contract at or near the end of the HAP contract term; and
- (5) A non-purchasing family residing in a HOPE 1 or HOPE 2 project.

#### **982.204 Waiting list: Administration of waiting list.**

(a) *Admission from waiting list.* Except for special admissions, participants must be selected from the PHA waiting list. The PHA must select participants from the waiting list in accordance with admission policies in the PHA administrative plan.

(b) *Organization of waiting list.* The PHA must maintain information that permits the PHA to select participants from the waiting list in accordance with the PHA admission policies. The waiting list must contain the following information for each applicant listed:

- (1) Applicant name;
- (2) Family unit size (number of bedrooms for which family qualifies under PHA occupancy standards);
- (3) Date and time of application;
- (4) Qualification for any local preference;
- (5) Racial or ethnic designation of the head of household.

(c) *Removing applicant names from the waiting list.* (1) The PHA administrative plan must state PHA policy on when applicant names may be removed from the waiting list. The policy may provide that the PHA will remove names of applicants who do not respond to PHA requests for information or updates.

(2) A PHA decision to withdraw from the waiting list the name of an applicant family that includes a person with disabilities is subject to reasonable accommodation in accordance with 24 CFR part 8. If the applicant did not respond to the PHA request for information or updates because of the family member's disability, the PHA must reinstate the applicant in the family's former position on the waiting list.

(d) *Family size.* (1) The order of admission from the waiting list may not be based on family size, or on the family unit size for which the family qualifies under the PHA occupancy policy.

(2) If the PHA does not have sufficient funds to subsidize the family unit size of the family at the top of the waiting list, the PHA may not skip the top family to admit an applicant with a smaller family unit size. Instead, the family at the top of the waiting list will be admitted when sufficient funds are available.

(e) *Funding for specified category of waiting list families.* When HUD awards a PHA program funding for a specified category of families on the waiting list, the PHA must select applicant families in the specified category.

(f) *Number of waiting lists.* A PHA must use a single waiting list for admission to its Section 8 tenant-based assistance program. However, the PHA may use a separate single waiting list for such admissions for a county or municipality.

#### **982.205 Waiting list: Different programs.**

(a) *Merger and cross-listing—(1) Merged waiting list.* A PHA may merge the waiting list for tenant-based assistance with the PHA waiting list for admission to another assisted housing program, including a federal or local program. In admission from the merged waiting list, admission for each federal program is subject to federal regulations and requirements for the particular program.

(2) *Non-merged waiting list: Cross-listing.* If the PHA decides not to merge the waiting list for tenant-based assistance with the waiting list for the PHA's public housing program, project-based voucher program or moderate rehabilitation program:

(i) If the PHA's waiting list for tenant-based assistance is open when an applicant is placed on the waiting list for the PHA's public housing program, project-based certificate program or moderate rehabilitation program, the PHA must offer to place the applicant on its waiting list for tenant-based assistance.

(ii) If the PHA's waiting list for its public housing program, project-based certificate program or moderate rehabilitation program is open when an applicant is placed on the waiting list for its tenant-based program, and if the other program includes units suitable for the applicant, the PHA must offer to place the applicant on its waiting list for the other program.

(b) *Other housing assistance: Effect of application for, receipt or refusal.* (1) For purposes of this section, "other housing subsidy" means a housing subsidy other than assistance under the voucher

program. Housing subsidy includes subsidy assistance under a federal housing program (including public housing), a State housing program, or a local housing program.

(2) The PHA may not take any of the following actions because an applicant has applied for, received, or refused other housing assistance:

- (i) Refuse to list the applicant on the PHA waiting list for tenant-based assistance;
- (ii) Deny any admission preference for which the applicant is currently qualified;
- (iii) Change the applicant's place on the waiting list based on preference, date and time of application, or other factors affecting selection under the PHA selection policy; or
- (iv) Remove the applicant from the waiting list.

**982.206 Waiting list: Opening and closing; public notice.**

(a) *Public notice.* (1) When the PHA opens a waiting list, the PHA must give public notice that families may apply for tenant-based assistance. The public notice must state where and when to apply.

(2) The PHA must give the public notice by publication in a local newspaper of general circulation, and also by minority media and other suitable means. The notice must comply with HUD fair housing requirements.

(3) The public notice must state any limitations on who may apply for available slots in the program.

(b) *Criteria defining what families may apply.* (1) The PHA may adopt criteria defining what families may apply for assistance under a public notice.

Example A: The PHA decides that applications will only be accepted from families that qualify for federal preference, or from homeless federal preference families.

Example B: In admission to the program, the PHA must give preference to elderly families, displaced families and displaced persons over other single persons (24 CFR 812.3). The PHA decides that applications from other single persons will not be accepted.

(2) If the waiting list is open, the PHA must accept applications from families for whom the list is open unless there is good cause for not accepting the application (such as denial of assistance because of action or inaction by members of the family) for the grounds stated in 982.552 and 982.553.

(c) *Closing waiting list.* If the PHA determines that the existing waiting list contains an adequate pool for use of available program funding, the PHA may stop accepting new applications, or may accept only applications meeting criteria adopted by the PHA.

**982.207 Waiting list: Local preferences in admission to program.**

(a) *Establishment of PHA local preferences.* (1) The PHA may establish a system of local preferences for selection of families admitted to the program. PHA selection preferences must be described in the PHA administrative plan.

(2) The PHA system of local preferences must be based on local housing needs and priorities, as determined by the PHA. In determining such needs and priorities, the PHA shall use generally accepted data sources. The PHA shall consider public comment on the proposed public housing agency plan (as received pursuant to 903.17 of this chapter) and on the consolidated plan for the relevant jurisdiction (as received pursuant to part 91 of this title).

(3) The PHA may limit the number of applicants that may qualify for any local preference.

(4) The PHA shall not deny a local preference, nor otherwise exclude or penalize a family in admission to the program, solely because the family resides in a public housing project. The PHA may establish a preference for families residing in public housing who are victims of a crime of violence (as defined in 18 U.S.C. 16).

(b) *Particular local preferences.* (1) Residency requirements or preferences.

(i) Residency requirements are prohibited. Although a PHA is not prohibited from adopting a residency preference, the PHA may only adopt or implement residency preferences in accordance with non-discrimination and equal opportunity requirements listed at 5.105(a) of this title.

(ii) A residency preference is a preference for admission of persons who reside in a specified geographic area ('residency preference area'). A county or municipality may be used as a residency preference area. An area smaller than a county or municipality may not be used as a residency preference area.

(iii) Any PHA residency preferences must be included in the statement of PHA policies that govern eligibility, selection and admission to the program, which is included in the PHA annual plan (or supporting documents) pursuant to part 903 of this title. Such policies must specify that use of a residency preference will not have the purpose or effect of delaying or otherwise denying admission to the program based on the race, color, ethnic origin, gender, religion, disability, or age of any member of an applicant family.

(iv) A residency preference must not be based on how long an applicant has resided or worked in a residency preference area.

(v) Applicants who are working or who have been notified that they are hired to work in a residency preference area must be treated as residents of the residency preference area. The PHA may treat graduates of, or active participants in, education and training programs in a residency preference area as residents of the residency preference area if the education or training program is designed to prepare individuals for the job market.

(2) Preference for working families. The PHA may adopt a preference for admission of working families (families where the head, spouse or sole member is employed). However, an applicant shall be given the benefit of the working family preference if the head and spouse, or sole member is age 62 or older, or is a person with disabilities.

(3) Preference for person with disabilities. The PHA may adopt a preference for admission of families that include a person with disabilities. However, the PHA may not adopt a preference for admission of persons with a specific disability.

(4) Preference for victims of domestic violence. The PHA should consider whether to adopt a local preference for admission of families that include victims of domestic violence.

(5) Preference for single persons who are elderly, displaced, homeless, or persons with disabilities. The PHA may adopt a preference for admission of single persons who are age 62 or older, displaced, homeless, or persons with disabilities over other single persons.

(c) *Selection among families with preference.* The PHA system of preferences may use either of the following to select among applicants on the waiting list with the same preference status:

- (1) Date and time of application; or
- (2) A drawing or other random choice technique.

(d) *Preference for higher-income families.* The PHA must not select families for admission to the program in an order different from the order on the waiting list for the purpose of selecting higher income families for admission to the program.

(e) *Verification of selection method.* The method for selecting applicants from a preference category must leave a clear audit trail that can be used to verify that each applicant has been selected in accordance with the method specified in the administrative plan.

**Subpart G Leasing a Unit**

**982.301 Information when family is selected.**

(a) *PHA briefing of family.*

(1) When the PHA selects a family to participate in a tenant-based program, the PHA must give the family an oral briefing. The briefing must include information on the following subjects:

- (i) A description of how the program works;
- (ii) Family and owner responsibilities; and
- (iii) Where the family may lease a unit, including renting a dwelling unit inside or outside the PHA jurisdiction.

(2) An explanation of how portability works. The PHA may not discourage the family from choosing to live anywhere in the PHA jurisdiction, or outside the PHA jurisdiction under portability procedures, unless otherwise expressly authorized by statute, regulation, PIH Notice, or court order. The family must be informed of how portability may affect the family's assistance through screening, subsidy standards, payment standards, and any other elements of the portability process which may affect the family's assistance.

(3) The briefing must also explain the advantages of areas that do not have a high concentration of low-income families.

(4) In briefing a family that includes any disabled person, the PHA must take appropriate steps to ensure effective communication in accordance with 24 CFR 8.6.

(5) In briefing a welfare-to-work family, the PHA must include specification of any local obligations of a welfare-to-work family and an explanation that failure to meet these obligations is grounds for PHA denial of admission or termination of assistance.

(b) *Information packet.* When a family is selected to participate in the program, the PHA must give the family a packet that includes information on the following subjects:

(1) The term of the voucher, voucher suspensions, and PHA policy on any extensions of the term. If the PHA allows extensions, the packet must explain how the family can request an extension;

(2) How the PHA determines the amount of the housing assistance payment for a family, including:

- (i) How the PHA determines the payment standard for a family; and
- (ii) How the PHA determines the total tenant payment for a family.
- (3) How the PHA determines the maximum rent for an assisted unit;
- (4) Where the family may lease a unit and an explanation of how portability works, including information on how portability may affect the family's assistance through screening, subsidy standards, payment standards, and any other elements of the portability process which may affect the family's assistance;

(5) The HUD-required 'tenancy addendum' that must be included in the lease;

(6) The form that the family uses to request PHA approval of the assisted tenancy, and an explanation of how to request such approval;

(7) A statement of the PHA policy on providing information about a family to prospective owners;

(8) PHA subsidy standards, including when the PHA will consider granting exceptions to the standards;

(9) Materials (e.g., brochures) on how to select a unit and any additional information on selecting a unit that HUD provides;

(10) Information on federal, State and local equal opportunity laws, and a copy of the housing discrimination complaint form;

(11) A list of landlords known to the PHA who may be willing to lease a unit to the family or other resources (e.g., newspapers, organizations, online search tools) known to the PHA that may assist the family in locating a unit. PHAs must ensure that the list of landlords or other resources covers areas outside of poverty or minority concentration;

(12) Notice that if the family includes a disabled person, the family may request a current listing of accessible units known to the PHA that may be available;

(13) Family obligations under the program;

(14) The grounds on which the PHA may terminate assistance for a participant family because of family action or failure to act; and

(15) PHA informal hearing procedures. This information must describe when the PHA is required to give a participant family the opportunity for an informal hearing, and how to request a hearing.

### **982.302 Issuance of voucher; Requesting PHA approval of assisted tenancy.**

(a) When a family is selected, or when a participant family wants to move to another unit, the PHA issues a voucher to the family. The family may search for a unit.

(b) If the family finds a unit, and the owner is willing to lease the unit under the program, the family may request PHA approval of the tenancy. The PHA has the discretion whether to permit the family to submit more than one request at a time.

(c) The family must submit to the PHA a request for approval of the tenancy and a copy of the lease, including the HUD-prescribed tenancy addendum. The request must be submitted during the term of the voucher.

(d) The PHA specifies the procedure for requesting approval of the tenancy. The family must submit the request for approval of the tenancy in the form and manner required by the PHA.

### **982.303 Term of voucher.**

(a) *Initial term.* The initial term of a voucher must be at least 60 calendar days. The initial term must be stated on the voucher.

(b) *Extensions of term.* (1) At its discretion, the PHA may grant a family one or more extensions of the initial voucher term in accordance with PHA policy as described in the PHA administrative plan. Any extension of the term is granted by PHA notice to the family.

(2) If the family needs and requests an extension of the initial voucher term as a reasonable accommodation, in accordance with part 8 of this title, to make the program accessible to a family member who is a person with disabilities, the PHA must extend the voucher term up to the term reasonably required for that purpose.

(c) *Suspension of term.* The PHA must provide for suspension of the initial or any extended term of the voucher from the date that the family submits a request for PHA approval of the tenancy until the date the PHA notifies the family in writing whether the request has been approved or denied.

(d) *Progress report by family to the PHA.* During the initial or any extended term of a voucher, the PHA may require the family to report progress in leasing a unit. Such reports may be required at such intervals or times as determined by the PHA.

### **982.304 Illegal discrimination: PHA assistance to family.**

A family may claim that illegal discrimination because of race, color, religion, sex, national origin, age, familial status or disability prevents the family from finding or leasing a suitable unit with assistance under the program. The PHA must give the family information on how to fill out and file a housing discrimination complaint.

### **982.305 PHA approval of assisted tenancy.**

(a) *Program requirements.* The PHA may not give approval for the family of the assisted tenancy, or execute a HAP contract, until the PHA has determined that all the following meet program requirements:

- (1) The unit is eligible;
- (2) The unit has been inspected by the PHA and passes HQS;
- (3) The lease includes the tenancy addendum;
- (4) The rent to owner is reasonable; and
- (5) At the time a family initially receives tenant-based assistance for occupancy of a dwelling unit, and where the gross rent of the unit exceeds the applicable payment standard for the family, the family share does not exceed 40 percent of the family's monthly adjusted income.

(b) *Actions before lease term.* (1) All of the following must always be completed before the beginning of the initial term of the lease for a unit:

- (i) The PHA has inspected the unit and has determined that the unit satisfies the HQS;

(ii) The landlord and the tenant have executed the lease (including the HUD-prescribed tenancy addendum, and the lead-based paint disclosure information as required in §35.92(b) of this title); and

(iii) The PHA has approved leasing of the unit in accordance with program requirements.

(2)(i) The PHA must inspect the unit, determine whether the unit satisfies the HQS, and notify the family and owner of the determination:

(A) In the case of a PHA with up to 1250 budgeted units in its tenant-based program, within fifteen days after the family and the owner submit a request for approval of the tenancy.

(B) In the case of a PHA with more than 1250 budgeted units in its tenant-based program, within a reasonable time after the family submits a request for approval of the tenancy. To the extent practicable, such inspection and determination must be completed within fifteen days after the family and the owner submit a request for approval of the tenancy.

(ii) The fifteen day clock (under paragraph (b)(2)(i)(A) or paragraph (b)(2)(i)(B) of this section) is suspended during any period when the unit is not available for inspection.

(3) In the case of a unit subject to a lease-purchase agreement, the PHA must provide written notice to the family of the environmental requirements that must be met before commencing homeownership assistance for the family (see §982.626(c)).

(c) *When HAP contract is executed.* (1) The PHA must use best efforts to execute the HAP contract before the beginning of the lease term. The HAP contract must be executed no later than 60 calendar days from the beginning of the lease term.

(2) The PHA may not pay any housing assistance payment to the owner until the HAP contract has been executed.

(3) If the HAP contract is executed during the period of 60 calendar days from the beginning of the lease term, the PHA will pay housing assistance payments after execution of the HAP contract (in accordance with the terms of the HAP contract), to cover the portion of the lease term before execution of the HAP contract (a maximum of 60 days).

(4) Any HAP contract executed after the 60 day period is void, and the PHA may not pay any housing assistance payment to the owner.

(d) *Notice to family and owner.* After receiving the family's request for approval of the assisted tenancy, the PHA must promptly notify the family and owner whether the assisted tenancy is approved.

(e) *Procedure after PHA approval.* If the PHA has given approval for the family of the assisted tenancy, the owner and the PHA execute the HAP contract.

#### **982.306 PHA disapproval of owner.**

(a) The PHA must not approve an assisted tenancy if the PHA has been informed (by HUD or otherwise) that the owner is debarred, suspended, or subject to a limited denial of participation under 2 CFR part 2424.

(b) When directed by HUD, the PHA must not approve an assisted tenancy if: (1) The federal government has instituted an administrative or judicial action against the owner for violation of the Fair Housing Act or other federal equal opportunity requirements, and such action is pending; or

(2) A court or administrative agency has determined that the owner violated the Fair Housing Act or other federal equal opportunity requirements.

(c) In its administrative discretion, the PHA may deny approval to lease a unit from an owner for any of the following reasons:

(1) The owner has violated obligations under a HAP contract under Section 8 of the 1937 Act (42 U.S.C. 1437f);

(2) The owner has committed fraud, bribery or any other corrupt or criminal act in connection with any federal housing program;

(3) The owner has engaged in any drug-related criminal activity or any violent criminal activity;

(4) The owner has a history or practice of non-compliance with the HQS for units leased under the tenant-based programs, or with applicable housing standards for units leased with project-based Section 8 assistance or leased under any other federal housing program;

(5) The owner has a history or practice of failing to terminate tenancy of tenants of units assisted under Section 8 or any other federally assisted housing program for activity engaged in by the tenant, any member of the household, a guest or another person under the control of any member of the household that:

(i) Threatens the right to peaceful enjoyment of the premises by other residents;

(ii) Threatens the health or safety of other residents, of employees of the PHA, or of owner employees or other persons engaged in management of the housing;

(iii) Threatens the health or safety of, or the right to peaceful enjoyment of their residences, by persons residing in the immediate vicinity of the premises; or

(iv) Is drug-related criminal activity or violent criminal activity; or

(6) The owner has a history or practice of renting units that fail to meet State or local housing codes; or

(7) The owner has not paid State or local real estate taxes, fines or assessments.

(d) The PHA must not approve a unit if the owner is the parent, child, grandparent, grandchild, sister, or brother of any member of the family, unless the PHA determines that approving the unit would provide reasonable accommodation for a family member who is a person with disabilities. This restriction against PHA approval of a unit only applies at the time a family initially receives tenant-based assistance for occupancy of a particular unit, but does not apply to PHA approval of a new tenancy with continued tenant-based assistance in the same unit.

(e) Nothing in this rule is intended to give any owner any right to participate in the program.

(f) For purposes of this section, 'owner' includes a principal or other interested party.

#### **982.307 Tenant screening.**

(a) *PHA option and owner responsibility.* (1) The PHA has no liability or responsibility to the owner or other persons for the family's behavior or suitability for tenancy. However, the PHA may opt to screen applicants for family behavior or suitability for tenancy. The PHA must conduct any such screening of applicants in accordance with policies stated in the PHA administrative plan.

(2) The owner is responsible for screening and selection of the family to occupy the owner's unit. At or before PHA approval of the tenancy, the PHA must inform the owner that screening and selection for tenancy is the responsibility of the owner.

(3) The owner is responsible for screening of families on the basis of their tenancy histories. An owner may consider a family's background with respect to such factors as:

(i) Payment of rent and utility bills;

(ii) Caring for a unit and premises;

(iii) Respecting the rights of other residents to the peaceful enjoyment of their housing;

(iv) Drug-related criminal activity or other criminal activity that is a threat to the health, safety or property of others; and

(v) Compliance with other essential conditions of tenancy.

(b) *PHA information about tenant.* (1) The PHA must give the owner:

(i) The family's current and prior address (as shown in the PHA records); and

(ii) The name and address (if known to the PHA) of the landlord at the family's current and prior address.

(2) When a family wants to lease a dwelling unit, the PHA may offer the owner other information in the PHA possession, about the family, including information about the tenancy history of family members, or about drug-trafficking by family members.

(3) The PHA must give the family a statement of the PHA policy on providing information to owners. The statement must be included in the information packet that is given to a family selected to participate in the program. The PHA policy must provide that the PHA will give the same types of information to all families and to all owners.

(4) In cases involving a victim of domestic violence, dating violence, or stalking, 24 CFR part 5, subpart L, applies.

#### **982.308 Lease and tenancy.**

(a) *Tenant's legal capacity.* The tenant must have legal capacity to enter a lease under State and local law. 'Legal capacity' means that the tenant is bound by the terms of the lease and may enforce the terms of the lease against the owner.

(b) *Form of lease.* (1) The tenant and the owner must enter a written lease for the unit. The lease must be executed by the owner and the tenant.

(2) If the owner uses a standard lease form for rental to unassisted tenants in the locality or the premises, the lease must be in such standard form (plus the HUD-prescribed tenancy addendum). If the owner does not use a standard lease form for rental to unassisted tenants, the owner may use another form of lease, such as a PHA model lease (including the HUD-prescribed tenancy addendum). The HAP contract prescribed by HUD will contain the owner's certification that if the owner uses a standard lease form for rental to unassisted tenants, the lease is in such standard form.

(c) *State and local law.* The PHA may review the lease to determine if the lease complies with State and local law. The PHA may decline to approve the tenancy if the PHA determines that the lease does not comply with State or local law.

(d) *Required information.* The lease must specify all of the following:

- (1) The names of the owner and the tenant;
- (2) The unit rented (address, apartment number, and any other information needed to identify the contract unit);
- (3) The term of the lease (initial term and any provisions for renewal);
- (4) The amount of the monthly rent to owner; and
- (5) A specification of what utilities and appliances are to be supplied by the owner, and what utilities and appliances are to be supplied by the family.

(e) *Reasonable rent.* The rent to owner must be reasonable (see 982.507).

(f) *Tenancy addendum.* (1) The HAP contract form required by HUD shall include an addendum (the 'tenancy addendum'), that sets forth:

- (i) The tenancy requirements for the program (in accordance with this section and 982.309 and 982.310); and
  - (ii) The composition of the household as approved by the PHA (family members and any PHA-approved live-in aide).
- (2) All provisions in the HUD-required tenancy addendum must be added word-for-word to the owner's standard form lease that is used by the owner for unassisted tenants. The tenant shall have the right to enforce the tenancy addendum against the owner, and the terms of the tenancy addendum shall prevail over any other provisions of the lease.

(g) *Changes in lease or rent.* (1) If the tenant and the owner agree to any changes in the lease, such changes must be in writing, and the owner must immediately give the PHA a copy of such changes. The lease, including any changes, must be in accordance with the requirements of this section.

(2) In the following cases, tenant-based assistance shall not be continued unless the PHA has approved a new tenancy in accordance with program requirements and has executed a new HAP contract with the owner:

- (i) If there are any changes in lease requirements governing tenant or owner responsibilities for utilities or appliances;
- (ii) If there are any changes in lease provisions governing the term of the lease;
- (iii) If the family moves to a new unit, even if the unit is in the same building or complex.

(3) PHA approval of the tenancy, and execution of a new HAP contract, are not required for changes in the lease other than as specified in paragraph (g)(2) of this section.

(4) The owner must notify the PHA of any changes in the amount of the rent to owner at least sixty days before any such changes go into effect, and any such changes shall be subject to rent reasonableness requirements (see 982.503).

#### **982.309 Term of assisted tenancy.**

(a) *Initial term of lease.* (1) Except as provided in paragraph (a)(2) of this section, the initial lease term must be for at least one year.

(2) The PHA may approve a shorter initial lease term if the PHA determines that:

- (i) Such shorter term would improve housing opportunities for the tenant; and
  - (ii) Such shorter term is the prevailing local market practice.
- (3) During the initial term of the lease, the owner may not raise the rent to owner.

(4) The PHA may execute the HAP contract even if there is less than one year remaining from the beginning of the initial lease term to the end of the last expiring funding increment under the consolidated ACC.

(b) *Term of HAP contract.* (1) The term of the HAP contract begins on the first day of the lease term and ends on the last day of the lease term.

(2) The HAP contract terminates if any of the following occurs:

- (i) The lease is terminated by the owner or the tenant;
- (ii) The PHA terminates the HAP contract; or
- (iii) The PHA terminates assistance for the family.

(c) *Family responsibility.* (1) If the family terminates the lease on notice to the owner, the family must give the PHA a copy of the notice of termination at the same time. Failure to do this is a breach of family obligations under the program.

(2) The family must notify the PHA and the owner before the family moves out of the unit. Failure to do this is a breach of family obligations under the program.

#### **982.310 Owner termination of tenancy.**

(a) *Grounds.* During the term of the lease, the owner may not terminate the tenancy except on the following grounds:

(1) Serious violation (including but not limited to failure to pay rent or other amounts due under the lease) or repeated violation of the terms and conditions of the lease;

(2) Violation of federal, State, or local law that imposes obligations on the tenant in connection with the occupancy or use of the premises; or

(3) Other good cause.

(b) *Nonpayment by PHA:* Not grounds for termination of tenancy.

(1) The family is not responsible for payment of the portion of the rent to owner covered by the housing assistance payment under the HAP contract between the owner and the PHA.

(2) The PHA failure to pay the housing assistance payment to the owner is not a violation of the lease between the tenant and the owner. During the term of the lease the owner may not terminate the tenancy of the family for nonpayment of the PHA housing assistance payment.



(c) *Criminal activity.* (1) *Evicting drug criminals due to drug crime on or near the premises.* The lease must provide that drug-related criminal activity engaged in, on or near the premises by any tenant, household member, or guest, or such activity engaged in on the premises by any other person under the tenant's control, is grounds for the owner to terminate tenancy. In addition, the lease must provide that the owner may evict a family when the owner determines that a household member is illegally using a drug or when the owner determines that a pattern of illegal use of a drug interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents.

(2) *Evicting other criminals.* (i) *Threat to other residents.* The lease must provide that the owner may terminate tenancy for any of the following types of criminal activity by a covered person:

(A) Any criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents (including property management staff residing on the premises);

(B) Any criminal activity that threatens the health, safety, or right to peaceful enjoyment of their residences by persons residing in the immediate vicinity of the premises; or

(C) Any violent criminal activity on or near the premises by a tenant, household member, or guest, or any such activity on the premises by any other person under the tenant's control.

(ii) *Fugitive felon or parole violator.* The lease must provide that the owner may terminate the tenancy if a tenant is:

(A) Fleeing to avoid prosecution, or custody or confinement after conviction, for a crime, or attempt to commit a crime, that is a felony under the laws of the place from which the individual flees, or that, in the case of the State of New Jersey, is a high misdemeanor; or

(B) Violating a condition of probation or parole imposed under Federal or State law.

(3) *Evidence of criminal activity.* The owner may terminate tenancy and evict by judicial action a family for criminal activity by a covered person in accordance with this section if the owner determines that the covered person has engaged in the criminal activity, regardless of whether the covered person has been arrested or convicted for such activity and without satisfying the standard of proof used for a criminal conviction. (See part 5, subpart J, of this title for provisions concerning access to criminal records.)

(d) *Other good cause.* (1) 'Other good cause' for termination of tenancy by the owner may include, but is not limited to, any of the following examples:

(i) Failure by the family to accept the offer of a new lease or revision;

(ii) A family history of disturbance of neighbors or destruction of property, or of living or housekeeping habits resulting in damage to the unit or premises;

(iii) The owner's desire to use the unit for personal or family use, or for a purpose other than as a residential rental unit; or

(iv) A business or economic reason for termination of the tenancy (such as sale of the property, renovation of the unit, or desire to lease the unit at a higher rental).

(2) During the initial lease term, the owner may not terminate the tenancy for 'other good cause', unless the owner is terminating the tenancy because of something the family did or failed to do. For example, during this period, the owner may not terminate the tenancy for 'other good cause' based on any of the following grounds: failure by the family to accept the offer of a new lease or revision; the owner's desire to use the unit for personal or family use, or for a purpose other than as a residential rental unit; or a business or economic reason for termination of the tenancy (see paragraph (d)(1)(iv) of this section).

(e) *Owner notice.* (1) *Notice of grounds.*

(i) The owner must give the tenant a written notice that specifies the grounds for termination of tenancy during the term of the lease. The tenancy does not terminate before the owner has given this notice, and the notice must be given at or before commencement of the eviction action.

(ii) The notice of grounds may be included in, or may be combined with, any owner eviction notice to the tenant.

(2) *Eviction notice.*

(i) Owner eviction notice means a notice to vacate, or a complaint or other initial pleading used under State or local law to commence an eviction action.

(ii) The owner must give the PHA a copy of any owner eviction notice to the tenant.

(f) *Eviction by court action.* The owner may only evict the tenant from the unit by instituting a court action.

(g) *Regulations not applicable.* 24 CFR part 247 (concerning evictions from certain subsidized and HUD-owned projects) does not apply to a tenancy assisted under this part 982.

(h) *Termination of tenancy decisions.*—(1) *General.* If the law and regulation permit the owner to take an action but do not require action to be taken, the owner may take or not take the action in accordance with the owner's standards for eviction. The owner may consider all of the circumstances relevant to a particular eviction case, such as:

(i) The seriousness of the offending action;

(ii) The effect on the community of denial or termination or the failure of the owner to take such action;

(iii) The extent of participation by the leaseholder in the offending action;

(iv) The effect of denial of admission or termination of tenancy on household members not involved in the offending activity;

(v) The demand for assisted housing by families who will adhere to lease responsibilities; (vi) The extent to which the leaseholder has shown personal responsibility and taken all reasonable steps to prevent or mitigate the offending action;

(vii) The effect of the owner's action on the integrity of the program.

(2) *Exclusion of culpable household member.* The owner may require a tenant to exclude a household member in order to continue to reside in the assisted unit, where that household member has participated in or been culpable for action or failure to act that warrants termination.

(3) *Consideration of rehabilitation.* In determining whether to terminate tenancy for illegal use of drugs or alcohol abuse by a household member who is no longer engaged in such behavior, the owner may consider whether such household member is participating in or has successfully completed a supervised drug or alcohol rehabilitation program, or has otherwise been rehabilitated successfully (42 U.S.C. 13661). For this purpose, the owner may require the tenant to submit evidence of the household member's current participation in, or successful completion of, a supervised drug or alcohol rehabilitation program or evidence of otherwise having been rehabilitated successfully.

(4) *Nondiscrimination limitation and protection for victims of domestic violence, dating violence, or stalking.* The owner's termination of tenancy actions must be consistent with fair housing and equal opportunity provisions of 24 CFR 5.105, and with the provisions for protection of victims of domestic violence, dating violence, or stalking in 24 CFR part 5, subpart L.

#### **982.311 When assistance is paid.**

(a) *Payments under HAP contract.* Housing assistance payments are paid to the owner in accordance with the terms of the HAP contract. Housing assistance payments may only be paid to the owner during the lease term, and while the family is residing in the unit.

(b) *Termination of payment: When owner terminates the lease.* Housing assistance payments terminate when the lease is terminated by the owner in accordance with the lease. However, if the owner has commenced the process to evict the tenant, and if the family continues to reside in the unit, the PHA must continue to make housing assistance payments to the owner in accordance with the HAP contract until the owner has obtained a court judgment or other process allowing the owner to evict the tenant. The PHA may continue such payments until the family moves from or is evicted from the unit.

(c) *Termination of payment: Other reasons for termination.* Housing assistance payments terminate if:

- (1) The lease terminates;
- (2) The HAP contract terminates; or
- (3) The PHA terminates assistance for the family.

(d) *Family move-out.* (1) If the family moves out of the unit, the PHA may not make any housing assistance payment to the owner for any month after the month when the family moves out. The owner may keep the housing assistance payment for the month when the family moves out of the unit.

(2) If a participant family moves from an assisted unit with continued tenant-based assistance, the term of the assisted lease for the new assisted unit may begin during the month the family moves out of the first assisted unit. Overlap of the last housing assistance payment (for the month when the family moves out of the old unit) and the first assistance payment for the new unit, is not considered to constitute a duplicative housing subsidy.

#### **982.312 Absence from unit.**

(a) The family may be absent from the unit for brief periods. For longer absences, the PHA administrative plan establishes the PHA policy on how long the family may be absent from the assisted unit. However, the family may not be absent from the unit for a period of more than 180 consecutive calendar days in any circumstance, or for any reason. At its discretion, the PHA may allow absence for a lesser period in accordance with PHA policy.

(b) Housing assistance payments terminate if the family is absent for longer than the maximum period permitted. The term of the HAP contract and assisted lease also terminate. (The owner must reimburse the PHA for any housing assistance payment for the period after the termination.)

(c) Absence means that no member of the family is residing in the unit.

(d)(1) The family must supply any information or certification requested by the PHA to verify that the family is residing in the unit, or relating to family absence from the unit. The family must cooperate with the PHA for this purpose. The family must promptly notify the PHA of absence from the unit, including any information requested on the purposes of family absences.

(2) The PHA may adopt appropriate techniques to verify family occupancy or absence, including letters to the family at the unit, phone calls, visits or questions to the landlord or neighbors.

(e) The PHA administrative plan must state the PHA policies on family absence from the dwelling unit. The PHA absence policy includes:

- (1) How the PHA determines whether or when the family may be absent, and for how long. For example, the PHA may establish policies on absences because of vacation, hospitalization or imprisonment; and
- (2) Any provision for resumption of assistance after an absence, including readmission or resumption of assistance to the family.

#### **982.313 Security deposit: Amounts owed by tenant.**

- (a) The owner may collect a security deposit from the tenant.
- (b) The PHA may prohibit security deposits in excess of private market practice, or in excess of amounts charged by the owner to unassisted tenants.

(c) When the tenant moves out of the dwelling unit, the owner, subject to State or local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid rent payable by the tenant, damages to the unit or for other amounts the tenant owes under the lease.

(d) The owner must give the tenant a written list of all items charged against the security deposit, and the amount of each item. After deducting the amount, if any, used to reimburse the owner, the owner must refund promptly the full amount of the unused balance to the tenant.

(e) If the security deposit is not sufficient to cover amounts the tenant owes under the lease, the owner may seek to collect the balance from the tenant.

#### **982.315 Family break-up.**

(a) (1) The PHA has discretion to determine which members of an assisted family continue to receive assistance in the program if the family breaks up. The PHA administrative plan must state PHA policies on how to decide who remains in the program if the family breaks up.

(2) If the family break-up results from an occurrence of domestic violence, dating violence, or stalking as provided in 24 CFR part 5, subpart L, the PHA must ensure that the victim retains assistance.

(b) The factors to be considered in making this decision under the PHA policy may include:

- (1) Whether the assistance should remain with family members remaining in the original assisted unit.
- (2) The interest of minor children or of ill, elderly, or disabled family members.

(3) Whether family members are forced to leave the unit as a result of actual or threatened domestic violence, dating violence, or stalking.

(4) Whether any of the family members are receiving protection as victims of domestic violence, dating violence, or stalking, as provided in 24 CFR part 5, subpart L, and whether the abuser is still in the household.

(5) Other factors specified by the PHA.

(c) If a court determines the disposition of property between members of the assisted family in a divorce or separation under a settlement or judicial decree, the PHA is bound by the court's determination of which family members continue to receive assistance in the program.

#### **982.316 Live-in aide.**

(a) A family that consists of one or more elderly, near-elderly or disabled persons may request that the PHA approve a live-in aide to reside in the unit and provide necessary supportive services for a family member who is a person with disabilities. The PHA must approve a live-in aide if needed as a reasonable accommodation in accordance with 24 CFR part 8 to make the program accessible to and usable by the family member with a disability. (See 982.402(b)(6) concerning effect of live-in aide on family unit size.)

(b) At any time, the PHA may refuse to approve a particular person as a live-in aide, or may withdraw such approval, if:

- (1) The person commits fraud, bribery or any other corrupt or criminal act in connection with any federal housing program;
- (2) The person commits drug-related criminal activity or violent criminal activity; or
- (3) The person currently owes rent or other amounts to the PHA or to another PHA in connection with Section 8 or public housing assistance under the 1937 Act.

#### **982.317 Lease-purchase agreements.**

(a) A family leasing a unit with assistance under the program may enter into an agreement with an owner to purchase the unit. So long as the family is receiving such rental assistance, all requirements applicable to families otherwise leasing units under the tenant-based program apply. Any homeownership premium (e.g., increment of

value attributable to the value of the lease-purchase right or agreement such as an extra monthly payment to accumulate a downpayment or reduce the purchase price) included in the rent to the owner that would result in a higher subsidy amount than would otherwise be paid by the PHA must be absorbed by the family.

(b) In determining whether the rent to owner for a unit subject to a lease-purchase agreement is a reasonable amount in accordance with 982.503, any homeownership premium paid by the family to the owner must be excluded when the PHA determines rent reasonableness.

#### **Subpart H Where Family Can Live and Move**

##### **982.351 Overview.**

This subpart describes what kind of housing is eligible for leasing, and the areas where a family can live with tenant-based assistance. The subpart covers:

(a) Assistance for a family that rents a dwelling unit in the jurisdiction of the PHA that originally selected the family for tenant-based assistance.

(b) 'Portability' assistance for a family that rents a unit outside the jurisdiction of the initial PHA.

##### **982.352 Eligible housing.**

(a) *Ineligible housing.* The following types of housing may not be assisted by a PHA in the tenant-based programs:

- (1) A public housing or Indian housing unit;
- (2) A unit receiving project-based assistance under section 8 of the 1937 Act (42 U.S.C. 1437f);
- (3) Nursing homes, board and care homes, or facilities providing continual psychiatric, medical, or nursing services;
- (4) College or other school dormitories;
- (5) Units on the grounds of penal, reformatory, medical, mental, and similar public or private institutions;
- (6) A unit occupied by its owner or by a person with any interest in the unit.

(7) For provisions on PHA disapproval of an owner, see 982.306.

(b) *PHA-owned housing.* (1) A unit that is owned by the PHA that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by the PHA) may only be assisted under the tenant-based program if all the following conditions are satisfied:

(i) The PHA must inform the family, both orally and in writing, that the family has the right to select any eligible unit available for lease, and a PHA-owned unit is freely selected by the family, without PHA pressure or steering.

(ii) The unit is not ineligible housing.

(iii) During assisted occupancy, the family may not benefit from any form of housing subsidy that is prohibited under paragraph (c) of this section.

(iv) (A) The PHA must obtain the services of an independent entity to perform the following PHA functions as required under the program rule:

(1) To determine rent reasonableness in accordance with 982.507. The independent agency shall communicate the rent reasonableness determination to the family and the PHA.

(2) To assist the family negotiate the rent to owner in accordance with 982.506.

(3) To inspect the unit for compliance with the HQS in accordance with 982.305(a) and 982.405 (except that 982.405(e) is not applicable). The independent agency shall communicate the results of each such inspection to the family and the PHA.

(B) The independent agency used to perform these functions must be approved by HUD. The independent agency may be the unit of general local government for the PHA jurisdiction (unless the PHA is itself the unit of general local government or an agency of such government), or may be another HUD-approved independent agency.

(C) The PHA may compensate the independent agency from PHA ongoing administrative fee income for the services performed by the independent agency. The PHA may not use other program receipts to compensate the independent agency for such services. The PHA and the independent agency may not charge the family any fee or charge for the services provided by the independent agency.

(2) The PHA as owner is subject to the same program requirements that apply to other owners in the program.

(c) *Prohibition against other housing subsidy.* A family may not receive the benefit of tenant-based assistance while receiving the benefit of any of the following forms of other housing subsidy, for the same unit or for a different unit:

- (1) Public or Indian housing assistance;
- (2) Other Section 8 assistance (including other tenant-based assistance);
- (3) Assistance under former Section 23 of the United States Housing Act of 1937 (before amendment by the Housing and Community Development Act of 1974);
- (4) Section 101 rent supplements;
- (5) Section 236 rental assistance payments;
- (6) Tenant-based assistance under the HOME Program;
- (7) Rental assistance payments under Section 521 of the Housing Act of 1949 (a program of the Rural Development Administration);
- (8) Any local or State rent subsidy;
- (9) Section 202 supportive housing for the elderly;
- (10) Section 811 supportive housing for persons with disabilities;
- (11) Section 202 projects for non-elderly persons with disabilities (Section 162 assistance); or
- (12) Any other duplicative federal, State, or local housing subsidy, as determined by HUD. For this purpose, 'housing subsidy' does not include the housing component of a welfare payment, a social security payment received by the family, or a rent reduction because of a tax credit.

(12) Any other duplicative federal, State, or local housing subsidy, as determined by HUD. For this purpose, 'housing subsidy' does not include the housing component of a welfare payment, a social security payment received by the family, or a rent reduction because of a tax credit.

##### **982.353 Where family can lease a unit with tenant-based assistance.**

(a) *Assistance in the initial PHA jurisdiction.* The family may receive tenant-based assistance to lease a unit located anywhere in the jurisdiction (as determined by State and local law) of the initial PHA. HUD may nevertheless restrict the family's right to lease such a unit anywhere in such jurisdiction if HUD determines that limitations on a family's opportunity to select among available units in that jurisdiction are appropriate to achieve desegregation goals in accordance with obligations generated by a court order or consent decree.

(b) *Portability:* Assistance outside the initial PHA jurisdiction. Subject to paragraph (c) of this section, and to 982.552 and 982.553, a voucher-holder or participant family has the right to receive tenant-based voucher assistance in accordance with requirements of this part to lease a unit outside the initial PHA jurisdiction, anywhere in the United States, in the jurisdiction of a PHA with a tenant-based program under this part. The initial PHA must not provide such portable assistance for a participant if the family has moved out of the assisted unit in violation of the lease, except that if the family moves out in violation of the lease in order to protect the health or safety of a person who is or has been the victim of domestic violence, dating violence, or stalking and who reasonably believed he or she was imminently threatened by harm from further violence if he or she remained in the dwelling unit, and has otherwise complied with all other obligations under the Section 8 program, the family may receive a voucher from the PHA and move to another jurisdiction under the Housing Choice Voucher program.

(c) *Nonresident applicants.* (1) This paragraph (c) applies if neither the household head or spouse of an assisted family already had a 'domicile' (legal residence) in the jurisdiction of the initial PHA at the time when the family first submitted an application for participation in the program to the initial PHA.

(2) The following apply during the 12 month period from the time when a family described in paragraph (c)(1) of this section is admitted to the program:

(i) The family may lease a unit anywhere in the jurisdiction of the initial PHA;

(ii) The family does not have any right to portability;

(iii) The initial PHA may choose to allow portability during this period.

(3) If the initial PHA approves, the family may lease a unit outside the PHA jurisdiction under portability procedures.

(d) *Income eligibility.* (1) For admission to the program, a family must be income eligible in the area where the family initially leases a unit with assistance under the program.

(2) If a family is a participant in the initial PHA's voucher program, income eligibility is not redetermined when the family moves to the receiving PHA program under portability procedures.

(e) *Freedom of choice.* The PHA may not directly or indirectly reduce the family's opportunity to select among available units, except as provided in paragraph (a) of this section, or elsewhere in this part 982 (e.g., prohibition on the use of ineligible housing, housing not meeting HQS, or housing for which the rent to owner exceeds a reasonable rent). However, the PHA must provide families the information required in § 982.301 for both the oral briefing and the information packet to ensure that they have the information they need to make an informed decision on their housing choice.

#### **982.354 Move with continued tenant-based assistance.**

(a) *Applicability.* This section states when a participant family may move to a new unit with continued tenant-based assistance:

(b) *When family may move.* A family may move to a new unit if:

(1) The assisted lease for the old unit has terminated. This includes a termination because:

(i) The PHA has terminated the HAP contract for the owner's breach; or

(ii) The lease has terminated by mutual agreement of the owner and the tenant.

(2) The owner has given the tenant a notice to vacate, or has commenced an action to evict the tenant, or has obtained a court judgment or other process allowing the owner to evict the tenant.

(3) The tenant has given notice of lease termination (if the tenant has a right to terminate the lease on notice to the owner, for owner breach, or otherwise).

(4) The family or a member of the family is or has been the victim of domestic violence, dating violence, or stalking, as provided in 24 CFR part 5, subpart L, and the move is needed to protect the health or safety of the family or family member. A PHA may not terminate assistance if the family, with or without prior notification to the PHA, already moved out of a unit in violation of the lease, if such move occurred to protect the health or safety of a family member who is or has been the victim of domestic violence, dating violence, or stalking and who reasonably believed he or she was imminently threatened by harm from further violence if he or she remained in the dwelling unit.

(c) *How many moves.* (1) A participant family may move with continued assistance under the program, either inside the PHA jurisdiction, or under the portability procedures (See 982.353) in accordance with the PHA's policies.

(2) Consistent with applicable civil rights laws and regulations, the PHA may establish policies that:

(i) Prohibit any move by the family during the initial lease term; and

(ii) Prohibit more than one move by the family during any one-year period.

(iii) The above policies do not apply when the family or a member of the family is or has been the victim of domestic violence, dating violence, or stalking, as provided in 24 CFR part 5, subpart L, and the move is needed to protect the health or safety of the family or family member.

(d) *Notice that family wants to move.* If the family wants to move to a new unit, the family must notify the PHA and the owner before moving from the old unit. If the family wants to move to a new unit that is located outside the initial PHA jurisdiction, the notice to the initial PHA must specify the area where the family wants to move. See portability procedures in subpart H of this part.

(e) *When PHA may deny permission to move.* (1) The PHA may deny permission to move if the PHA does not have sufficient funding for continued assistance. The PHA must provide written notification to the local HUD Office within 10 business days of determining it is necessary to deny moves to a higher-cost unit based on insufficient funding.

#### **982.355 Portability: Administration by receiving PHA.**

(a) *General.* When a family moves under portability (in accordance with § 982.353(b)) to an area outside the initial PHA jurisdiction, the receiving PHA must administer assistance for the family if a PHA with a HCV program has jurisdiction in the area where the unit is located.

(b) *Requirement to administer assistance.* A receiving PHA cannot refuse to assist incoming portable families or direct them to another neighboring PHA for assistance. If there is more than one such PHA, the initial PHA provides the family with the contact information for the receiving PHAs that serve the area, and the family selects the receiving PHA. The family must inform the initial PHA which PHA it has selected as the receiving PHA. In cases where the family prefers not to select the receiving PHA, the initial PHA selects the receiving PHA on behalf of the family. HUD may determine in certain instances that a PHA is not required to accept incoming portable families, such as a PHA in a declared disaster area. However, the PHA must have approval in writing from HUD before refusing any incoming portable families.

(c) *Portability procedures.* The following portability procedures must be followed:

(1) When the family decides to use the voucher outside of the PHA jurisdiction, the family must notify the initial PHA of its desire to relocate and must specify the location where it wants to live.

(2) The initial PHA must determine the family's eligibility to move in accordance with §§ 982.353 and 982.354.

(3) Once the receiving PHA is determined in accordance with paragraph (b) of this section, the initial PHA must contact the receiving PHA, via email or other confirmed delivery method, prior to approving the family's request to move in order to determine whether the voucher will be absorbed or billed by the receiving PHA. The receiving PHA must advise the initial PHA in writing, via email or other confirmed delivery method, of its decision.

(4) If the receiving PHA notifies the initial PHA that it will absorb the voucher, the receiving PHA cannot reverse its decision at a later date without consent of the initial PHA.

(5) If the receiving PHA will bill the initial PHA for the portability voucher and the cost of the HAP will increase due to the move, the initial PHA may deny the move if it does not have sufficient funding for continued assistance in accordance with § 982.354 (e)(1).

(6) If a billing arrangement is approved by the initial PHA or if the voucher is to be absorbed by the receiving PHA, the initial PHA must issue the family a voucher to move, if it has not already done so, and advise the family how to contact and request assistance from the receiving PHA.

(7) The initial PHA must promptly notify the receiving PHA to expect the family. The initial PHA must give the receiving PHA the form HUD-52665, the most recent form HUD 50058 (Family Report) for the family, and all related verification information.

(8) The family must promptly contact the receiving PHA in order to be informed of the receiving PHA's procedures for incoming portable families and comply with these procedures. The family's failure to comply may result in denial or termination of the receiving PHA's voucher.

(9) The receiving PHA does not redetermine eligibility for a participant family. However, for a family that was not already receiving assistance in the PHA's HCV program, the initial PHA must determine whether the family is eligible for admission to the receiving PHA's HCV program. In determining income eligibility, the receiving PHA's income limits are used by the initial PHA.

(10) When a receiving PHA assists a family under portability, administration of the voucher must be in accordance with the receiving PHA's policies. This requirement also applies to policies of Moving to Work agencies. The receiving PHA procedures and preferences for selection among eligible applicants do not apply to the family, and the receiving PHA waiting list is not used.

(11) If the receiving PHA opts to conduct a new reexamination for a current participant family, the receiving PHA may not delay issuing the family a voucher or otherwise delay approval of a unit.

(12) The receiving PHA must determine the family unit size for the family, and base its determination on the subsidy standards of the receiving PHA.

(13) The receiving PHA must issue a voucher to the family. The term of the receiving PHA voucher may not expire before 30 calendar days from the expiration date of the initial PHA voucher. If the voucher expires before the family arrives at the receiving PHA, the receiving PHA must contact the initial PHA to determine if it will extend the voucher.

(14) Once the receiving PHA issues the portable family a voucher, the receiving PHA's policies on extensions of the voucher term apply. The receiving PHA must notify the initial PHA of any extensions granted to the term of the voucher.

(15) The family must submit a request for tenancy approval to the receiving PHA during the term of the receiving PHA voucher. As required in § 982.303, if the family submits a request for tenancy approval during the term of the voucher, the PHA must suspend the term of that voucher.

(16) The receiving PHA must promptly notify the initial PHA if the family has leased an eligible unit under the program, or if the family fails to submit a request for tenancy approval for an eligible unit within the term of the voucher.

(17) At any time, either the initial PHA or the receiving PHA may make a determination to deny or terminate assistance to the family in accordance with § 982.552 and 982.553.

(d) *Absorption by the receiving PHA.* (1) If funding is available under the consolidated ACC for the receiving PHA's HCV program, the receiving PHA may absorb the family into the receiving PHA's HCV program. After absorption, the family is assisted with funds available under the consolidated ACC for the receiving PHA's HCV program.

(2) HUD may require that the receiving PHA absorb all, or a portion of, incoming portable families. Under circumstances described in a notice published in the Federal Register, HUD may determine that receiving PHAs, or categories of receiving PHAs, should absorb all or a portion of incoming portable families. If HUD makes such a determination, HUD will provide an opportunity for public comment, for a period of no less than 60 calendar days, on such policy and procedures. After consideration of public comments, HUD will

publish a final notice in the Federal Register advising PHAs and the public of HUD's final determination on the subject of mandatory absorption of incoming portable families.

(3) HUD may provide financial or nonfinancial incentives (or both) to PHAs that absorb portability vouchers.

(e) *Portability Billing.* (1) To cover assistance for a portable family that was not absorbed in accordance with paragraph (d) of this section, the receiving PHA may bill the initial PHA for housing assistance payments and administrative fees.

(2) The initial PHA must promptly reimburse the receiving PHA for the full amount of the housing assistance payments made by the receiving PHA for the portable family. The amount of the housing assistance payment for a portable family in the receiving PHA program is determined in the same manner as for other families in the receiving PHA program.

(3) The initial PHA must promptly reimburse the receiving PHA for the lesser of 80 percent of the initial PHA ongoing administrative fee or 100 percent of the receiving PHA's ongoing administrative fee for each program unit under HAP contract on the first day of the month for which the receiving PHA is billing the initial PHA under this section. If administrative fees are prorated for the HCV program, the proration will apply to the amount of the administrative fee for which the receiving PHA may bill under this section (e.g., the receiving PHA may bill for the lesser of 80 percent of the initial PHA's prorated ongoing administrative fee or 100 percent of the receiving PHA's prorated ongoing administrative fee). If both PHAs agree, the PHAs may negotiate a different amount of reimbursement.

(4) When a portable family moves out of the HCV program of a receiving PHA that has not absorbed the family, the PHA in the new jurisdiction to which the family moves becomes the receiving PHA, and the first receiving PHA is no longer required to provide assistance for the family.

(5) In administration of portability, the initial PHA and the receiving PHA must comply with financial procedures required by HUD, including the use of HUD-required billing forms. The initial and receiving PHA must also comply with billing and payment deadlines under the financial procedures.

(6) A PHA must manage the PHA HCV program in a manner that ensures that the PHA has the financial ability to provide assistance for families that move out of the PHA's program under the portability procedures, and that have not been absorbed by the receiving PHA, as well as for families that remain in the PHA's program.

(7) HUD may reduce the administrative fee to an initial or receiving PHA if the PHA does not comply with HUD portability requirements.

(f) *Portability funding.* (1) HUD may transfer funds for assistance to portable families to the receiving PHA from funds available under the initial PHA ACC.

(2) HUD may provide additional funding (e.g., funds for incremental units) to the initial PHA for funds transferred to a receiving PHA for portability purposes.

(3) HUD may provide additional funding (e.g., funds for incremental units) to the receiving PHA for absorption of portable families.

(4) HUD may require the receiving PHA to absorb portable families.

(g) *Special purpose vouchers.* (1) The initial PHA must submit the codes used for special purpose vouchers on the form HUD-50058, Family Report, and the receiving PHA must maintain the codes on the Family Report, as long as the Receiving PHA chooses to bill the initial PHA.

(2) Initial and receiving PHAs must administer special purpose vouchers, such as the HUD-Veterans Affairs Supportive Housing vouchers, in accordance with HUD-established policy in cases where HUD has established alternative program requirements of such special purpose vouchers.

**Subpart I Dwelling Unit: Housing Quality Standards, Subsidy Standards, Inspection and Maintenance**

**982.401 Housing quality standards (HQS).**

(a) *Performance and acceptability requirements.* (1) This section states the housing quality standards (HQS) for housing assisted under the HCV program.

(2)(i) The HQS consist of:

(A) Performance requirements; and

(B) Acceptability criteria or HUD approved variations in the acceptability criteria.

(ii) This section states performance and acceptability criteria for these key aspects of housing quality:

(A) Sanitary facilities;

(B) Food preparation and refuse disposal;

(C) Space and security;

(D) Thermal environment;

(E) Illumination and electricity;

(F) Structure and materials;

(G) Interior air quality;

(H) Water supply;

(I) Lead-based paint;

(J) Access;

(K) Site and neighborhood;

(L) Sanitary condition; and

(M) Smoke detectors.

(3) All program housing must meet the HQS performance requirements both at commencement of assisted occupancy, and throughout the assisted tenancy.

(4)(i) In addition to meeting HQS performance requirements, the housing must meet the acceptability criteria stated in this section, unless variations are approved by HUD.

(ii) HUD may approve acceptability criteria variations for the following purposes:

(A) Variations which apply standards in local housing codes or other codes adopted by the PHA; or

(B) Variations because of local climatic or geographic conditions.

(iii) Acceptability criteria variations may only be approved by HUD pursuant to paragraph (a)(4)(ii) of this section if such variations either:

(A) Meet or exceed the performance requirements; or

(B) Significantly expand affordable housing opportunities for families assisted under the program.

(iv) HUD will not approve any acceptability criteria variation if HUD believes that such variation is likely to adversely affect the health or safety of participant families, or severely restrict housing choice.

(b) *Sanitary facilities-(1) Performance requirements.* The dwelling unit must include sanitary facilities located in the unit. The sanitary facilities must be in proper operating condition, and adequate for personal cleanliness and the disposal of human waste. The sanitary facilities must be usable in privacy.

(2) *Acceptability criteria.* (i) The bathroom must be located in a separate private room and have a flush toilet in proper operating condition.

(ii) The dwelling unit must have a fixed basin in proper operating condition, with a sink trap and hot and cold running water.

(iii) The dwelling unit must have a shower or a tub in proper operating condition with hot and cold running water.

(iv) The facilities must utilize an approvable public or private disposal system (including a locally approvable septic system).

(c) *Food preparation and refuse disposal-(1) Performance requirement.* (i) The dwelling unit must have suitable space and equipment to store, prepare, and serve foods in a sanitary manner.

(ii) There must be adequate facilities and services for the sanitary disposal of food wastes and refuse, including facilities for temporary storage where necessary (e.g., garbage cans).

(2) *Acceptability criteria.* (i) The dwelling unit must have an oven, and a stove or range, and a refrigerator of appropriate size for the family. All of the equipment must be in proper operating condition. The equipment may be supplied by either the owner or the family. A microwave oven may be substituted for a tenant-supplied oven and stove or range. A microwave oven may be substituted for an owner-supplied oven and stove or range if the tenant agrees and microwave ovens are furnished instead of an oven and stove or range to both subsidized and unsubsidized tenants in the building or premises.

(ii) The dwelling unit must have a kitchen sink in proper operating condition, with a sink trap and hot and cold running water. The sink must drain into an approvable public or private system.

(iii) The dwelling unit must have space for the storage, preparation, and serving of food.

(iv) There must be facilities and services for the sanitary disposal of food waste and refuse, including temporary storage facilities where necessary (e.g., garbage cans).

(d) *Space and security-(1) Performance requirement.* The dwelling unit must provide adequate space and security for the family.

(2) *Acceptability criteria.* (i) At a minimum, the dwelling unit must have a living room, a kitchen area, and a bathroom.

(ii) The dwelling unit must have at least one bedroom or living/sleeping room for each two persons. Children of opposite sex, other than very young children, may not be required to occupy the same bedroom or living/sleeping room.

(iii) Dwelling unit windows that are accessible from the outside, such as basement, first floor, and fire escape windows, must be lockable (such as window units with sash pins or sash locks, and combination windows with latches). Windows that are nailed shut are acceptable only if these windows are not needed for ventilation or as an alternate exit in case of fire.

(iv) The exterior doors of the dwelling unit must be lockable. Exterior doors are doors by which someone can enter or exit the dwelling unit.

(e) *Thermal environment-(1) Performance requirement.* The dwelling unit must have and be capable of maintaining a thermal environment healthy for the human body.

(2) *Acceptability criteria.* (i) There must be a safe system for heating the dwelling unit (and a safe cooling system, where present). The system must be in proper operating condition. The system must be able to provide adequate heat (and cooling, if applicable), either directly or indirectly, to each room, in order to assure a healthy living environment appropriate to the climate.

(ii) The dwelling unit must not contain unvented room heaters that burn gas, oil, or kerosene. Electric heaters are acceptable.

(f) *Illumination and electricity-(1) Performance requirement.* Each room must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants. The dwelling unit must have sufficient electrical sources so occupants can use essential electrical appliances. The electrical fixtures and wiring must ensure safety from fire.

(2) *Acceptability criteria.* (i) There must be at least one window in the living room and in each sleeping room.

(ii) The kitchen area and the bathroom must have a permanent ceiling or wall light fixture in proper operating condition. The kitchen area must also have at least one electrical outlet in proper operating condition.

(iii) The living room and each bedroom must have at least two electrical outlets in proper operating condition. Permanent overhead or wall-mounted light fixtures may count as one of the required electrical outlets.

(g) *Structure and materials-(1) Performance requirement.* The dwelling unit must be structurally sound. The structure must not present any threat to the health and safety of the occupants and must protect the occupants from the environment.

(2) *Acceptability criteria.* (i) Ceilings, walls, and floors must not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts, or other serious damage.

(ii) The roof must be structurally sound and weathertight.

(iii) The exterior wall structure and surface must not have any serious defects such as serious leaning, buckling, sagging, large holes, or defects that may result in air infiltration or vermin infestation.

(iv) The condition and equipment of interior and exterior stairs, halls, porches, walkways, etc., must not present a danger of tripping and falling. For example, broken or missing steps or loose boards are unacceptable.

(v) Elevators must be working and safe.

(h) *Interior air quality-(1) Performance requirement.* The dwelling unit must be free of pollutants in the air at levels that threaten the health of the occupants.

(2) *Acceptability criteria.* (i) The dwelling unit must be free from dangerous levels of air pollution from carbon monoxide, sewer gas, fuel gas, dust, and other harmful pollutants.

(ii) There must be adequate air circulation in the dwelling unit.

(iii) Bathroom areas must have one openable window or other adequate exhaust ventilation.

(iv) Any room used for sleeping must have at least one window. If the window is designed to be openable, the window must work.

(i) *Water supply-(1) Performance requirement.* The water supply must be free from contamination.

(2) *Acceptability criteria.* The dwelling unit must be served by an approvable public or private water supply that is sanitary and free from contamination.

(j) *Lead-based paint performance requirement.* The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, M, and R of this title apply to units assisted under this part.

(k) *Access performance requirement.* The dwelling unit must be able to be used and maintained without unauthorized use of other private properties. The building must provide an alternate means of exit in case of fire (such as fire stairs or egress through windows).

(l) *Site and Neighborhood-(1) Performance requirement.* The site and neighborhood must be reasonably free from disturbing noises and reverberations and other dangers to the health, safety, and general welfare of the occupants.

(2) *Acceptability criteria.* The site and neighborhood may not be subject to serious adverse environmental conditions, natural or manmade, such as dangerous walks or steps; instability; flooding, poor drainage, septic tank back-ups or sewage hazards; mudslides; abnormal air pollution, smoke or dust; excessive noise, vibration or vehicular traffic; excessive accumulations of trash; vermin or rodent infestation; or fire hazards.

(m) *Sanitary condition-(1) Performance requirement.* The dwelling unit and its equipment must be in sanitary condition.

(2) *Acceptability criteria.* The dwelling unit and its equipment must be free of vermin and rodent infestation.

(n) *Smoke detectors performance requirement-(1)* Except as provided in paragraph (n)(2) of this section, each dwelling unit must have at least one battery-operated or hard-wired smoke detector, in proper operating condition, on each level of the dwelling unit, including basements but excepting crawl spaces and unfinished attics. Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standard

(NFPA) 74 (or its successor standards). If the dwelling unit is occupied by any hearing-impaired person, smoke detectors must have an alarm system, designed for hearing-impaired persons as specified in NFPA 74 (or successor standards).

(2) For units assisted prior to April 24, 1993, owners who installed battery-operated or hard-wired smoke detectors prior to April 24, 1993 in compliance with HUD's smoke detector requirements, including the regulations published on July 30, 1992, (57 FR 33846), will not be required subsequently to comply with any additional requirements mandated by NFPA 74 (i.e., the owner would not be required to install a smoke detector in a basement not used for living purposes, nor would the owner be required to change the location of the smoke detectors that have already been installed on the other floors of the unit).

#### **982.402 Subsidy standards.**

(a) *Purpose.* (1) The PHA must establish subsidy standards that determine the number of bedrooms needed for families of different sizes and compositions.

(2) For each family, the PHA determines the appropriate number of bedrooms under the PHA subsidy standards (family unit size).

(3) The family unit size number is entered on the voucher issued to the family. The PHA issues the family a voucher for the family unit size when a family is selected for participation in the program.

(b) *Determining family unit size.* The following requirements apply when the PHA determines family unit size under the PHA subsidy standards:

(1) The subsidy standards must provide for the smallest number of bedrooms needed to house a family without overcrowding.

(2) The subsidy standards must be consistent with space requirements under the housing quality standards (See 982.401(d)).

(3) The subsidy standards must be applied consistently for all families of like size and composition.

(4) A child who is temporarily away from the home because of placement in foster care is considered a member of the family in determining the family unit size.

(5) A family that consists of a pregnant woman (with no other persons) must be treated as a two-person family.

(6) Any live-in aide (approved by the PHA to reside in the unit to care for a family member who is disabled or is at least 50 years of age) must be counted in determining the family unit size;

(7) Unless a live-in-aide resides with the family, the family unit size for any family consisting of a single person must be either a zero or one-bedroom unit, as determined under the PHA subsidy standards.

(8) In determining family unit size for a particular family, the PHA may grant an exception to its established subsidy standards if the PHA determines that the exception is justified by the age, sex, health, handicap, or relationship of family members or other personal circumstances. (For a single person other than a disabled or elderly person or remaining family member, such PHA exception may not override the limitation in paragraph (b)(7) of this section.)

(c) *Effect of family unit size-maximum subsidy in voucher program.* The family unit size as determined for a family under the PHA subsidy standard is used to determine the maximum rent subsidy for a family assisted in the voucher program. For a voucher tenancy, the PHA establishes payment standards by number of bedrooms. The payment standard for a family shall be the lower of:

(1) The payment standard amount for the family unit size; or

(2) The payment standard amount for the unit size of the unit rented by the family.

(d) *Size of unit occupied by family.* (1) The family may lease an otherwise acceptable dwelling unit with fewer bedrooms than the family unit size. However, the dwelling unit must meet the applicable HQS space requirements.

(2) The family may lease an otherwise acceptable dwelling unit with more bedrooms than the family unit size. However, utility allowances must follow §982.517(d).

**982.403 Terminating HAP contract when unit is too small.**

(a) *Violation of HQS space standards.* (1) If the PHA determines that a unit does not meet the HQS space standards because of an increase in family size or a change in family composition, the PHA must issue the family a new voucher, and the family and PHA must try to find an acceptable unit as soon as possible.

(2) If an acceptable unit is available for rental by the family, the PHA must terminate the HAP contract in accordance with its terms.

(b) *Termination.* When the PHA terminates the HAP contract under paragraph (a) of this section:

(1) The PHA must notify the family and the owner of the termination; and

(2) The HAP contract terminates at the end of the calendar month that follows the calendar month in which the PHA gives such notice to the owner.

(3) The family may move to a new unit in accordance with §982.354.

**982.404 Maintenance: Owner and family responsibility; PHA remedies.**

(a) *Owner obligation.* (1) The owner must maintain the unit in accordance with HQS.

(2) If the owner fails to maintain the dwelling unit in accordance with HQS, the PHA must take prompt and vigorous action to enforce the owner obligations. PHA remedies for such breach of the HQS include termination, suspension or reduction of housing assistance payments and termination of the PHAP contract.

(3) The PHA must not make any housing assistance payments for a dwelling unit that fails to meet the HQS, unless the owner corrects the defect within the period specified by the PHA and the PHA verifies the correction. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days (or any PHA-approved extension).

(4) The owner is not responsible for a breach of the HQS that is not caused by the owner, and for which the family is responsible (as provided in 982.404(b) and 982.551(c)). (However, the PHA may terminate assistance to a family because of HQS breach caused by the family.)

(b) *Family obligation.* (1) The family is responsible for a breach of the HQS that is caused by any of the following:

(i) The family fails to pay for any utilities that the owner is not required to pay for, but which are to be paid by the tenant;

(ii) The family fails to provide and maintain any appliances that the owner is not required to provide, but which are to be provided by the tenant; or

(iii) Any member of the household or guest damages the dwelling unit or premises (damages beyond ordinary wear and tear).

(2) If an HQS breach caused by the family is life threatening, the family must correct the defect within no more than 24 hours. For other family-caused defects, the family must correct the defect within no more than 30 calendar days (or any PHA-approved extension).

(3) If the family has caused a breach of the HQS, the PHA must take prompt and vigorous action to enforce the family obligations. The PHA may terminate assistance for the family in accordance with 982.552.

**982.405 PHA initial and periodic unit inspection.**

(a) The PHA must inspect the unit leased to a family prior to the initial term of the lease, at least biennially during assisted occupancy, and at other times as needed, to determine if the unit meets the HQS. (See 982.305(b)(2) concerning timing of initial inspection by the PHA.)

(b) The PHA must conduct supervisory quality control HQS inspections.

(c) In scheduling inspections, the PHA must consider complaints and any other information brought to the attention of the PHA.

(d) The PHA must notify the owner of defects shown by the inspection.

(e) The PHA may not charge the family for an initial inspection or reinspection of the unit.

(f) The PHA may not charge the owner for the inspection of the unit prior to the initial term of the lease or for a first inspection during assisted occupancy of the unit. The PHA may establish a reasonable fee to owners for a reinspection if an owner notifies the PHA that a repair has been made or the allotted time for repairs has elapsed and a reinspection reveals that any deficiency cited in the previous inspection that the owner is responsible for repairing pursuant to §982.404(a) was not corrected. The owner may not pass this fee along to the family. Fees collected under this paragraph will be included in a PHA's administrative fee reserve and may be used only for activities related to the provision of Section 8 Tenant-Based Rental Assistance.

(g) If a participant family or government official reports a condition that is life-threatening (i.e., the PHA would require the owner to make the repair within no more than 24 hours in accordance with §982.404(a)(3)), then the PHA must inspect the housing unit within 24 hours of when the PHA received the notification. If the reported condition is not life-threatening (i.e., the PHA would require the owner to make the repair within no more than 30 calendar days in accordance with §982.404(a)(3)), then the PHA must inspect the unit within 15 days of when the PHA received the notification. In the event of extraordinary circumstances, such as if a unit is within a Presidentially declared disaster area, HUD may waive the 24-hour or the 15-day inspection requirement until such time as an inspection is feasible.

**982.406 Use of alternative inspections.**

(a) *In general.* (1) A PHA may comply with the inspection requirement in § 982.405(a) by relying on an alternative inspection (i.e., an inspection conducted for another housing assistance program) only if the PHA is able to obtain the results of the alternative inspection.

(2) If an alternative inspection method employs sampling, then a PHA may rely on such alternative inspection method to comply with the requirement in § 982.405(a) only if HCV units are included in the population of units forming the basis of the sample.

(3) Units in properties that are mixed finance properties assisted with project-based vouchers may be inspected at least triennially pursuant to 24 CFR 983.103(g).

(b) *Administrative plans.* A PHA relying on an alternative inspection to fulfill the requirement in § 982.405(a) must identify the alternative inspection method being used in the PHA's administrative plan. Such a change may be a significant amendment to the plan, in which case the PHA must follow its plan amendment and public notice requirements, in addition to meeting the requirements in § 982.406(c)(2), if applicable, before using the alternative inspection method.

(c) *Eligible inspection methods.* (1) A PHA may rely upon inspections of housing assisted under the HOME Investment Partnerships (HOME) program or housing financed using Low-Income Housing Tax Credits (LIHTCs), or inspections performed by HUD, with no action other than amending its administrative plan.

(2) If a PHA wishes to rely on an inspection method other than a method listed in paragraph (c)(1) of this section, then, prior to amending its administrative plan, the PHA must submit to the Real Estate Assessment Center (REAC) a copy of the inspection method it



wishes to use, along with its analysis of the inspection method that shows that the method “provides the same or greater protection to occupants of dwelling units” as would HQS.

(i) A PHA may rely upon such alternative inspection method only upon receiving approval from REAC to do so.

(ii) A PHA that uses an alternative inspection method approved under this paragraph must monitor changes to the standards and requirements applicable to such method. If any change is made to the alternative inspection method, then the PHA must submit to REAC a copy of the revised standards and requirements, along with a revised comparison to HQS. If the PHA or REAC determines that the revision would cause the alternative inspection to no longer meet or exceed HQS, then the PHA may no longer rely upon the alternative inspection method to comply with the inspection requirement at § 982.405(a).

(d) *Results of alternative inspection.* (1) In order for a PHA to rely upon the results of an alternative inspection to comply with the requirement at § 982.405(a), a property inspected pursuant to such method must meet the standards or requirements regarding housing quality or safety applicable to properties assisted under the program using the alternative inspection method. To make the determination of whether such standards or requirements are met, the PHA must adhere to the following procedures:

(i) If a property is inspected under an alternative inspection method, and the property receives a “pass” score, then the PHA may rely on that inspection to demonstrate compliance with the inspection requirement at § 982.405(a).

(ii) If a property is inspected under an alternative inspection method, and the property receives a “fail” score, then the PHA may not rely on that inspection to demonstrate compliance with the inspection requirement at § 982.405(a).

(iii) If a property is inspected under an alternative inspection method that does not employ a pass/fail determination—for example, in the case of a program where deficiencies are simply identified—then the PHA must review the list of deficiencies to determine whether any cited deficiency would have resulted in a “fail” score under HQS. If no such deficiency exists, then the PHA may rely on the inspection to demonstrate compliance with the inspection requirement at § 982.405(a); if such a deficiency does exist, then the PHA may not rely on the inspection to demonstrate such compliance.

(2) Under any circumstance described above in which a PHA is prohibited from relying on an alternative inspection method for a property, the PHA must, within a reasonable period of time, conduct an HQS inspection of any units in the property occupied by voucher program participants and follow HQS procedures to remedy any identified deficiencies.

(e) *Records retention.* As with all other inspection reports, and as required by § 982.158(f)(4), reports for inspections conducted pursuant to an alternative inspection method must be obtained by the PHA. Such reports must be available for HUD inspection for at least three years from the date of the latest inspection.

#### **982.407 Enforcement of HQS.**

Part 982 does not create any right of the family, or any party other than HUD or the PHA, to require enforcement of the HQS requirements by HUD or the PHA, or to assert any claim against HUD or the PHA, for damages, injunction or other relief, for alleged failure to enforce the HQS.

#### **Subpart J Housing Assistance Payments Contract and Owner Responsibility**

##### **982.451 Housing assistance payments contract.**

(a)(1) The HAP contract must be in the form required by HUD.

(2) The term of the HAP contract is the same as the term of the lease.

(b)(1) The amount of the monthly housing assistance payment by the PHA to the owner is determined by the PHA in accordance with HUD regulations and other requirements. The amount of the housing assistance payment is subject to change during the HAP contract term.

(2) The monthly housing assistance payment by the PHA is credited toward the monthly rent to owner under the family's lease.

(3) The total of rent paid by the tenant plus the PHA housing assistance payment to the owner may not be more than the rent to owner. The owner must immediately return any excess payment to the PHA.

(4)(i) The part of the rent to owner which is paid by the tenant may not be more than:

(A) The rent to owner; minus

(B) The PHA housing assistance payment to the owner.

(ii) The owner may not demand or accept any rent payment from the tenant in excess of this maximum, and must immediately return any excess rent payment to the tenant.

(iii) The family is not responsible for payment of the portion of rent to owner covered by the housing assistance payment under the HAP contract between the owner and the PHA. See 982.310(b).

(5)(i) The PHA must pay the housing assistance payment promptly when due to the owner in accordance with the HAP contract.

(ii) (A) The HAP contract shall provide for penalties against the PHA for late payment of housing assistance payments due to the owner if all the following circumstances apply:

(1) Such penalties are in accordance with generally accepted practices and law, as applicable in the local housing market, governing penalties for late payment of rent by a tenant;

(2) It is the owner's practice to charge such penalties for assisted and unassisted tenants; and

(3) The owner also charges such penalties against the tenant for late payment of family rent to owner.

(B) The PHA is not obligated to pay any late payment penalty if HUD determines that late payment by the PHA is due to factors beyond the PHA's control. The PHA may add HAP contract provisions which define when the housing assistance payment by the PHA is deemed received by the owner (e.g., upon mailing by the PHA or actual receipt by the owner).

(iii) The PHA may only use the following sources to pay a late payment penalty from program receipts under the consolidated ACC: administrative fee income for the program; or the administrative fee reserve for the program. The PHA may not use other program receipts for this purpose.

##### **982.452 Owner responsibilities.**

(a) The owner is responsible for performing all of the owner's obligations under the HAP contract and the lease.

(b) The owner is responsible for:

(1) Performing all management and rental functions for the assisted unit, including selecting a voucher-holder to lease the unit, and deciding if the family is suitable for tenancy of the unit. The fact that an applicant is or has been a victim of domestic violence, dating violence, or stalking is not an appropriate basis for denial of tenancy if the applicant otherwise qualifies for tenancy.

(2) Maintaining the unit in accordance with HQS, including performance of ordinary and extraordinary maintenance. For provisions on family maintenance responsibilities, see §982.404(a)(4).

(3) Complying with equal opportunity requirements.

(4) Preparing and furnishing to the PHA information required under the HAP contract.

(5) Collecting from the family:

(i) Any security deposit.

(ii) The tenant contribution (the part of rent to owner not covered by the housing assistance payment).

(iii) Any charges for unit damage by the family.

- (6) Enforcing tenant obligations under the lease.
- (7) Paying for utilities and services (unless paid by the family under the lease).
- (c) For provisions on modifications to a dwelling unit occupied or to be occupied by a disabled person, see 24 CFR 100.203.

**982.453 Owner breach of contract.**

(a) Any of the following actions by the owner (including a principal or other interested party) is a breach of the HAP contract by the owner:

- (1) If the owner has violated any obligation under the HAP contract for the dwelling unit, including the owner's obligation to maintain the unit in accordance with the HQS.
- (2) If the owner has violated any obligation under any other HAP contract under Section 8 of the 1937 Act (42 U.S.C. 1437f).
- (3) If the owner has committed fraud, bribery or any other corrupt or criminal act in connection with any federal housing program.
- (4) For projects with mortgages insured by HUD or loans made by HUD, if the owner has failed to comply with the regulations for the applicable mortgage insurance or loan program, with the mortgage or mortgage note, or with the regulatory agreement; or if the owner has committed fraud, bribery or any other corrupt or criminal act in connection with the mortgage or loan.

(5) If the owner has engaged in drug-related criminal activity.

(6) If the owner has committed any violent criminal activity.

(b) The PHA rights and remedies against the owner under the HAP contract include recovery of overpayments, abatement or other reduction of housing assistance payments, termination of housing assistance payments, and termination of the HAP contract.

**982.454 Termination of PHAP contract: Insufficient funding.**

The PHA may terminate the HAP contract if the PHA determines, in accordance with HUD requirements, that funding under the consolidated ACC is insufficient to support continued assistance for families in the program.

**982.455 Automatic termination of HAP contract.**

The HAP contract terminates automatically 180 calendar days after the last housing assistance payment to the owner.

**982.456 Third parties.**

(a) Even if the family continues to occupy the unit, the PHA may exercise any rights and remedies against the owner under the HAP contract.

(b)(1) The family is not a party to or third party beneficiary of the HAP contract. Except as provided in paragraph (b)(2) of this section, the family may not exercise any right or remedy against the owner under the HAP contract.

(2) The tenant may exercise any right or remedy against the owner under the lease between the tenant and the owner, including enforcement of the owner's obligations under the tenancy addendum (which is included both in the HAP contract between the PHA and the owner; and in the lease between the tenant and the owner.)

(c) The HAP contract shall not be construed as creating any right of the family or other third party (other than HUD) to enforce any provision of the HAP contract, or to assert any claim against HUD, the PHA or the owner under the HAP contract.

**Subpart K Rent And Housing Assistance Payment****982.501 Overview.**

This subpart describes program requirements concerning the housing assistance payment and rent to owner under the HCV program.

**982.503 Payment standard amount and schedule.**

(a) *Payment standard schedule.* (1) HUD publishes the fair market rents for each market area in the United States (see part 888 of this title). The PHA must adopt a payment standard schedule that establishes voucher payment standard amounts for each FMR area in

the PHA jurisdiction. For each FMR area, the PHA must establish payment standard amounts for each "unit size." Unit size is measured by number of bedrooms (zero-bedroom, one-bedroom, and so on).

(2) The payment standard amounts on the PHA schedule are used to calculate the monthly housing assistance payment for a family (§982.505).

(3) The PHA voucher payment standard schedule shall establish a single payment standard amount for each unit size. For each unit size, the PHA may establish a single payment standard amount for the whole FMR area, or may establish a separate payment standard amount for each designated part of the FMR area.

(b) *Establishing payment standard amounts.* (1)(i) The PHA may establish the payment standard amount for a unit size at any level between 90 percent and 110 percent of the published FMR for that unit size. HUD approval is not required to establish a payment standard amount in that range ("basic range"). The PHA must revise the payment standard amount no later than 3 months following the effective date of the published FMR if a change is necessary to stay within the basic range.

(ii) The PHA may establish a separate payment standard amount within the basic range for a designated part of an FMR area.

(iii) A PHA that is not in a designated Small Area FMR area or has not opted to voluntarily implement Small Area FMRs under 24 CFR 888.113(c)(3) may establish exception payment standards for a ZIP code area above the basic range for the metropolitan FMR based on the HUD published Small Area FMRs. The PHA may establish an exception payment standard up to 110 percent of the HUD published Small Area FMR for that ZIP code area. The PHA must notify HUD if it establishes an exception payment standard based on the Small Area FMR. The exception payment standard must apply to the entire ZIP code area.

(iv) At the request of a PHA administering the HCV program under Small Area FMRs under §888.113(c)(3), HUD may approve an exception payment standard for a Small Area FMR area above the 110 percent of the published FMR in accordance with conditions set forth by Notice in the Federal Register. The requirements of paragraph (c) of this section do not apply to these exception payment standard requests and approvals.

(v) The PHA may establish an exception payment standard of not more than 120 percent of the published FMR if required as a reasonable accommodation in accordance with 24 CFR part 8 for a family that includes a person with a disability. Any unit approved under an exception payment standard must still meet the reasonable rent requirements found at §982.507.

(vi) The PHA may establish an exception payment standard of more than 120 percent of the published FMR if required as a reasonable accommodation in accordance with 24 CFR part 8 for a family that includes a person with a disability after approval from HUD. Any unit approved under an exception payment standard must still meet the reasonable rent requirements found at §982.507.

(2) Except as described in paragraphs (b)(1)(iii) through (v) of this section, the PHA must request HUD approval to establish a payment standard amount that is higher or lower than the basic range. HUD has sole discretion to grant or deny approval of a higher or lower payment standard amount. Paragraphs (c) and (e) of this section describe the requirements for approval of a higher payment standard amount ("exception payment standard amount").

(c) *HUD approval of exception payment standard amount—(1) HUD discretion.* At HUD's sole discretion, HUD may approve a payment standard amount that is higher than the basic range for a designated part of the fair market rent area (called an "exception area"). HUD may approve an exception payment standard amount in accordance with this paragraph (c) of this section for all units, or for all

units of a given unit size, leased by program families in the exception area. Any PHA with jurisdiction in the exception area may use the HUD-approved exception payment standard amount.

(2) *Above 110 percent of FMR to 120 percent of published FMR.* The HUD Field Office may approve an exception payment standard amount from above 110 percent of the published FMR to 120 percent of the published FMR (upper range) if the HUD Field Office determines that approval is justified by the median rent method or the 40th percentile rent or the Small Area FMR method as described in paragraph (c)(2)(ii) of this section (and that such approval is also supported by an appropriate program justification in accordance with paragraph (c)(4) of this section).

(i) *Median rent method.* In the median rent method, HUD determines the exception payment standard amount by multiplying the FMR times a fraction of which the numerator is the median gross rent of the exception area and the denominator is the median gross rent of the entire FMR area. In this method, HUD uses median gross rent data from the most recent decennial United States census, and the exception area may be any geographic entity within the FMR area (or any combination of such entities) for which median gross rent data is provided in decennial census products.

(ii) *40th percentile rent or Small Area FMR method.* In this method, HUD determines that the area exception payment standard amount equals application of the 40th percentile of rents for standard quality rental housing in the exception area or the Small Area FMR. HUD determines whether the 40th percentile rent or Small Area FMR applies in accordance with the methodology described in 24 CFR 888.113 for determining FMRs. A PHA must present statistically representative rental housing survey data to justify HUD approval.

(3) *Above 120 percent of FMR.* (i) At the request of a PHA, the Assistant Secretary for Public and Indian Housing may approve an exception payment standard amount for the total area of a county, PHA jurisdiction, or place if the Assistant Secretary determines that:

(A) Such approval is necessary to prevent financial hardship for families;

(B) Such approval is supported by statistically representative rental housing survey data to justify HUD approval in accordance with the methodology described in §888.113 of this title; and

(C) Such approval is also supported by an appropriate program justification in accordance with paragraph (c)(4) of this section.

(ii) For purposes of paragraph (c)(3) of this section, the term “place” is an incorporated place or a U.S. Census designated place. An incorporated place is established by State law and includes cities, boroughs, towns, and villages. A U.S. Census designated place is the statistical counterpart of an incorporated place.

(4) *Program justification.* (i) HUD will only approve an exception payment standard amount (pursuant to paragraph (c)(2) or paragraph (c)(3) of this section) if HUD determines that approval of such higher amount is needed either:

(A) To help families find housing outside areas of high poverty, or

(B) Because voucher holders have trouble finding housing for lease under the program within the term of the voucher.

(ii) HUD will only approve an exception payment standard amount (pursuant to paragraph (c)(3) of this section) after six months from the date of HUD approval of an exception payment standard pursuant to paragraph (c)(2) of this section for the area.

(5) *Population.* The total population of HUD-approved exception areas in an FMR area may not include more than 50 percent of the population of the FMR area, except when applying Small Area FMR exception areas under paragraph (b)(1)(iii) of this section.

(6) *Withdrawal or modification.* At any time, HUD may withdraw or modify approval to use an exception payment standard amount.

(d) *HUD approval of payment standard amount below the basic range.* HUD may consider a PHA request for approval to establish a payment standard amount that is lower than the basic range. At HUD's

sole discretion, HUD may approve PHA establishment of a payment standard lower than the basic range. In determining whether to approve the PHA request, HUD will consider appropriate factors, including rent burden of families assisted under the program. HUD will not approve a lower payment standard if the family share for more than 40 percent of participants in the PHA's voucher program exceeds 30 percent of adjusted monthly income. Such determination may be based on the most recent examinations of family income.

(e) *HUD approval of success rate payment standard amounts.* In order to increase the number of voucher holders who become participants, HUD may approve requests from PHAs whose FMRs are computed at the 40th percentile rent to establish higher, success rate payment standard amounts. A success rate payment standard amount is defined as any amount between 90 percent and 110 percent of the 50th percentile rent, calculated in accordance with the methodology described in §888.113 of this title.

(1) A PHA may obtain HUD Field Office approval of success rate payment standard amounts provided the PHA demonstrates to HUD that it meets the following criteria:

(i) Fewer than 75 percent of the families to whom the PHA issued rental vouchers during the most recent 6 month period for which there is success rate data available have become participants in the voucher program;

(ii) The PHA has established payment standard amounts for all unit sizes in the entire PHA jurisdiction within the FMR area at 110 percent of the published FMR for at least the 6 month period referenced in paragraph (e)(1)(i) of this section and up to the time the request is made to HUD; and

(iii) The PHA has a policy of granting automatic extensions of voucher terms to at least 90 days to provide a family who has made sustained efforts to locate suitable housing with additional search time.

(2) In determining whether to approve the PHA request to establish success rate payment standard amounts, HUD will consider whether the PHA has a SEMAP overall performance rating of “troubled”. If a PHA does not yet have a SEMAP rating, HUD will consider the PHA's SEMAP certification.

(3) HUD approval of success rate payment standard amounts shall be for all unit sizes in the FMR area. A PHA may opt to establish a success rate payment standard amount for one or more unit sizes in all or a designated part of the PHA jurisdiction within the FMR area.

(f) *Payment standard protection for PHAs that meet deconcentration objectives.* Paragraph (f) of this section applies only to a PHA with jurisdiction in an FMR area where the FMR had previously been set at the 50th percentile rent to provide a broad range of housing opportunities throughout a metropolitan area, pursuant to §888.113(i)(3), but is now set at the 40th percentile rent.

(1) Such a PHA may obtain HUD Field Office approval of a payment standard amount based on the 50th percentile rent if the PHA scored the maximum number of points on the deconcentration bonus indicator in §985.3(h) in the prior year, or in two of the last three years.

(2) HUD approval of payment standard amounts based on the 50th percentile rent shall be for all unit sizes in the FMR area that had previously been set at the 50th percentile rent pursuant to §888.113(i)(3). A PHA may opt to establish a payment standard amount based on the 50th percentile rent for one or more unit sizes in all or a designated part of the PHA jurisdiction within the FMR area.

(g) *HUD review of PHA payment standard schedules.*

(1) HUD will monitor rent burdens of families assisted in a PHA's voucher program. HUD will review the PHA's payment standard for a particular unit size if HUD finds that 40 percent or more of such families occupying units of that unit size currently pay more than 30 percent of adjusted monthly income as the family share. Such determination may be based on the most recent examinations of family income.

(2) After such review, HUD may, at its discretion, require the PHA to modify payment standard amounts for any unit size on the PHA payment standard schedule. HUD may require the PHA to establish an increased payment standard amount within the basic range.

**982.504 Payment standard for family in restructured subsidized multifamily project.**

(a) This section applies to HCV assistance if all the following conditions are applicable:

(1) Such HCV assistance is provided to a family pursuant to 24 CFR 401.421 when HUD has approved a restructuring plan, and the participating administrative entity has approved the use of tenant-based assistance to provide continued assistance for such families. Such tenant-based voucher assistance is provided for a family previously receiving project-based assistance in an eligible project (as defined in §401.2 of this title) at the time when the project-based assistance terminates.

(2) The family chooses to remain in the restructured project with HCV assistance under the program and leases a unit that does not exceed the family unit size;

(3) The lease for such assisted tenancy commences during the first year after the project-based assistance terminates.

(b) The initial payment standard for the family under such initial lease is the sum of the reasonable rent to owner for the unit plus the utility allowance for tenant-paid utilities. (Determination of such initial payment standard for the family is not subject to paragraphs (c)(1) and (c)(2) of §982.505. Except for determination of the initial payment standard as specifically provided in paragraph (b) of this section, the payment standard and housing assistance payment for the family during the HAP contract term shall be determined in accordance with §982.505.)

**982.505 How to calculate housing assistance payment.**

(a) *Use of payment standard.* A payment standard is used to calculate the monthly housing assistance payment for a family. The “payment standard” is the maximum monthly subsidy payment.

(b) *Amount of monthly housing assistance payment.* The PHA shall pay a monthly housing assistance payment on behalf of the family that is equal to the lower of:

(1) The payment standard for the family minus the total tenant payment; or

(2) The gross rent minus the total tenant payment.

(c) *Payment standard for family.* (1) The payment standard for the family is the lower of:

(i) The payment standard amount for the family unit size; or

(ii) The payment standard amount for the size of the dwelling unit rented by the family.

(2) If the PHA has established a separate payment standard amount for a designated part of an FMR area in accordance with §982.503 (including an exception payment standard amount as determined in accordance with §982.503(b)(2) and §982.503(c)), and the dwelling unit is located in such designated part, the PHA must use the appropriate payment standard amount for such designated part to calculate the payment standard for the family. The payment standard for the family shall be calculated in accordance with this paragraph and paragraph (c)(1) of this section.

(3) *Decrease in the payment standard amount during the HAP contract term.* If the amount on the payment standard schedule is decreased during the term of the HAP contract, the PHA is not required to reduce the payment standard amount used to calculate the subsidy for the families under HAP contract for as long as the HAP contract remains in effect.

(i) If the PHA chooses to reduce the payment standard for the families currently under HAP contract during the HAP contract term in accordance with their administrative plan, the initial reduction to the payment standard amount used to calculate the monthly housing

assistance payment for the family may not be applied any earlier than the effective date of the family’s second regular reexamination following the effective date of the decrease in the payment standard amount.

(ii) The PHA may choose to reduce the payment standard amount for families that remain under HAP contract to the current payment standard amount in effect on the PHA voucher payment standard schedule, or may reduce the payment standard amount to an amount that is higher than the normally applicable payment standard amount on the PHA voucher payment standard schedule. The PHA may further reduce the payment standard amount for the families during the term of the HAP contract, provided the subsequent reductions continue to result in a payment standard amount that meets or exceeds the normally applicable payment standard amount on the PHA voucher payment standard schedule.

(iii) The PHA must provide the family with at least 12 months’ notice that the payment standard is being reduced during the term of the HAP contract before the effective date of the change.

(iv) The PHA shall administer decreases in the payment standard amount during the term of the HAP contract in accordance with the PHA policy as described in the PHA administrative plan. The PHA may establish different policies for designated areas within their jurisdiction (e.g., for different zip code areas), but the PHA administrative policy on decreases to payment standards during the term of the HAP contract applies to all families under HAP contract at the time of the effective date of decrease in the payment standard within that designated area. The PHA may not limit or otherwise establish different protections or policies for certain families under HAP contract.

(4) *Increase in the payment standard amount during the HAP contract term.* If the payment standard amount is increased during the term of the HAP contract, the increased payment standard amount shall be used to calculate the monthly housing assistance payment for the family beginning at the effective date of the family’s first regular reexamination on or after the effective date of the increase in the payment standard amount.

(5) *Change in family unit size during the HAP contract term.* Irrespective of any increase or decrease in the payment standard amount, if the family unit size increases or decreases during the HAP contract term, the new family unit size must be used to determine the payment standard amount for the family beginning at the family’s first regular reexamination following the change in family unit size.

(d) *PHA approval of higher payment standard for the family as a reasonable accommodation.* If the family includes a person with disabilities and requires a payment standard above the basic range, as a reasonable accommodation for such person, in accordance with part 8 of this title, the PHA may establish a payment standard for the family of not more than 120 percent of the FMR. A PHA may establish a payment standard greater than 120 percent of the FMR by submitting a request to HUD.

**982.506 Negotiating rent to owner.**

The owner and the family negotiate the rent to owner. At the family’s request, the PHA must help the family negotiate the rent to owner.

**982.507 Rent to owner: Reasonable rent.**

(a) *PHA determination.* (1) Except as provided in paragraph (c) of this section, the PHA may not approve a lease until the PHA determines that the initial rent to owner is a reasonable rent.

(2) The PHA must redetermine the reasonable rent:

(i) Before any increase in the rent to owner;

(ii) If there is a five percent decrease in the published FMR in effect 60 days before the contract anniversary (for the unit size rented by the family) as compared with the FMR in effect 1 year before the contract anniversary; or

(iii) If directed by HUD.  
 (3) The PHA may also redetermine the reasonable rent at any other time.

(4) At all times during the assisted tenancy, the rent to owner may not exceed the reasonable rent as most recently determined or redetermined by the PHA.

(b) *Comparability.* The PHA must determine whether the rent to owner is a reasonable rent in comparison to rent for other comparable unassisted units. To make this determination, the PHA must consider:

(1) The location, quality, size, unit type, and age of the contract unit; and

(2) Any amenities, housing services, maintenance and utilities to be provided by the owner in accordance with the lease.

(c) *Units assisted by low-income housing tax credits or assistance under HUD's HOME Investment Partnerships (HOME) program.* (1) *General.* For a unit receiving low-income housing tax credits (LIHTCs) pursuant to section 42 of the Internal Revenue Code of 1986 or receiving assistance under HUD's HOME Program (for which the regulations are found in 24 CFR part 92), a rent comparison with unassisted units is not required if the voucher rent does not exceed the rent for other LIHTC- or HOME-assisted units in the project that are not occupied by families with tenant-based assistance.

(2) *LIHTC.* If the rent requested by the owner exceeds the LIHTC rents for non-voucher families, the PHA must perform a rent comparability study in accordance with program regulations and the rent shall not exceed the lesser of the:

(i) Reasonable rent as determined pursuant to a rent comparability study; and

(ii) The payment standard established by the PHA for the unit size involved.

(3) *HOME Program.* [Reserved]

(d) *Owner certification of rents charged for other units.* By accepting each monthly housing assistance payment from the PHA, the owner certifies that the rent to owner is not more than rent charged by the owner for comparable unassisted units in the premises. The owner must give the PHA information requested by the PHA on rents charged by the owner for other units in the premises or elsewhere.

#### **982.508 Maximum family share at initial occupancy.**

At the time the PHA approves a tenancy for initial occupancy of a dwelling unit by a family with tenant-based assistance under the program, and where the gross rent of the unit exceeds the applicable payment standard for the family, the family share must not exceed 40 percent of the family's adjusted monthly income. The determination of adjusted monthly income must be based on verification information received by the PHA no earlier than 60 days before the PHA issues a voucher to the family.

#### **982.509 Rent to owner: Effect of rent control.**

In addition to the rent reasonableness limit under this subpart, the amount of rent to owner also may be subject to rent control limits under State or local law.

#### **982.510 Other fees and charges.**

(a) The cost of meals or supportive services may not be included in the rent to owner, and the value of meals or supportive services may not be included in the calculation of reasonable rent.

(b) The lease may not require the tenant or family members to pay charges for meals or supportive services. Non-payment of such charges is not grounds for termination of tenancy.

(c) The owner may not charge the tenant extra amounts for items customarily included in rent in the locality, or provided at no additional cost to unsubsidized tenants in the premises.

#### **982.514 Distribution of housing assistance payment.**

The monthly housing assistance payment is distributed as follows:

(a) The PHA pays the owner the lesser of the housing assistance payment or the rent to owner.

(b) If the housing assistance payment exceeds the rent to owner, the PHA may pay the balance of the housing assistance payment ('utility reimbursement') either to the family or directly to the utility supplier to pay the utility bill on behalf of the family. If the PHA elects to pay the utility supplier directly, the PHA must notify the family of the amount paid to the utility supplier.

(c) The PHA may elect to establish policies regarding the frequency of utility reimbursement payments for payments made to the family.

(1) The PHA will have the option of making utility reimbursement payments not less than once per calendar-year quarter, for reimbursements totaling \$45 or less per quarter. In the event a family leaves the program in advance of its next quarterly reimbursement, the PHA would be required to reimburse the family for a prorated share of the applicable reimbursement. PHAs exercising this option must have a hardship policy in place for tenants.

(2) If the PHA elects to pay the utility supplier directly, the PHA must notify the family of the amount paid to the utility supplier.

#### **982.515 Family share: Family responsibility.**

(a) The family share is calculated by subtracting the amount of the housing assistance payment from the gross rent.

(b) The family rent to owner is calculated by subtracting the amount of the housing assistance payment to the owner from the rent to owner.

(c) The PHA may not use housing assistance payments or other program funds (including any administrative fee reserve) to pay any part of the family share, including the family rent to owner. Payment of the whole family share is the responsibility of the family.

#### **982.516 Family income and composition: Annual and interim examinations.**

(a) *PHA responsibility for reexamination and verification.* (1) The PHA must conduct a reexamination of family income and composition at least annually.

(2) Except as provided in paragraph (a)(3) of this section, the PHA must obtain and document in the tenant file third-party verification of the following factors, or must document in the tenant file why third-party verification was not available:

(i) Reported family annual income;

(ii) The value of assets;

(iii) Expenses related to deductions from annual income; and

(iv) Other factors that affect the determination of adjusted income.

(3) For a family with net assets equal to or less than \$5,000, a PHA may accept a family's declaration that it has net assets equal to or less than \$5,000, without taking additional steps to verify the accuracy of the declaration.

(i) The declaration must state the amount of income the family expects to receive from such assets; this amount must be included in the family's income.

(ii) A PHA must obtain third-party verification of all family assets every 3 years.

(b) *Streamlined income determination.* For any family member with a fixed source of income, a PHA may elect to determine that family member's income by means of a streamlined income determination. A streamlined income determination must be conducted by applying, for each fixed-income source, the verified cost of living adjustment (COLA) or current rate of interest to the previously verified or adjusted income amount.

(1) *Family member with a fixed source of income* is defined as a family member whose income includes periodic payments at reasonably predictable levels from one or more of the following sources:

(i) Social Security, Supplemental Security Income, Supplemental Disability Insurance;

(ii) Federal, state, local, or private pension plans;

(iii) Annuities or other retirement benefit programs, insurance policies, disability or death benefits, or other similar types of periodic receipts; or

(iv) Any other source of income subject to adjustment by a verifiable COLA or current rate of interest.

(2) A PHA must use a COLA or current rate of interest specific to the fixed source of income in order to adjust the income amount. The PHA must verify the appropriate COLA or current rate of interest from a public source or through tenant-provided, third party-generated documentation. If no such verification is available, then the PHA must obtain third-party verification of income amounts in order to calculate the change in income for the source.

(3) For any family member whose income is determined pursuant to a streamlined income determination, a PHA must obtain third-party verification of all income amounts every 3 years.

(c) *Interim reexaminations.* (1) At any time, the PHA may conduct an interim reexamination of family income and composition.

(2) At any time, the family may request an interim determination of family income or composition because of any changes since the last determination. The PHA must make the interim determination within a reasonable time after the family request.

(3) Interim examinations must be conducted in accordance with policies in the PHA administrative plan.

(d) *Family reporting of change.* The PHA must adopt policies prescribing when and under what conditions the family must report a change in family income or composition.

(e) *Effective date of reexamination.* (1) The PHA must adopt policies prescribing how to determine the effective date of a change in the housing assistance payment resulting from an interim redetermination.

(2) At the effective date of a regular or interim reexamination, the PHA must make appropriate adjustments in the housing assistance payment in accordance with §982.505.

(f) *Accuracy of family income data.* The PHA must establish procedures that are appropriate and necessary to assure that income data provided by applicant or participant families is complete and accurate.

(g) *Execution of release and consent.* (1) As a condition of admission to or continued assistance under the program, the PHA shall require the family head, and such other family members as the PHA designates, to execute a HUD-approved release and consent form (including any release and consent as required under §5.230 of this title) authorizing any depository or private source of income, or any Federal, State or local agency, to furnish or release to the PHA or HUD such information as the PHA or HUD determines to be necessary.

(2) The PHA and HUD must limit the use or disclosure of information obtained from a family or from another source pursuant to this release and consent to purposes directly in connection with administration of the program.

#### **982.517 Utility allowance schedule.**

(a) *Maintaining schedule.* (1) The PHA must maintain a utility allowance schedule for all tenant-paid utilities (except telephone), for cost of tenant-supplied refrigerators and ranges, and for other tenant-paid housing services (e.g., trash collection (disposal of waste and refuse)).

(2) The PHA must give HUD a copy of the utility allowance schedule. At HUD's request, the PHA also must provide any information or procedures used in preparation of the schedule.

(b) *How allowances are determined.* (1) The utility allowance schedule must be determined based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type in the same locality. In developing the schedule, the PHA must use normal patterns of consumption for the community as a whole and current utility rates.

(2)(i) A PHA's utility allowance schedule, and the utility allowance for an individual family, must include the utilities and services that are necessary in the locality to provide housing that complies with the housing quality standards. However, the PHA may not provide any allowance for non-essential utility costs, such as costs of cable or satellite television.

(ii) In the utility allowance schedule, the PHA must classify utilities and other housing services according to the following general categories: space heating; air conditioning; cooking; water heating; water; sewer; trash collection (disposal of waste and refuse); other electric; refrigerator (cost of tenant-supplied refrigerator); range (cost of tenant-supplied range); and other specified housing services. The PHA must provide a utility allowance for tenant-paid air-conditioning costs if the majority of housing units in the market provide centrally air-conditioned units or there is appropriate wiring for tenant-installed air conditioners.

(3) The cost of each utility and housing service category must be stated separately. For each of these categories, the utility allowance schedule must take into consideration unit size (by number of bedrooms), and unit types (e.g., apartment, row-house, town house, single-family detached, and manufactured housing) that are typical in the community.

(4) The utility allowance schedule must be prepared and submitted in accordance with HUD requirements on the form prescribed by HUD.

(c) *Revisions of utility allowance schedule.* (1) A PHA must review its schedule of utility allowances each year, and must revise its allowance for a utility category if there has been a change of 10 percent or more in the utility rate since the last time the utility allowance schedule was revised. The PHA must maintain information supporting its annual review of utility allowances and any revisions made in its utility allowance schedule.

(2) At HUD's direction, the PHA must revise the utility allowance schedule to correct any errors, or as necessary to update the schedule.

(d) *Use of utility allowance schedule.* The PHA must use the appropriate utility allowance for the lesser of the size of dwelling unit actually leased by the family or the family unit size as determined under the PHA subsidy standards. In cases where the unit size leased exceeds the family unit size as determined under the PHA subsidy standards as a result of a reasonable accommodation, the PHA must use the appropriate utility allowance for the size of the dwelling unit actually leased by the family.

(e) *Higher utility allowance as reasonable accommodation for a person with disabilities.* On request from a family that includes a person with disabilities, the PHA must approve a utility allowance which is higher than the applicable amount on the utility allowance schedule if a higher utility allowance is needed as a reasonable accommodation in accordance with 24 CFR part 8 to make the program accessible to and usable by the family member with a disability.

#### **982.521 Rent to owner in subsidized project.**

(a) *Applicability to subsidized project.* This section applies to a program tenant in any of the following types of federally subsidized project:

- (1) An insured or non-insured Section 236 project;
  - (2) A Section 202 project;
  - (3) A Section 221(d)(3) below market interest rate (BMIR) project;
- or
- (4) A Section 515 project of the Rural Development Administration.

(b) *How rent to owner is determined.* The rent to owner is the subsidized rent as determined in accordance with requirements for the applicable federal program listed in paragraph (a) of this section. This determination is not subject to the prohibition against increasing the rent to owner during the initial lease term (see §982.309).

**Subpart L Family Obligations; Denial and Termination of Assistance****982.551 Obligations of participant.**

(a) *Purpose.* This section states the obligations of a participant family under the program.

(b) *Supplying required information.* (1) The family must supply any information that the PHA or HUD determines is necessary in the administration of the program, including submission of required evidence of citizenship or eligible immigration status (as provided by 24 CFR part 5). 'Information' includes any requested certification, release or other documentation.

(2) The family must supply any information requested by the PHA or HUD for use in a regularly scheduled reexamination or interim reexamination of family income and composition in accordance with HUD requirements.

(3) The family must disclose and verify social security numbers (as provided by part 5, subpart B, of this title) and must sign and submit consent forms for obtaining information in accordance with part 5, subpart B, of this title.

(4) Any information supplied by the family must be true and complete.

(c) *HQS breach caused by family.* The family is responsible for an HQS breach caused by the family as described in 982.404(b).

(d) *Allowing PHA inspection.* The family must allow the PHA to inspect the unit at reasonable times and after reasonable notice.

(e) *Violation of lease.* The family may not commit any serious or repeated violation of the lease. Under 24 CFR 5.2005(c)(1), an incident or incidents of actual or threatened domestic violence, dating violence, or stalking will not be construed as a serious or repeated lease violation by the victim or threatened victim of the domestic violence, dating violence, or stalking, or as good cause to terminate the tenancy, occupancy rights, or assistance of the victim.

(f) *Family notice of move or lease termination.* The family must notify the PHA and the owner before the family moves out of the unit, or terminates the lease on notice to the owner. See 982.354(d).

(g) *Owner eviction notice.* The family must promptly give the PHA a copy of any owner eviction notice.

(h) *Use and occupancy of unit.* (1) The family must use the assisted unit for residence by the family. The unit must be the family's only residence.

(2) The composition of the assisted family residing in the unit must be approved by the PHA. The family must promptly inform the PHA of the birth, adoption or court-awarded custody of a child. The family must request PHA approval to add any other family member as an occupant of the unit. No other person [i.e., nobody but members of the assisted family] may reside in the unit (except for a foster child or live-in aide as provided in paragraph (h)(4) of this section).

(3) The family must promptly notify the PHA if any family member no longer resides in the unit.

(4) If the PHA has given approval, a foster child or a live-in-aide may reside in the unit. The PHA has the discretion to adopt reasonable policies concerning residence by a foster child or a live-in-aide, and defining when PHA consent may be given or denied.

(5) Members of the household may engage in legal profitmaking activities in the unit, but only if such activities are incidental to primary use of the unit for residence by members of the family.

(6) The family must not sublease or let the unit.

(7) The family must not assign the lease or transfer the unit.

(i) *Absence from unit.* The family must supply any information or certification requested by the PHA to verify that the family is living in the unit, or relating to family absence from the unit, including any PHA-requested information or certification on the purposes of family absences. The family must cooperate with the PHA for this purpose. The family must promptly notify the PHA of absence from the unit.

(j) *Interest in unit.* The family must not own or have any interest in the unit.

(k) *Fraud and other program violation.* The members of the family must not commit fraud, bribery or any other corrupt or criminal act in connection with the programs.

(l) *Crime by household members.* The members of the household may not engage in drug-related criminal activity or violent criminal activity or other criminal activity that threatens the health, safety, or right to peaceful enjoyment of other residents and persons residing in the immediate vicinity of the premises (see §982.553). Under 24 CFR 5.2005(c)(2), criminal activity directly related to domestic violence, dating violence, or stalking, engaged in by a member of a tenant's household or any guest or other person under the tenant's control, shall not be cause for termination of tenancy, occupancy rights, or assistance of the victim, if the tenant or immediate family member of the tenant is the victim.

(m) *Alcohol abuse by household members.* The members of the household must not abuse alcohol in a way that threatens the health, safety or right to peaceful enjoyment of other residents and persons residing in the immediate vicinity of the premises.

(n) *Other housing assistance.* An assisted family, or members of the family, may not receive Section 8 tenant-based assistance while receiving another housing subsidy, for the same unit or for a different unit, under any duplicative (as determined by HUD or in accordance with HUD requirements) federal, State or local housing assistance program.

**982.552 PHA denial or termination of assistance for the family.**

(a) *Action or inaction by family.* (1) A PHA may deny assistance for an applicant or terminate assistance for a participant under the programs because of the family's action or failure to act as described in this section or §982.553. The provisions of this section do not affect denial or termination of assistance for grounds other than action or failure to act by the family.

(2) Denial of assistance for an applicant may include any or all of the following: denying listing on the PHA waiting list, denying or withdrawing a voucher, refusing to enter into a HAP contract or approve a lease, and refusing to process or provide assistance under portability procedures.

(3) Termination of assistance for a participant may include any or all of the following: refusing to enter into a HAP contract or approve a lease, terminating housing assistance payments under an outstanding HAP contract, and refusing to process or provide assistance under portability procedures.

(4) This section does not limit or affect exercise of the PHA rights and remedies against the owner under the HAP contract, including termination, suspension or reduction of housing assistance payments, or termination of the HAP contract.

(b) *Requirement to deny admission or terminate assistance.* (1) For provisions on denial of admission and termination of assistance for illegal drug use, other criminal activity, and alcohol abuse that would threaten other residents, see §982.553.

(2) The PHA must terminate program assistance for a family evicted from housing assisted under the program for serious violation of the lease.

(3) The PHA must deny admission to the program for an applicant, or terminate program assistance for a participant, if any member of the family fails to sign and submit consent forms for obtaining information in accordance with part 5, subparts B and F of this title.

(4) The family must submit required evidence of citizenship or eligible immigration status. See part 5 of this title for a statement of circumstances in which the PHA must deny admission or terminate

program assistance because a family member does not establish citizenship or eligible immigration status, and the applicable informal hearing procedures.

(5) The PHA must deny or terminate assistance if any family member fails to meet the eligibility requirements concerning individuals enrolled at an institution of higher education as specified in 24 CFR 5.612.

(c) *Authority to deny admission or terminate assistance—(1) Grounds for denial or termination of assistance.* The PHA may at any time deny program assistance for an applicant, or terminate program assistance for a participant, for any of the following grounds:

(i) If the family violates any family obligations under the program (see §982.551). See §982.553 concerning denial or termination of assistance for crime by family members.

(ii) If any member of the family has been evicted from federally assisted housing in the last five years;

(iii) If a PHA has ever terminated assistance under the program for any member of the family.

(iv) If any member of the family has committed fraud, bribery, or any other corrupt or criminal act in connection with any Federal housing program (see also §982.553(a)(1));

(v) If the family currently owes rent or other amounts to the PHA or to another PHA in connection with Section 8 or public housing assistance under the 1937 Act.

(vi) If the family has not reimbursed any PHA for amounts paid to an owner under a HAP contract for rent, damages to the unit, or other amounts owed by the family under the lease.

(vii) If the family breaches an agreement with the PHA to pay amounts owed to a PHA, or amounts paid to an owner by a PHA. (The PHA, at its discretion, may offer a family the opportunity to enter an agreement to pay amounts owed to a PHA or amounts paid to an owner by a PHA. The PHA may prescribe the terms of the agreement.)

(viii) If a family participating in the FSS program fails to comply, without good cause, with the family's FSS contract of participation.

(ix) If the family has engaged in or threatened abusive or violent behavior toward PHA personnel.

(x) If a welfare-to-work (WTW) family fails, willfully and persistently, to fulfill its obligations under the welfare-to-work voucher program.

(xi) If the family has been engaged in criminal activity or alcohol abuse as described in §982.553.

(2) *Consideration of circumstances.* In determining whether to deny or terminate assistance because of action or failure to act by members of the family:

(i) The PHA may consider all relevant circumstances such as the seriousness of the case, the extent of participation or culpability of individual family members, mitigating circumstances related to the disability of a family member, and the effects of denial or termination of assistance on other family members who were not involved in the action or failure.

(ii) The PHA may impose, as a condition of continued assistance for other family members, a requirement that other family members who participated in or were culpable for the action or failure will not reside in the unit. The PHA may permit the other members of a participant family to continue receiving assistance.

(iii) In determining whether to deny admission or terminate assistance for illegal use of drugs or alcohol abuse by a household member who is no longer engaged in such behavior, the PHA may consider whether such household member is participating in or has successfully completed a supervised drug or alcohol rehabilitation program, or has otherwise been rehabilitated successfully (42 U.S.C. 13661). For this purpose, the PHA may require the applicant or tenant to submit evidence of the household member's current participation in,

or successful completion of, a supervised drug or alcohol rehabilitation program or evidence of otherwise having been rehabilitated successfully.

(iv) If the family includes a person with disabilities, the PHA decision concerning such action is subject to consideration of reasonable accommodation in accordance with part 8 of this title.

(v) *Nondiscrimination limitation and protection for victims of domestic violence, dating violence, or stalking.* The PHA's admission and termination actions must be consistent with fair housing and equal opportunity provisions of §5.105 of this title, and with the requirements of 24 CFR part 5, subpart L, protection for victims of domestic violence, dating violence, or stalking.

(d) *Information for family.* The PHA must give the family a written description of:

(1) Family obligations under the program.

(2) The grounds on which the PHA may deny or terminate assistance because of family action or failure to act.

(3) The PHA informal hearing procedures.

(e) *Applicant screening.* The PHA may at any time deny program assistance for an applicant in accordance with the PHA policy, as stated in the PHA administrative plan, on screening of applicants for family behavior or suitability for tenancy.

#### **982.553 Denial of admission and termination of assistance for criminals and alcohol abusers.**

(a) *Denial of admission—1) Prohibiting admission of drug criminals.* (i) The PHA must prohibit admission to the program of an applicant for three years from the date of eviction if a household member has been evicted from federally assisted housing for drug-related criminal activity. However, the PHA may admit the household if the PHA determines:

(A) That the evicted household member who engaged in drug-related criminal activity has successfully completed a supervised drug rehabilitation program approved by the PHA; or

(B) That the circumstances leading to eviction no longer exist (for example, the criminal household member has died or is imprisoned).

(ii) The PHA must establish standards that prohibit admission if:

(A) The PHA determines that any household member is currently engaging in illegal use of a drug;

(B) The PHA determines that it has reasonable cause to believe that a household member's illegal drug use or a pattern of illegal drug use may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents; or

(C) Any household member has ever been convicted of drug-related criminal activity for manufacture or production of methamphetamine on the premises of federally assisted housing.

(2) *Prohibiting admission of other criminals—(i) Mandatory prohibition.* The PHA must establish standards that prohibit admission to the program if any member of the household is subject to a lifetime registration requirement under a State sex offender registration program. In this screening of applicants, the PHA must perform criminal history background checks necessary to determine whether any household member is subject to a lifetime sex offender registration requirement in the State where the housing is located and in other States where the household members are known to have resided.

(ii) *Permissive prohibitions.* (A) The PHA may prohibit admission of a household to the program if the PHA determines that any household member is currently engaged in, or has engaged in during a reasonable time before the admission:

(1) Drug-related criminal activity;

(2) Violent criminal activity;

(3) Other criminal activity which may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents or persons residing in the immediate vicinity; or



(4) Other criminal activity which may threaten the health or safety of the owner, property management staff, or persons performing a contract administration function or responsibility on behalf of the PHA (including a PHA employee or a PHA contractor, subcontractor or agent).

(B) The PHA may establish a period before the admission decision during which an applicant must not have engaged in the activities specified in paragraph (a)(2)(i) of this section ("reasonable time").

(C) If the PHA previously denied admission to an applicant because a member of the household engaged in criminal activity, the PHA may reconsider the applicant if the PHA has sufficient evidence that the members of the household are not currently engaged in, and have not engaged in, such criminal activity during a reasonable period, as determined by the PHA, before the admission decision.

(1) The PHA would have "sufficient evidence" if the household member submitted a certification that she or he is not currently engaged in and has not engaged in such criminal activity during the specified period and provided supporting information from such sources as a probation officer, a landlord, neighbors, social service agency workers and criminal records, which the PHA verified.

(2) For purposes of this section, a household member is "currently engaged in" criminal activity if the person has engaged in the behavior recently enough to justify a reasonable belief that the behavior is current.

(3) *Prohibiting admission of alcohol abusers.* The PHA must establish standards that prohibit admission to the program if the PHA determines that it has reasonable cause to believe that a household member's abuse or pattern of abuse of alcohol may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents.

(b) *Terminating assistance—(1) Terminating assistance for drug criminals.* (i) The PHA must establish standards that allow the PHA to terminate assistance for a family under the program if the PHA determines that:

(A) Any household member is currently engaged in any illegal use of a drug; or

(B) A pattern of illegal use of a drug by any household member interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents.

(ii) The PHA must immediately terminate assistance for a family under the program if the PHA determines that any member of the household has ever been convicted of drug-related criminal activity for manufacture or production of methamphetamine on the premises of federally assisted housing.

(iii) The PHA must establish standards that allow the PHA to terminate assistance under the program for a family if the PHA determines that any family member has violated the family's obligation under §982.551 not to engage in any drug-related criminal activity.

(2) *Terminating assistance for other criminals.* The PHA must establish standards that allow the PHA to terminate assistance under the program for a family if the PHA determines that any household member has violated the family's obligation under §982.551 not to engage in violent criminal activity.

(3) *Terminating assistance for alcohol abusers.* The PHA must establish standards that allow termination of assistance for a family if the PHA determines that a household member's abuse or pattern of abuse of alcohol may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents.

(c) *Evidence of criminal activity.* The PHA may terminate assistance for criminal activity by a household member as authorized in this section if the PHA determines, based on a preponderance of the evidence, that the household member has engaged in the activity, regardless of whether the household member has been arrested or convicted for such activity.

(d) *Use of criminal record—(1) Denial.* If a PHA proposes to deny admission for criminal activity as shown by a criminal record, the PHA must provide the subject of the record and the applicant with a copy of the criminal record. The PHA must give the family an opportunity to dispute the accuracy and relevance of that record, in the informal review process in accordance with §982.554. (See part 5, subpart J for provision concerning access to criminal records.)

(2) *Termination of assistance.* If a PHA proposes to terminate assistance for criminal activity as shown by a criminal record, the PHA must notify the household of the proposed action to be based on the information and must provide the subject of the record and the tenant with a copy of the criminal record. The PHA must give the family an opportunity to dispute the accuracy and relevance of that record in accordance with §982.555.

(3) *Cost of obtaining criminal record.* The PHA may not pass along to the tenant the costs of a criminal records check.

(e) In cases of criminal activity related to domestic violence, dating violence, or stalking, the victim protections of 24 CFR part 5, subpart L, apply.

#### **982.554 Informal review for applicant.**

(a) *Notice to applicant.* The PHA must give an applicant for participation prompt notice of a decision denying assistance to the applicant. The notice must contain a brief statement of the reasons for the PHA decision. The notice must also state that the applicant may request an informal review of the decision and must describe how to obtain the informal review.

(b) *Informal review process.* The PHA must give an applicant an opportunity for an informal review of the PHA decision denying assistance to the applicant. The administrative plan must state the PHA procedures for conducting an informal review. The PHA review procedures must comply with the following:

(1) The review may be conducted by any person or persons designated by the PHA, other than a person who made or approved the decision under review or a subordinate of this person.

(2) The applicant must be given an opportunity to present written or oral objections to the PHA decision.

(3) The PHA must notify the applicant of the PHA final decision after the informal review, including a brief statement of the reasons for the final decision.

(c) *When informal review is not required.* The PHA is not required to provide the applicant an opportunity for an informal review for any of the following:

(1) Discretionary administrative determinations by the PHA.

(2) General policy issues or class grievances.

(3) A determination of the family unit size under the PHA subsidy standards.

(4) A PHA determination not to approve an extension of the voucher term.

(5) A PHA determination not to grant approval of the tenancy.

(6) A PHA determination that a unit selected by the applicant is not in compliance with HQS.

(7) A PHA determination that the unit is not in accordance with HQS because of the family size or composition.

(d) *Restrictions on assistance for noncitizens.* The informal hearing provisions for the denial of assistance on the basis of ineligible immigration status are contained in 24 CFR part 5.

#### **982.555 Informal hearing for participant.**

(a) *When hearing is required.* (1) A PHA must give a participant family an opportunity for an informal hearing to consider whether the following PHA decisions relating to the individual circumstances of a participant family are in accordance with the law, HUD regulations and PHA policies:

(i) A determination of the family's annual or adjusted income, and the use of such income to compute the housing assistance payment.

(ii) A determination of the appropriate utility allowance (if any) for tenant-paid utilities from the PHA utility allowance schedule.

(iii) A determination of the family unit size under the PHA subsidy standards.

(iv) A determination to terminate assistance for a participant family because of the family's action or failure to act (see §982.552).

(v) A determination to terminate assistance because the participant family has been absent from the assisted unit for longer than the maximum period permitted under PHA policy and HUD rules.

(2) In the cases described in paragraphs (a)(1) (iv), (v) and (vi) of this section, the PHA must give the opportunity for an informal hearing before the PHA terminates housing assistance payments for the family under an outstanding HAP contract.

(b) *When hearing is not required.* The PHA is not required to provide a participant family an opportunity for an informal hearing for any of the following:

(1) Discretionary administrative determinations by the PHA.

(2) General policy issues or class grievances.

(3) Establishment of the PHA schedule of utility allowances for families in the program.

(4) A PHA determination not to approve an extension of the voucher term.

(5) A PHA determination not to approve a unit or tenancy.

(6) A PHA determination that an assisted unit is not in compliance with HQS. (However, the PHA must provide the opportunity for an informal hearing for a decision to terminate assistance for a breach of the HQS caused by the family as described in §982.551(c).)

(7) A PHA determination that the unit is not in accordance with HQS because of the family size.

(8) A determination by the PHA to exercise or not to exercise any right or remedy against the owner under a HAP contract.

(c) *Notice to family.* (1) In the cases described in paragraphs (a)(1) (i), (ii) and (iii) of this section, the PHA must notify the family that the family may ask for an explanation of the basis of the PHA determination, and that if the family does not agree with the determination, the family may request an informal hearing on the decision.

(2) In the cases described in paragraphs (a)(1) (iv), (v) and (vi) of this section, the PHA must give the family prompt written notice that the family may request a hearing. The notice must:

(i) Contain a brief statement of reasons for the decision,

(ii) State that if the family does not agree with the decision, the family may request an informal hearing on the decision, and

(iii) State the deadline for the family to request an informal hearing.

(d) *Expeditious hearing process.* Where a hearing for a participant family is required under this section, the PHA must proceed with the hearing in a reasonably expeditious manner upon the request of the family.

(e) *Hearing procedures—(1) Administrative plan.* The administrative plan must state the PHA procedures for conducting informal hearings for participants.

(2) *Discovery—(i) By family.* The family must be given the opportunity to examine before the PHA hearing any PHA documents that are directly relevant to the hearing. The family must be allowed to copy any such document at the family's expense. If the PHA does not make the document available for examination on request of the family, the PHA may not rely on the document at the hearing.

(ii) *By PHA.* The PHA hearing procedures may provide that the PHA must be given the opportunity to examine at PHA offices before the PHA hearing any family documents that are directly relevant to the hearing. The PHA must be allowed to copy any such document at the PHA's expense. If the family does not make the document available for examination on request of the PHA, the family may not rely on the document at the hearing.

(iii) *Documents.* The term “documents” includes records and regulations.

(3) *Representation of family.* At its own expense, the family may be represented by a lawyer or other representative.

(4) *Hearing officer: Appointment and authority.* (i) The hearing may be conducted by any person or persons designated by the PHA, other than a person who made or approved the decision under review or a subordinate of this person.

(ii) The person who conducts the hearing may regulate the conduct of the hearing in accordance with the PHA hearing procedures.

(5) *Evidence.* The PHA and the family must be given the opportunity to present evidence, and may question any witnesses. Evidence may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.

(6) *Issuance of decision.* The person who conducts the hearing must issue a written decision, stating briefly the reasons for the decision. Factual determinations relating to the individual circumstances of the family shall be based on a preponderance of the evidence presented at the hearing. A copy of the hearing decision shall be furnished promptly to the family.

(f) *Effect of decision.* The PHA is not bound by a hearing decision:

(1) Concerning a matter for which the PHA is not required to provide an opportunity for an informal hearing under this section, or that otherwise exceeds the authority of the person conducting the hearing under the PHA hearing procedures.

(2) Contrary to HUD regulations or requirements, or otherwise contrary to federal, State, or local law.

(3) If the PHA determines that it is not bound by a hearing decision, the PHA must promptly notify the family of the determination, and of the reasons for the determination.

(g) *Restrictions on assistance to noncitizens.* The informal hearing provisions for the denial of assistance on the basis of ineligible immigration status are contained in 24 CFR part 5.

## **Subpart M Special Housing Types**

### **982.601 Overview.**

(a) *Special housing types.* This subpart describes program requirements for special housing types. The following are the special housing types:

(1) Single room occupancy (SRO) housing;

(2) Congregate housing;

(3) Group home;

(4) Shared housing;

(5) Manufactured home;

(6) Cooperative housing (excluding families that are not cooperative members); and

(7) Homeownership option.

(b) *PHA choice to offer special housing type.* (1) The PHA may permit a family to use any of the following special housing types in accordance with requirements of the program: single room occupancy (SRO) housing, congregate housing, group home, shared housing, manufactured home when the family owns the home and leases the manufactured home space, cooperative housing or homeownership option.

(2) In general, the PHA is not required to permit families (including families that move into the PHA program under portability procedures) to use any of these special housing types, and may limit the number of families using special housing types.

(3) The PHA must permit use of any special housing type if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities in accordance with 24 CFR part 8.

(4) For occupancy of a manufactured home, see §982.620(a).

(c) *Program funding for special housing types.* (1) HUD does not provide any additional or designated funding for special housing types, or for a specific special housing type (e.g., the homeownership option). Assistance for special housing types is paid from program funding available for the PHA's tenant-based program under the consolidated annual contributions contract.

(2) The PHA may not set aside program funding or program slots for special housing types or for a specific special housing type.

(d) *Family choice of housing and housing type.* The family chooses whether to use housing that qualifies as a special housing type under this subpart, or as any specific special housing type, or to use other eligible housing in accordance with requirements of the program. The PHA may not restrict the family's freedom to choose among available units in accordance with §982.353.

(e) *Applicability of requirements.* (1) Except as modified by this subpart, the requirements of other subparts of this part apply to the special housing types.

(2) Provisions in this subpart only apply to a specific special housing type. The housing type is noted in the title of each section.

(3) Housing must meet the requirements of this subpart for a single special housing type specified by the family. Such housing is not subject to requirements for other special housing types. A single unit cannot be designated as more than one special housing type.

#### **Single Room Occupancy (SRO)**

##### **982.602 SRO: Who may reside in an SRO?**

A single person may reside in an SRO housing unit.

##### **982.603 SRO: Lease and HAP contract.**

For SRO housing, there is a separate lease and HAP contract for each assisted person.

##### **982.604 SRO: Voucher housing assistance payment.**

(a) For a person residing in SRO housing, the payment standard is 75 percent of the zero-bedroom payment standard amount on the PHA payment standard schedule. For a person residing in SRO housing in an exception area, the payment standard is 75 percent of the HUD-approved zero-bedroom exception payment standard amount.

(b) The utility allowance for an assisted person residing in SRO housing is 75 percent of the zero bedroom utility allowance.

##### **982.605 SRO: Housing quality standards.**

(a) *HQS standards for SRO.* The HQS in 982.401 apply to SRO housing. However, the standards in this section apply in place of 982.401(b) (sanitary facilities), 982.401(c) (food preparation and refuse disposal), and 982.401(d) (space and security). Since the SRO units will not house children, the housing quality standards in 982.401(j), concerning lead-based paint, do not apply to SRO housing.

(b) *Performance requirements.* (1) SRO housing is subject to the additional performance requirements in this paragraph (b).

(2) Sanitary facilities, and space and security characteristics must meet local code standards for SRO housing. In the absence of applicable local code standards for SRO housing, the following standards apply:

##### *(i) Sanitary facilities.*

(A) At least one flush toilet that can be used in privacy, lavatory basin, and bathtub or shower, in proper operating condition, must be supplied for each six persons or fewer residing in the SRO housing.

(B) If SRO units are leased only to males, flush urinals may be substituted for not more than one-half the required number of flush toilets. However, there must be at least one flush toilet in the building.

(C) Every lavatory basin and bathtub or shower must be supplied at all times with an adequate quantity of hot and cold running water.

(D) All of these facilities must be in proper operating condition, and must be adequate for personal cleanliness and the disposal of human waste. The facilities must utilize an approvable public or private disposal system.

(E) Sanitary facilities must be reasonably accessible from a common hall or passageway to all persons sharing them. These facilities may not be located more than one floor above or below the SRO unit. Sanitary facilities may not be located below grade unless the SRO units are located on that level.

##### *(ii) Space and security.*

(A) No more than one person may reside in an SRO unit.

(B) An SRO unit must contain at least one hundred ten square feet of floor space.

(C) An SRO unit must contain at least four square feet of closet space for each resident (with an unobstructed height of at least five feet). If there is less closet space, space equal to the amount of the deficiency must be subtracted from the area of the habitable room space when determining the amount of floor space in the SRO unit. The SRO unit must contain at least one hundred ten square feet of remaining floor space after subtracting the amount of the deficiency in minimum closet space.

(D) Exterior doors and windows accessible from outside an SRO unit must be lockable.

##### *(3) Access.*

(i) Access doors to an SRO unit must have locks for privacy in proper operating condition.

(ii) An SRO unit must have immediate access to two or more approved means of exit, appropriately marked, leading to safe and open space at ground level, and any means of exit required by State and local law.

(iii) The resident must be able to access an SRO unit without passing through any other unit.

(4) Sprinkler system. A sprinkler system that protects all major spaces, hard wired smoke detectors, and such other fire and safety improvements as State or local law may require must be installed in each building. The term 'major spaces' means hallways, large common areas, and other areas specified in local fire, building, or safety codes.

#### **Congregate Housing**

##### **982.606 Congregate housing: Who may reside in congregate housing.**

(a) An elderly person or a person with disabilities may reside in a congregate housing unit.

(b)(1) If approved by the PHA, a family member or live-in aide may reside with the elderly person or person with disabilities.

(2) The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities in accordance with 24 CFR part 8. See 982.316 concerning occupancy by a live-in aide.

##### **982.607 Congregate housing: Lease and HAP contract.**

For congregate housing, there is a separate lease and HAP contract for each assisted family.

##### **982.608 Congregate housing: Voucher housing assistance payment.**

(a) Unless there is a live-in aide:

(1) For a family residing in congregate housing, the payment standard is the zero-bedroom payment standard amount on the PHA payment standard schedule. For a family residing in congregate housing in an exception area, the payment standard is the HUD-approved zero-bedroom exception payment standard amount.

(2) However, if there are two or more rooms in the unit (not including kitchen or sanitary facilities), the payment standard for a family residing in congregate housing is the one-bedroom payment standard amount.

(b) If there is a live-in aide, the live-in aide must be counted in determining the family unit size.

**982.609 Congregate housing: Housing quality standards.**

(a) *HQS standards for congregate housing.* The HQS in 982.401 apply to congregate housing. However, the standards in this section apply in place of 982.401(c) (food preparation and refuse disposal). Congregate housing is not subject to the HQS acceptability requirement in 982.401(d)(2)(i) that the dwelling unit must have a kitchen area.

(b) *Food preparation and refuse disposal:* Additional performance requirements. The following additional performance requirements apply to congregate housing:

- (1) The unit must contain a refrigerator of appropriate size.
- (2) There must be central kitchen and dining facilities on the premises. These facilities:
  - (i) Must be located within the premises, and accessible to the residents;
  - (ii) Must contain suitable space and equipment to store, prepare, and serve food in a sanitary manner;
  - (iii) Must be used to provide a food service that is provided for the residents, and that is not provided by the residents; and
  - (iv) Must be for the primary use of residents of the congregate units and be sufficient in size to accommodate the residents.
- (3) There must be adequate facilities and services for the sanitary disposal of food waste and refuse, including facilities for temporary storage where necessary.

**Group Home****982.610 Group home: Who may reside in a group home.**

- (a) An elderly person or a person with disabilities may reside in a State-approved group home.
- (b)(1) If approved by the PHA, a live-in aide may reside with a person with disabilities.
- (2) The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities in accordance with 24 CFR part 8. See 982.316 concerning occupancy by a live-in aide.
- (c) Except for a live-in aide, all residents of a group home, whether assisted or unassisted, must be elderly persons or persons with disabilities.
- (d) Persons residing in a group home must not require continual medical or nursing care.
- (e) Persons who are not assisted under the tenant-based program may reside in a group home.
- (f) No more than 12 persons may reside in a group home. This limit covers all persons who reside in the unit, including assisted and unassisted residents and any live-in aide.

**982.611 Group home: Lease and HAP contract.**

For assistance in a group home, there is a separate HAP contract and lease for each assisted person.

**982.612 Group home: State approval of group home.**

A group home must be licensed, certified, or otherwise approved in writing by the State (e.g., Department of Human Resources, Mental Health, Retardation, or Social Services) as a group home for elderly persons or persons with disabilities.

**982.613 Group home: Rent and voucher housing assistance payment.**

(a) *Meaning of pro-rata portion.* For a group home, the term 'pro-rata portion' means the ratio derived by dividing the number of persons in the assisted household by the total number of residents (assisted and unassisted) residing in the group home. The number of persons in the assisted household equals one assisted person plus any PHA-approved live-in aide.

(b) *Rent to owner: Reasonable rent limit.* (1) The rent to owner for an assisted person may not exceed the pro-rata portion of the reasonable rent for the group home.

(2) The reasonable rent for a group home is determined in accordance with 982.507. In determining reasonable rent for the group home, the PHA must consider whether sanitary facilities, and facilities for food preparation and service, are common facilities or private facilities.

(c) *Payment standard.* (1) Family unit size.

(i) Unless there is a live-in aide, the family unit size is zero or one bedroom.

(ii) If there is a live-in aide, the live-in aide must be counted in determining the family unit size.

(2) The payment standard for a person who resides in a group home is the lower of:

- (i) The payment standard amount on the PHA payment standard schedule for the family unit size; or
- (ii) The pro-rata portion of the payment standard amount on the PHA payment standard schedule for the group home size.
- (iii) If there is a live-in aide, the live-in aide must be counted in determining the family unit size.
- (d) *Utility allowance.* The utility allowance for each assisted person residing in a group home is the pro-rata portion of the utility allowance for the group home unit size.

**982.614 Group home: Housing quality standards.**

(a) *Compliance with HQS.* The PHA may not give approval to reside in a group home unless the unit, including the portion of the unit available for use by the assisted person under the lease, meets the housing quality standards.

(b) *Applicable HQS standards.* (1) The HQS in 982.401 apply to assistance in a group home. However, the standards in this section apply in place of 982.401(b) (sanitary facilities), 982.401(c) (food preparation and refuse disposal), 982.401(d) (space and security), 982.401(g) (structure and materials) and 982.401(l) (site and neighborhood).

(2) The entire unit must comply with the HQS.

(c) *Additional performance requirements.* The following additional performance requirements apply to a group home:

- (1) Sanitary facilities.
  - (i) There must be a bathroom in the unit. The unit must contain, and an assisted resident must have ready access to:
    - (A) A flush toilet that can be used in privacy;
    - (B) A fixed basin with hot and cold running water; and
    - (C) A shower or bathtub with hot and cold running water.
  - (ii) All of these facilities must be in proper operating condition, and must be adequate for personal cleanliness and the disposal of human waste. The facilities must utilize an approvable public or private disposal system.
  - (iii) The unit may contain private or common sanitary facilities. However, the facilities must be sufficient in number so that they need not be shared by more than four residents of the group home.
  - (iv) Sanitary facilities in the group home must be readily accessible to and usable by residents, including persons with disabilities.
- (2) Food preparation and service.
  - (i) The unit must contain a kitchen and a dining area. There must be adequate space to store, prepare, and serve foods in a sanitary manner.
  - (ii) Food preparation and service equipment must be in proper operating condition. The equipment must be adequate for the number of residents in the group home. The unit must contain the following equipment:
    - (A) A stove or range, and oven;
    - (B) A refrigerator; and
    - (C) A kitchen sink with hot and cold running water. The sink must drain into an approvable public or private disposal system.
  - (iii) There must be adequate facilities and services for the sanitary disposal of food waste and refuse, including facilities for temporary storage where necessary.

(iv) The unit may contain private or common facilities for food preparation and service.

(3) Space and security.

(i) The unit must provide adequate space and security for the assisted person.

(ii) The unit must contain a living room, kitchen, dining area, bathroom, and other appropriate social, recreational or community space. The unit must contain at least one bedroom of appropriate size for each two persons.

(iii) Doors and windows that are accessible from outside the unit must be lockable.

(4) Structure and material.

(i) The unit must be structurally sound to avoid any threat to the health and safety of the residents, and to protect the residents from the environment.

(ii) Ceilings, walls, and floors must not have any serious defects such as severe bulging or leaning, loose surface materials, severe buckling or noticeable movement under walking stress, missing parts or other significant damage. The roof structure must be firm, and the roof must be weathertight. The exterior or wall structure and exterior wall surface may not have any serious defects such as serious leaning, buckling, sagging, cracks or large holes, loose siding, or other serious damage. The condition and equipment of interior and exterior stairways, halls, porches, walkways, etc., must not present a danger of tripping or falling. Elevators must be maintained in safe operating condition.

(iii) The group home must be accessible to and usable by a resident with disabilities.

(5) Site and neighborhood. The site and neighborhood must be reasonably free from disturbing noises and reverberations and other hazards to the health, safety, and general welfare of the residents. The site and neighborhood may not be subject to serious adverse environmental conditions, natural or manmade, such as dangerous walks or steps, instability, flooding, poor drainage, septic tank back-ups, sewage hazards or mud slides, abnormal air pollution, smoke or dust, excessive noise, vibrations or vehicular traffic, excessive accumulations of trash, vermin or rodent infestation, or fire hazards. The unit must be located in a residential setting.

### Shared Housing

#### 982.615 Shared housing: Occupancy.

(a) *Sharing a unit.* An assisted family may reside in shared housing. In shared housing, an assisted family shares a unit with the other resident or residents of the unit. The unit may be a house or an apartment.

(b) *Who may share a dwelling unit with assisted family?* (1) If approved by the PHA, a live-in aide may reside with the family to care for a person with disabilities. The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities in accordance with 24 CFR part 8. See 982.316 concerning occupancy by a live-in aide.

(2) Other persons who are assisted under the tenant-based program, or other persons who are not assisted under the tenant-based program, may reside in a shared housing unit.

(3) The owner of a shared housing unit may reside in the unit. A resident owner may enter into a HAP contract with the PHA. However, housing assistance may not be paid on behalf of an owner. An assisted person may not be related by blood or marriage to a resident owner.

#### 982.616 Shared housing: Lease and HAP contract.

For assistance in a shared housing unit, there is a separate HAP contract and lease for each assisted family.

#### 982.617 Shared housing: Rent and voucher housing assistance payment.

(a) *Meaning of pro-rata portion.* For shared housing, the term 'pro-rata portion' means the ratio derived by dividing the number of bedrooms in the private space available for occupancy by a family by the total number of bedrooms in the unit. For example, for a family entitled to occupy three bedrooms in a five bedroom unit, the ratio would be 3/5.

(b) *Rent to owner: Reasonable rent.* (1) The rent to owner for the family may not exceed the pro-rata portion of the reasonable rent for the shared housing dwelling unit.

(2) The reasonable rent is determined in accordance with 982.507.

(c) *Payment standard.* The payment standard for a family that resides in a shared housing is the lower of:

(1) The payment standard amount on the PHA payment standard schedule for the family unit size; or

(2) The pro-rata portion of the payment standard amount on the PHA payment standard schedule for the size of the shared housing unit.

(d) *Utility allowance.* The utility allowance for an assisted family residing in shared housing is the pro-rata portion of the utility allowance for the shared housing unit.

#### 982.618 Shared housing: Housing quality standards.

(a) *Compliance with HQS.* The PHA may not give approval to reside in shared housing unless the entire unit, including the portion of the unit available for use by the assisted family under its lease, meets the housing quality standards.

(b) *Applicable HQS standards.* The HQS in 982.401 apply to assistance in shared housing. However, the HQS standards in this section apply in place of 982.401(d) (space and security).

(c) *Facilities available for family.* The facilities available for the use of an assisted family in shared housing under the family's lease must include (whether in the family's private space or in the common space) a living room, sanitary facilities in accordance with 982.401(b), and food preparation and refuse disposal facilities in accordance with 982.401(c).

(d) *Space and security: Performance requirements.* (1) The entire unit must provide adequate space and security for all its residents (whether assisted or unassisted).

(2)(i) Each unit must contain private space for each assisted family, plus common space for shared use by the residents of the unit. Common space must be appropriate for shared use by the residents.

(ii) The private space for each assisted family must contain at least one bedroom for each two persons in the family. The number of bedrooms in the private space of an assisted family may not be less than the family unit size.

(iii) A zero or one bedroom unit may not be used for shared housing.

### Cooperative

#### 982.619 Cooperative housing.

(a) *Assistance in cooperative housing.* This section applies to rental assistance for a cooperative member residing in cooperative housing. However, this section does not apply to:

(1) Assistance for a cooperative member under the homeownership option pursuant to 982.625 through 982.641; or

(2) Rental assistance for a family that leases a cooperative housing unit from a cooperative member (such rental assistance is not a special housing type, and is subject to requirements in other subparts of this part 982).

(b) *Rent to owner.* (1) The reasonable rent for a cooperative unit is determined in accordance with 982.507. For cooperative housing, the rent to owner is the monthly carrying charge under the occupancy agreement/lease between the member and the cooperative.

(2) The carrying charge consists of the amount assessed to the member by the cooperative for occupancy of the housing. The carrying charge includes the member's share of the cooperative debt service, operating expenses, and necessary payments to cooperative reserve funds. However, the carrying charge does not include down-payments or other payments to purchase the cooperative unit, or to amortize a loan to the family for this purpose.

(3) Gross rent is the carrying charge plus any utility allowance.

(4) Adjustments are applied to the carrying charge as determined in accordance with this section.

(5) The occupancy agreement/lease and other appropriate documents must provide that the monthly carrying charge is subject to Section 8 limitations on rent to owner.

(c) *Housing assistance payment.* The amount of the housing assistance payment is determined in accordance with subpart K of this part.

(d) *Maintenance.* (1) During the term of the HAP contract between the PHA and the cooperative, the dwelling unit and premises must be maintained in accordance with the HQS. If the dwelling unit and premises are not maintained in accordance with the HQS, the PHA may exercise all available remedies, regardless of whether the family or the cooperative is responsible for such breach of the HQS. PHA remedies for breach of the HQS include recovery of overpayments, abatement or other reduction of housing assistance payments, termination of housing assistance payments and termination of the HAP contract.

(2) The PHA may not make any housing assistance payments if the contract unit does not meet the HQS, unless any defect is corrected within the period specified by the PHA and the PHA verifies the correction. If a defect is life-threatening, the defect must be corrected within no more than 24 hours. For other defects, the defect must be corrected within the period specified by the PHA.

(3) The family is responsible for a breach of the HQS that is caused by any of the following:

(i) The family fails to perform any maintenance for which the family is responsible in accordance with the terms of the cooperative occupancy agreement between the cooperative member and the cooperative;

(ii) The family fails to pay for any utilities that the cooperative is not required to pay for, but which are to be paid by the cooperative member;

(iii) The family fails to provide and maintain any appliances that the cooperative is not required to provide, but which are to be provided by the cooperative member; or

(iv) Any member of the household or guest damages the dwelling unit or premises (damages beyond ordinary wear and tear).

(4) If the family has caused a breach of the HQS for which the family is responsible, the PHA must take prompt and vigorous action to enforce such family obligations. The PHA may terminate assistance for violation of family obligations in accordance with 982.552.

(5) Section 982.404 does not apply to assistance for cooperative housing under this section.

(e) *Live-in aide.* (1) If approved by the PHA, a live-in aide may reside with the family to care for a person with disabilities. The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities in accordance with 24 CFR part 8. See 982.316 concerning occupancy by a live-in aide.

(2) If there is a live-in aide, the live-in aide must be counted in determining the family unit size.

#### **Manufactured Home**

#### **982.620 Manufactured home: Applicability of requirements.**

(a) *Assistance for resident of manufactured home.*

(1) A family may reside in a manufactured home with assistance under the program.

(2) The PHA must permit a family to lease a manufactured home and space with assistance under the program.

(3) The PHA may provide assistance for a family that owns the manufactured home and leases only the space. The PHA is not required to provide such assistance under the program.

(b) *Applicability.* (1) The HQS in 982.621 always apply when assistance is provided to a family occupying a manufactured home (under paragraph (a)(2) or (a)(3) of this section).

(2) Sections 982.622 to 982.624 only apply when assistance is provided to a manufactured home owner to lease a manufactured home space.

(c) *Live-in aide.* (1) If approved by the PHA, a live-in aide may reside with the family to care for a person with disabilities. The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities in accordance with 24 CFR part 8. See 982.316 concerning occupancy by a live-in aide.

(2) If there is a live-in aide, the live-in aide must be counted in determining the family unit size.

#### **982.621 Manufactured home: Housing quality standards.**

A manufactured home must meet all the HQS performance requirements and acceptability criteria in 982.401. A manufactured home also must meet the following requirements:

(a) *Performance requirement.* A manufactured home must be placed on the site in a stable manner, and must be free from hazards such as sliding or wind damage.

(b) *Acceptability criteria.* A manufactured home must be securely anchored by a tie-down device that distributes and transfers the loads imposed by the unit to appropriate ground anchors to resist wind overturning and sliding.

#### **Manufactured Home Space Rental**

#### **982.622 Manufactured home space rental: Rent to owner.**

(a) *What is included.* (1) Rent to owner for rental of a manufactured home space includes payment for maintenance and services that the owner must provide to the tenant under the lease for the space.

(2) Rent to owner does not include the costs of utilities and trash collection for the manufactured home. However, the owner may charge the family a separate fee for the cost of utilities or trash collection provided by the owner.

(b) *Reasonable rent.* (1) During the assisted tenancy, the rent to owner for the manufactured home space may not exceed a reasonable rent as determined in accordance with this section. Section 982.503 is not applicable.

(2) The PHA may not approve a lease for a manufactured home space until the PHA determines that the initial rent to owner for the space is a reasonable rent. At least annually during the assisted tenancy, the PHA must redetermine that the current rent to owner is a reasonable rent.

(3) The PHA must determine whether the rent to owner for the manufactured home space is a reasonable rent in comparison to rent for other comparable manufactured home spaces. To make this determination, the PHA must consider the location and size of the space, and any services and maintenance to be provided by the owner in accordance with the lease (without a fee in addition to the rent).

(4) By accepting each monthly housing assistance payment from the PHA, the owner of the manufactured home space certifies that the rent to owner for the space is not more than rent charged by the owner for unassisted rental of comparable spaces in the same manufactured home park or elsewhere. The owner must give the PHA information, as requested by the PHA, on rents charged by the owner for other manufactured home spaces.

**982.623 Manufactured home space rental: Housing assistance payment.**

(a) There is a separate fair market rent for a manufactured home space. The FMR for a manufactured home space is determined in accordance with §888.113(e) of this title. The FMR for a manufactured home space is generally 40 percent of the published FMR for a two-bedroom unit.

(b) The payment standard shall be determined in accordance with §982.505.

(c) The PHA shall pay a monthly housing assistance payment on behalf of the family that is equal to the lower of:

- (1) The payment standard minus the total tenant payment; or
- (2) The rent paid for rental of the real property on which the manufactured home owned by the family is located ("space rent") minus the total tenant payment.

(d) The space rent is the sum of the following as determined by the PHA:

- (1) Rent to owner for the manufactured home space;
- (2) Owner maintenance and management charges for the space;
- (3) The utility allowance for tenant-paid utilities.

**982.624 Manufactured home space rental: Utility allowance schedule.**

The PHA must establish utility allowances for manufactured home space rental. For the first twelve months of the initial lease term only, the allowances must include a reasonable amount for utility hook-up charges payable by the family if the family actually incurs the expenses because of a move. Allowances for utility hook-up charges do not apply to a family that leases a manufactured home space in place. Utility allowances for manufactured home space must not cover costs payable by a family to cover the digging of a well or installation of a septic system.

**Homeownership Option****982.625 Homeownership option: General.**

(a) The homeownership option is used to assist a family residing in a home purchased and owned by one or more members of the family.

(b) A family assisted under the homeownership option may be a newly admitted or existing participant in the program.

(c) *Forms of homeownership assistance.* (1) A PHA may provide one of two forms of homeownership assistance for a family:

- (i) Monthly homeownership assistance payments; or
- (ii) A single downpayment assistance grant.

(2) *Prohibition against combining forms of homeownership assistance.* A family may only receive one form of homeownership assistance. Accordingly, a family that includes a person who was an adult member of a family that previously received either of the two forms of homeownership assistance may not receive the other form of homeownership assistance from any PHA.

(d) *PHA choice to offer homeownership options.* (1) The PHA may choose to offer either or both forms of homeownership assistance under this subpart, or choose not to offer either form of assistance. However, the PHA must offer either form of homeownership assistance if necessary as a reasonable accommodation for a person with disabilities in accordance with §982.601(b)(3).

(2) It is the sole responsibility of the PHA to determine whether it is reasonable to implement a homeownership program as a reasonable accommodation. The PHA will determine what is reasonable based on the specific circumstances and individual needs of the person with a disability. The PHA may determine that it is not reasonable to offer homeownership assistance as a reasonable accommodation in cases where the PHA has otherwise opted not to implement a homeownership program.

(e) *Family choice.* (1) The family chooses whether to participate in the homeownership option if offered by the PHA.

(2) If the PHA offers both forms of homeownership assistance, the family chooses which form of homeownership assistance to receive.

(f) The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and useable by persons with disabilities in accordance with part 8 of this title. (See §982.316 concerning occupancy by a live-in aide.)

(g) The PHA must have the capacity to operate a successful Section 8 homeownership program. The PHA has the required capacity if it satisfies either paragraph (g)(1), (g)(2), or (g)(3) of this section.

(1) The PHA establishes a minimum homeowner downpayment requirement of at least 3 percent of the purchase price for participation in its Section 8 homeownership program, and requires that at least one percent of the purchase price come from the family's personal resources;

(2) The PHA requires that financing for purchase of a home under its Section 8 homeownership program:

- (i) Be provided, insured, or guaranteed by the state or Federal government;
- (ii) Comply with secondary mortgage market underwriting requirements; or
- (iii) Comply with generally accepted private sector underwriting standards; or

(3) The PHA otherwise demonstrates in its Annual Plan that it has the capacity, or will acquire the capacity, to successfully operate a Section 8 homeownership program.

(h) *Recapture of homeownership assistance.* A PHA shall not impose or enforce any requirement for the recapture of voucher homeownership assistance on the sale or refinancing of a home purchased with assistance under the homeownership option.

(i) *Applicable requirements.* The following specify what regulatory provisions (under the heading "homeownership option") are applicable to either or both forms of homeownership assistance (except as otherwise specifically provided):

(1) *Common provisions.* The following provisions apply to both forms of homeownership assistance:

- (i) Section 982.625 (General);
- (ii) Section 982.626 (Initial requirements);
- (iii) Section 982.627 (Eligibility requirements for families);
- (iv) Section 982.628 (Eligible units);
- (v) Section 982.629 (Additional PHA requirements for family search and purchase);
- (vi) Section 982.630 (Homeownership counseling);
- (vii) Section 982.631 (Home inspections, contract of sale, and PHA disapproval of seller);
- (viii) Section 982.632 (Financing purchase of home; affordability of purchase);
- (ix) Section 982.636 (Portability);
- (x) Section 982.638 (Denial or termination of assistance for family); and

(xi) Section 982.641 (Applicability of other requirements).

(2) *Monthly homeownership assistance payments.* The following provisions only apply to homeownership assistance in the form of monthly homeownership assistance payments:

- (i) Section 982.633 (Continued assistance requirements; family obligations);
- (ii) Section 982.634 (Maximum term of homeownership assistance);
- (iii) Section 982.635 (Amount and distribution of monthly homeownership assistance payment);
- (iv) Section 982.637 (Move with continued tenant-based assistance); and
- (v) Section 982.639 (Administrative fees).

(3) *Downpayment assistance grant.* The following provision only applies to homeownership assistance in the form of a downpayment assistance grant: Section 982.643 (Downpayment assistance grants).

**982.626 Homeownership option: Initial requirements.**

(a) *List of initial requirements.* Before commencing homeownership assistance for a family, the PHA must determine that all of the following initial requirements have been satisfied:

(1) The family is qualified to receive homeownership assistance (see 982.627);

(2) The unit is eligible (see 982.628); and

(3) The family has satisfactorily completed the PHA program of required pre-assistance homeownership counseling (see 982.630).

(b) *Additional PHA requirements.* Unless otherwise provided in this part, the PHA may limit homeownership assistance to families or purposes defined by the PHA, and may prescribe additional requirements for commencement of homeownership assistance for a family. Any such limits or additional requirements must be described in the PHA administrative plan.

(c) *Environmental requirements.* The PHA is responsible for complying with the authorities listed in §58.6 of this title requiring the purchaser to obtain and maintain flood insurance for units in special flood hazard areas, prohibiting assistance for acquiring units in the coastal barrier resources system, and requiring notification to the purchaser of units in airport runway clear zones and airfield clear zones. In the case of units not yet under construction at the time the family enters into the contract for sale, the additional environmental review requirements referenced in §982.628(c) of this part also apply, and the PHA shall submit all relevant environmental information to the responsible entity or to HUD to assist in completion of those requirements.

**982.627 Homeownership option: Eligibility requirements for families.**

(a) *Determination whether family is qualified.* The PHA may not provide homeownership assistance for a family unless the PHA determines that the family satisfies all of the following initial requirements at commencement of homeownership assistance for the family:

(1) The family has been admitted to the Section 8 Housing Choice Voucher program, in accordance with subpart E of this part.

(2) The family satisfies any first-time homeowner requirements (described in paragraph (b) of this section).

(3) The family satisfies the minimum income requirement (described in paragraph (c) of this section).

(4) The family satisfies the employment requirements (described in paragraph (d) of this section).

(5) The family has not defaulted on a mortgage securing debt to purchase a home under the homeownership option (see paragraph (e) of this section).

(6) Except for cooperative members who have acquired cooperative membership shares prior to commencement of homeownership assistance, no family member has a present ownership interest in a residence at the commencement of homeownership assistance for the purchase of any home.

(7) Except for cooperative members who have acquired cooperative membership shares prior to the commencement of homeownership assistance, the family has entered a contract of sale in accordance with §982.631(c).

(8) The family also satisfies any other initial requirements established by the PHA (see §982.626(b)). Any such additional requirements must be described in the PHA administrative plan.

(b) *First-time homeowner requirements.* At commencement of homeownership assistance for the family, the family must be any of the following:

(1) A first-time homeowner (defined at §982.4);

(2) A cooperative member (defined at §982.4); or

(3) A family of which a family member is a person with disabilities, and use of the homeownership option is needed as a reasonable accommodation so that the program is readily accessible to and usable by such person, in accordance with part 8 of this title.

(c) *Minimum income requirements.* (1) At commencement of monthly homeownership assistance payments for the family, or at the time of a downpayment assistance grant for the family, the family must demonstrate that the annual income, as determined by the PHA in accordance with §5.609 of this title, of the adult family members who will own the home at commencement of homeownership assistance is not less than:

(i) In the case of a disabled family (as defined in §5.403(b) of this title), the monthly Federal Supplemental Security Income (SSI) benefit for an individual living alone (or paying his or her share of food and housing costs) multiplied by twelve; or

(ii) In the case of other families, the Federal minimum wage multiplied by 2,000 hours.

(2)(i) Except in the case of an elderly family or a disabled family (see the definitions of these terms at §5.403(b) of this title), the PHA shall not count any welfare assistance received by the family in determining annual income under this section.

(ii) The disregard of welfare assistance income under paragraph (c)(2)(i) of this section only affects the determination of minimum annual income used to determine if a family initially qualifies for commencement of homeownership assistance in accordance with this section, but does not affect:

(A) The determination of income-eligibility for admission to the voucher program;

(B) Calculation of the amount of the family's total tenant payment (gross family contribution); or

(C) Calculation of the amount of homeownership assistance payments on behalf of the family.

(iii) In the case of an elderly or disabled family, the PHA shall include welfare assistance for the adult family members who will own the home in determining if the family meets the minimum income requirement.

(3) A PHA may establish a minimum income standard that is higher than those described in paragraph (c)(1) of this section for either or both types of families. However, a family that meets the applicable HUD minimum income requirement described in paragraph (c)(1) of this section, but not the higher standard established by the PHA shall be considered to satisfy the minimum income requirement if:

(i) The family demonstrates that it has been pre-qualified or pre-approved for financing;

(ii) The pre-qualified or pre-approved financing meets any PHA established requirements under §982.632 for financing the purchase of the home (including qualifications of lenders and terms of financing); and

(iii) The pre-qualified or pre-approved financing amount is sufficient to purchase housing that meets HQS in the PHA's jurisdiction.

(d) *Employment requirements.* (1) Except as provided in paragraph (d)(2) of this section, the family must demonstrate that one or more adult members of the family who will own the home at commencement of homeownership assistance:

(i) Is currently employed on a full-time basis (the term "full-time employment" means not less than an average of 30 hours per week); and

(ii) Has been continuously so employed during the year before commencement of homeownership assistance for the family.



(2) The PHA shall have discretion to determine whether and to what extent interruptions are considered to break continuity of employment during the year. The PHA may count successive employment during the year. The PHA may count self-employment in a business.

(3) The employment requirement does not apply to an elderly family or a disabled family (see the definitions of these terms at §5.403(b) of this title). Furthermore, if a family, other than an elderly family or a disabled family, includes a person with disabilities, the PHA shall grant an exemption from the employment requirement if the PHA determines that an exemption is needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities in accordance with part 8 of this title.

(4) A PHA may not establish an employment requirement in addition to the employment standard established by this paragraph.

(e) *Prohibition against assistance to family that has defaulted.* The PHA shall not commence homeownership assistance for a family that includes an individual who was an adult member of a family at the time when such family received homeownership assistance and defaulted on a mortgage securing debt incurred to purchase the home.

#### **982.628 Homeownership option: Eligible units.**

(a) *Initial requirements applicable to the unit.* The PHA must determine that the unit satisfies all of the following requirements:

(1) The unit is eligible. (See 982.352. Paragraphs (a)(6), (a)(7) and (b) of 982.352 do not apply.)

(2) The unit is either a one-unit property (including a manufactured home) or a single dwelling unit in a cooperative or condominium.

(3) The unit has been inspected by a PHA inspector and by an independent inspector designated by the family (see 982.631).

(4) The unit satisfies the HQS (see 982.401 and 982.631).

(b) *Purchase of home where family will not own fee title to the real property.* Homeownership assistance may be provided for the purchase of a home where the family will not own fee title to the real property on which the home is located, but only if:

(1) The home is located on a permanent foundation; and

(2) The family has the right to occupy the home site for at least forty years.

(c) *PHA disapproval of seller.* The PHA may not commence homeownership assistance for occupancy of a home if the PHA has been informed (by HUD or otherwise) that the seller of the home is debarred, suspended, or subject to a limited denial of participation under 2 CFR part 2424.

(d) *PHA-owned units.* Homeownership assistance may be provided for the purchase of a unit that is owned by the PHA that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by the PHA), only if all of the following conditions are satisfied:

(1) The PHA must inform the family, both orally and in writing, that the family has the right to purchase any eligible unit and a PHA-owned unit is freely selected by the family without PHA pressure or steering;

(2) The unit is not ineligible housing;

(3) The PHA must obtain the services of an independent agency, in accordance with 982.352(b)(1)(iv)(B) and (C), to perform the following PHA functions:

(i) Inspection of the unit for compliance with the HQS, in accordance with 982.631(a);

(ii) Review of the independent inspection report, in accordance with 982.631(b)(4);

(iii) Review of the contract of sale, in accordance with 982.631(c); and

(iv) Determination of the reasonableness of the sales price and any PHA provided financing, in accordance with 982.632 and other supplementary guidance established by HUD.

(e) Units not yet under construction. Families may enter into contracts of sale for units not yet under construction at the time the family enters into the contract for sale. However, the PHA shall not commence homeownership assistance for the family for that unit, unless and until:

(1) Either:

(i) The responsible entity completed the environmental review procedures required by 24 CFR part 58, and HUD approved the environmental certification and request for release of funds prior to commencement of construction; or

(ii) HUD performed an environmental review under 24 CFR part 50 and notified the PHA in writing of environmental approval of the site prior to commencement of construction;

(2) Construction of the unit has been completed; and

(3) The unit has passed the required Housing Quality Standards (HQS) inspection (see §982.631(a)) and independent inspection (see §982.631(b)).

#### **982.629 Homeownership option: Additional PHA requirements for family search and purchase.**

(a) The PHA may establish the maximum time for a family to locate a home, and to purchase the home.

(b) The PHA may require periodic family reports on the family's progress in finding and purchasing a home.

(c) If the family is unable to purchase a home within the maximum time established by the PHA, the PHA may issue the family a voucher to lease a unit or place the family's name on the waiting list for a voucher.

#### **982.630 Homeownership option: Homeownership counseling.**

(a) Before commencement of homeownership assistance for a family, the family must attend and satisfactorily complete the pre-assistance homeownership and housing counseling program required by the PHA (pre-assistance counseling).

(b) Suggested topics for the PHA-required pre-assistance counseling program include:

(1) Home maintenance (including care of the grounds);

(2) Budgeting and money management;

(3) Credit counseling;

(4) How to negotiate the purchase price of a home;

(5) How to obtain homeownership financing and loan preapprovals, including a description of types of financing that may be available, and the pros and cons of different types of financing;

(6) How to find a home, including information about homeownership opportunities, schools, and transportation in the PHA jurisdiction;

(7) Advantages of purchasing a home in an area that does not have a high concentration of low-income families and how to locate homes in such areas;

(8) Information on fair housing, including fair housing lending and local fair housing enforcement agencies; and

(9) Information about the Real Estate Settlement Procedures Act (12 U.S.C. 2601 et seq.) (RESPA), state and Federal truth-in-lending laws, and how to identify and avoid loans with oppressive terms and conditions.

(c) The PHA may adapt the subjects covered in pre-assistance counseling (as listed in paragraph (b) of this section) to local circumstances and the needs of individual families.

(d) The PHA may also offer additional counseling after commencement of homeownership assistance (ongoing counseling). If the PHA offers a program of ongoing counseling for participants in the homeownership option, the PHA shall have discretion to determine whether the family is required to participate in the ongoing counseling.

(e) If the PHA is not using a HUD-approved housing counseling agency to provide the counseling for families participating in the homeownership option, the PHA should ensure that its counseling program is consistent with the homeownership counseling provided under HUD's Housing Counseling program.

**982.631 Homeownership option: Home inspections, contract of sale and PHA disapproval of seller.**

(a) *HQS inspection by PHA.* The PHA may not commence monthly homeownership assistance payments or provide a downpayment assistance grant for the family until the PHA has inspected the unit and has determined that the unit passes HQS.

(b) *Independent inspection.* (1) The unit must also be inspected by an independent professional inspector selected by and paid by the family.

(2) The independent inspection must cover major building systems and components, including foundation and structure, housing interior and exterior, and the roofing, plumbing, electrical, and heating systems. The independent inspector must be qualified to report on property conditions, including major building systems and components.

(3) The PHA may not require the family to use an independent inspector selected by the PHA. The independent inspector may not be a PHA employee or contractor, or other person under control of the PHA. However, the PHA may establish standards for qualification of inspectors selected by families under the homeownership option.

(4) The independent inspector must provide a copy of the inspection report both to the family and to the PHA. The PHA may not commence monthly homeownership assistance payments, or provide a downpayment assistance grant for the family, until the PHA has reviewed the inspection report of the independent inspector. Even if the unit otherwise complies with the HQS (and may qualify for assistance under the PHA's tenant-based rental voucher program), the PHA shall have discretion to disapprove the unit for assistance under the homeownership option because of information in the inspection report.

(c) *Contract of sale.* (1) Before commencement of monthly homeownership assistance payments or receipt of a downpayment assistance grant, a member or members of the family must enter into a contract of sale with the seller of the unit to be acquired by the family. The family must give the PHA a copy of the contract of sale (see also §982.627(a)(7)).

(2) The contract of sale must:

(i) Specify the price and other terms of sale by the seller to the purchaser.

(ii) Provide that the purchaser will arrange for a pre-purchase inspection of the dwelling unit by an independent inspector selected by the purchaser.

(iii) Provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser.

(iv) Provide that the purchaser is not obligated to pay for any necessary repairs.

(3) In addition to the requirements contained in paragraph (c)(2) of this section, a contract for the sale of units not yet under construction at the time the family is to enter into the contract for sale must also provide that:

(i) The purchaser is not obligated to purchase the unit unless an environmental review has been performed and the site has received environmental approval prior to commencement of construction in accordance with 24 CFR 982.628.

(ii) The construction will not commence until the environmental review has been completed and the seller has received written notice from the PHA that environmental approval has been obtained. Conduct of the environmental review may not necessarily result in

environmental approval, and environmental approval may be conditioned on the contracting parties' agreement to modifications to the unit design or to mitigation actions.

(iii) Commencement of construction in violation of paragraph (c)(3)(ii) of this section voids the purchase contract and renders homeownership assistance under 24 CFR part 982 unavailable for purchase of the unit.

(d) *PHA disapproval of seller.* In its administrative discretion, the PHA may deny approval of a seller for any reason provided for disapproval of an owner in §982.306(c).

**982.632 Homeownership option: Financing purchase of home; affordability of purchase.**

(a) The PHA may establish requirements for financing purchase of a home to be assisted under the homeownership option. Such PHA requirements may include requirements concerning qualification of lenders (for example, prohibition of seller financing or case-by-case approval of seller financing), or concerning terms of financing (for example, a prohibition of balloon payment mortgages, establishment of a minimum homeowner equity requirement from personal resources, or provisions required to protect borrowers against high cost loans or predatory loans). A PHA may not require that families acquire financing from one or more specified lenders, thereby restricting the family's ability to secure favorable financing terms.

(b) If the purchase of the home is financed with FHA mortgage insurance, such financing is subject to FHA mortgage insurance requirements.

(c) The PHA may establish requirements or other restrictions concerning debt secured by the home.

(d) The PHA may review lender qualifications and the loan terms before authorizing homeownership assistance. The PHA may disapprove proposed financing, refinancing or other debt if the PHA determines that the debt is unaffordable, or if the PHA determines that the lender or the loan terms do not meet PHA qualifications. In making this determination, the PHA may take into account other family expenses, such as child care, unreimbursed medical expenses, homeownership expenses, and other family expenses as determined by the PHA.

(e) All PHA financing or affordability requirements must be described in the PHA administrative plan.

**982.633 Homeownership option: Continued assistance requirements; Family obligations.**

(a) *Occupancy of home.* Homeownership assistance may only be paid while the family is residing in the home. If the family moves out of the home, the PHA may not continue homeownership assistance after the month when the family moves out. The family or lender is not required to refund to the PHA the homeownership assistance for the month when the family moves out.

(b) *Family obligations.* The family must comply with the following obligations.

(1) *Ongoing counseling.* To the extent required by the PHA, the family must attend and complete ongoing homeownership and housing counseling.

(2) *Compliance with mortgage.* The family must comply with the terms of any mortgage securing debt incurred to purchase the home (or any refinancing of such debt).

(3) *Prohibition against conveyance or transfer of home.*

(i) So long as the family is receiving homeownership assistance, use and occupancy of the home is subject to 982.551(h) and (i).

(ii) The family may grant a mortgage on the home for debt incurred to finance purchase of the home or any refinancing of such debt.

(iii) Upon death of a family member who holds, in whole or in part, title to the home or ownership of cooperative membership shares for the home, homeownership assistance may continue pending settlement of the decedent's estate, notwithstanding transfer of title by

operation of law to the decedent's executor or legal representative, so long as the home is solely occupied by remaining family members in accordance with 982.551(h).

(4) *Supplying required information.*

(i) The family must supply required information to the PHA in accordance with 982.551(b).

(ii) In addition to other required information, the family must supply any information as required by the PHA or HUD concerning:

(A) Any mortgage or other debt incurred to purchase the home, and any refinancing of such debt (including information needed to determine whether the family has defaulted on the debt, and the nature of any such default), and information on any satisfaction or payment of the mortgage debt;

(B) Any sale or other transfer of any interest in the home; or

(C) The family's homeownership expenses.

(5) *Notice of move-out.* The family must notify the PHA before the family moves out of the home.

(6) *Notice of mortgage default.* The family must notify the PHA if the family defaults on a mortgage securing any debt incurred to purchase the home.

(7) *Prohibition on ownership interest on second residence.* During the time the family receives homeownership assistance under this subpart, no family member may have any ownership interest in any other residential property.

(8) *Additional PHA requirements.* The PHA may establish additional requirements for continuation of homeownership assistance for the family (for example, a requirement for post-purchase homeownership counseling or for periodic unit inspections while the family is receiving homeownership assistance). The family must comply with any such requirements.

(9) *Other family obligations.* The family must comply with the obligations of a participant family described in 982.551. However, the following provisions do not apply to assistance under the homeownership option: 982.551(c), (d), (e), (f), (g) and (j).

(c) *Statement of homeowner obligations.* Before commencement of homeownership assistance, the family must execute a statement of family obligations in the form prescribed by HUD. In the statement, the family agrees to comply with all family obligations under the homeownership option.

**982.634 Homeownership option: Maximum term of homeownership assistance.**

(a) *Maximum term of assistance.* Except in the case of a family that qualifies as an elderly or disabled family (see paragraph (c) of this section), the family members described in paragraph (b) of this section shall not receive homeownership assistance for more than:

(1) Fifteen years, if the initial mortgage incurred to finance purchase of the home has a term of 20 years or longer; or

(2) Ten years, in all other cases.

(b) *Applicability of maximum term.* The maximum term described in paragraph (a) of this section applies to any member of the family who:

(1) Has an ownership interest in the unit during the time that homeownership payments are made; or

(2) Is the spouse of any member of the household who has an ownership interest in the unit during the time homeownership payments are made.

(c) *Exception for elderly and disabled families.* (1) As noted in paragraph (a) of this section, the maximum term of assistance does not apply to elderly and disabled families.

(2) In the case of an elderly family, the exception only applies if the family qualifies as an elderly family at the start of homeownership assistance. In the case of a disabled family, the exception applies if at any time during receipt of homeownership assistance the family qualifies as a disabled family.

(3) If, during the course of homeownership assistance, the family ceases to qualify as a disabled or elderly family, the maximum term becomes applicable from the date homeownership assistance commenced. However, such a family must be provided at least 6 months of homeownership assistance after the maximum term becomes applicable (provided the family is otherwise eligible to receive homeownership assistance in accordance with this part).

(d) *Assistance for different homes or PHAs.* If the family has received such assistance for different homes, or from different PHAs, the total of such assistance terms is subject to the maximum term described in paragraph (a) of this section.

**982.635 Homeownership option: Amount and distribution of monthly homeownership assistance payment.**

(a) *Amount of monthly homeownership assistance payment.* While the family is residing in the home, the PHA shall pay a monthly homeownership assistance payment on behalf of the family that is equal to the lower of:

(1) The payment standard minus the total tenant payment; or

(2) The family's monthly homeownership expenses minus the total tenant payment.

(b) *Payment standard for family.* (1) The payment standard for a family is the lower of:

(i) The payment standard for the family unit size; or

(ii) The payment standard for the size of the home.

(2) If the home is located in an exception payment standard area, the PHA must use the appropriate payment standard for the exception payment standard area.

(3) The payment standard for a family is the greater of:

(i) The payment standard (as determined in accordance with paragraphs (b)(1) and (b)(2) of this section) at the commencement of homeownership assistance for occupancy of the home; or

(ii) The payment standard (as determined in accordance with paragraphs (b)(1) and (b)(2) of this section) at the most recent regular reexamination of family income and composition since the commencement of homeownership assistance for occupancy of the home.

(4) The PHA must use the same payment standard schedule, payment standard amounts, and subsidy standards pursuant to 982.402 and 982.503 for the homeownership option as for the rental voucher program.

(c) *Determination of homeownership expenses.* (1) The PHA shall adopt policies for determining the amount of homeownership expenses to be allowed by the PHA in accordance with HUD requirements.

(2) Homeownership expenses for a homeowner (other than a cooperative member) may only include amounts allowed by the PHA to cover:

(i) Principal and interest on initial mortgage debt, any refinancing of such debt, and any mortgage insurance premium incurred to finance purchase of the home;

(ii) Real estate taxes and public assessments on the home;

(iii) Home insurance;

(iv) The PHA allowance for maintenance expenses;

(v) The PHA allowance for costs of major repairs and replacements;

(vi) The PHA utility allowance for the home;

(vii) Principal and interest on mortgage debt incurred to finance costs for major repairs, replacements or improvements for the home. If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance costs needed to make the home accessible for such person, if the PHA determines that allowance of such costs as homeownership expenses is needed as a reasonable accommodation so that the homeownership option is readily accessible to and usable by such person, in accordance with part 8 of this title; and

(viii) Land lease payments (where a family does not own fee title to the real property on which the home is located; see § 982.628(b)).

(3) Homeownership expenses for a cooperative member may only include amounts allowed by the PHA to cover:

(i) The cooperative charge under the cooperative occupancy agreement including payment for real estate taxes and public assessments on the home;

(ii) Principal and interest on initial debt incurred to finance purchase of cooperative membership shares and any refinancing of such debt;

(iii) Home insurance;

(iv) The PHA allowance for maintenance expenses;

(v) The PHA allowance for costs of major repairs and replacements;

(vi) The PHA utility allowance for the home; and

(vii) Principal and interest on debt incurred to finance major repairs, replacements or improvements for the home. If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance costs needed to make the home accessible for such person, if the PHA determines that allowance of such costs as homeownership expenses is needed as a reasonable accommodation so that the homeownership option is readily accessible to and usable by such person, in accordance with part 8 of this title.

(4) If the home is a cooperative or condominium unit, homeownership expenses may also include cooperative or condominium operating charges or maintenance fees assessed by the condominium or cooperative homeowner association.

(d) *Payment to lender or family.* The PHA must pay homeownership assistance payments either:

(1) Directly to the family or;

(2) At the discretion of the PHA, to a lender on behalf of the family. If the assistance payment exceeds the amount due to the lender, the PHA must pay the excess directly to the family.

(e) *Automatic termination of homeownership assistance.*

Homeownership assistance for a family terminates automatically 180 calendar days after the last homeownership assistance payment on behalf of the family. However, a PHA has the discretion to grant relief from this requirement in those cases where automatic termination would result in extreme hardship for the family.

#### **982.636 Homeownership option: Portability.**

(a) *General.* A family may qualify to move outside the initial PHA jurisdiction with continued homeownership assistance under the voucher program in accordance with this section.

(b) *Portability of homeownership assistance.* Subject to §982.353(b) and (c), §982.552, and §982.553, a family determined eligible for homeownership assistance by the initial PHA may purchase a unit outside of the initial PHA's jurisdiction, if the receiving PHA is administering a voucher homeownership program and is accepting new homeownership families.

(c) *Applicability of Housing Choice Voucher program portability procedures.* In general, the portability procedures described in §§982.353 and 982.355 apply to the homeownership option and the administrative responsibilities of the initial and receiving PHA are not altered except that some administrative functions (e.g., issuance of a voucher or execution of a tenancy addendum) do not apply to the homeownership option.

(d) *Family and PHA responsibilities.* The family must attend the briefing and counseling sessions required by the receiving PHA. The receiving PHA will determine whether the financing for, and the physical condition of the unit, are acceptable. The receiving PHA must promptly notify the initial PHA if the family has purchased an eligible unit under the program, or if the family is unable to purchase a home within the maximum time established by the PHA.

(e) *Continued assistance under §982.637.* Such continued assistance under portability procedures is subject to §982.637.

#### **982.637 Homeownership option: Move with continued tenant-based assistance.**

(a) *Move to new unit.* (1) A family receiving homeownership assistance may move to a new unit with continued tenant-based assistance in accordance with this section. The family may move either with voucher rental assistance (in accordance with rental assistance program requirements) or with voucher homeownership assistance (in accordance with homeownership option program requirements).

(2) The PHA may not commence continued tenant-based assistance for occupancy of the new unit so long as any family member owns any title or other interest in the prior home.

(3) The PHA may establish policies that prohibit more than one move by the family during any one year period.

(b) *Requirements for continuation of homeownership assistance.*

The PHA must determine that all initial requirements listed in §982.626 (including the environmental requirements with respect to a unit not yet under construction) have been satisfied if a family that has received homeownership assistance wants to move to such a unit with continued homeownership assistance. However, the following requirements do not apply:

(1) The requirement for pre-assistance counseling (982.630) is not applicable. However, the PHA may require that the family complete additional counseling (before or after moving to a new unit with continued assistance under the homeownership option).

(2) The requirement that a family must be a first-time homeowner (982.627) is not applicable.

(c) *When PHA may deny permission to move with continued assistance.* The PHA may deny permission to move to a new unit with continued voucher assistance as follows:

(1) *Lack of funding to provide continued assistance.* The PHA may deny permission to move with continued rental or homeownership assistance if the PHA determines that it does not have sufficient funding to provide continued assistance. The PHA must provide written notification to the local HUD Office within 10 business days of determining it is necessary to deny moves based on insufficient funding.

(2) Termination or denial of assistance under 982.638. At any time, the PHA may deny permission to move with continued rental or homeownership assistance in accordance with 982.638.

#### **982.638 Homeownership option: Denial or termination of assistance for family.**

(a) *General.* The PHA shall terminate homeownership assistance for the family, and shall deny voucher rental assistance for the family, in accordance with this section.

(b) *Denial or termination of assistance under basic voucher program.* At any time, the PHA may deny or terminate homeownership assistance in accordance with 982.552 (Grounds for denial or termination of assistance) or 982.553 (Crime by family members).

(c) *Failure to comply with family obligations.* The PHA may deny or terminate assistance for violation of participant obligations described in 982.551 or 982.633.

(d) *Mortgage default.* The PHA must terminate voucher homeownership assistance for any member of family receiving homeownership assistance that is dispossessed from the home pursuant to a judgment or order of foreclosure on any mortgage (whether FHA-insured or non-FHA) securing debt incurred to purchase the home, or any refinancing of such debt. The PHA, in its discretion, may permit the family to move to a new unit with continued voucher rental assistance. However, the PHA must deny such permission, if:

(1) The family defaulted on an FHA-insured mortgage; and

(2) The family fails to demonstrate that:

(i) The family has conveyed, or will convey, title to the home, as required by HUD, to HUD or HUD's designee; and (ii) The family has moved, or will move, from the home within the period established or approved by HUD.

**982.639 Homeownership option: Administrative fees.**

The ongoing administrative fee described in 982.152(b) is paid to the PHA for each month that homeownership assistance is paid by the PHA on behalf of the family.

**982.641 Homeownership option: Applicability of other requirements.**

(a) *General.* The following types of provisions (located in other subparts of this part) do not apply to assistance under the homeownership option:

(1) Any provisions concerning the Section 8 owner or the HAP contract between the PHA and owner;

(2) Any provisions concerning the assisted tenancy or the lease between the family and the owner;

(3) Any provisions concerning PHA approval of the assisted tenancy;

(4) Any provisions concerning rent to owner or reasonable rent; and

(5) Any provisions concerning the issuance or term of voucher.

(b) *Subpart G requirements.* The following provisions of subpart G of this part do not apply to assistance under the homeownership option:

(1) Section 982.302 (Issuance of voucher; Requesting PHA approval of assisted tenancy);

(2) Section 982.303 (Term of voucher);

(3) Section 982.305 (PHA approval of assisted tenancy);

(4) Section 982.306 (PHA disapproval of owner) (except that a PHA may disapprove a seller for any reason described in paragraph (c), see §982.631(d)).

(5) Section 982.307 (Tenant screening);

(6) Section 982.308 (Lease and tenancy);

(7) Section 982.309 (Term of assisted tenancy);

(8) Section 982.310 (Owner termination of tenancy);

(9) Section 982.311 (When assistance is paid) (except that §982.311(c)(3) is applicable to assistance under the homeownership option);

(10) Section 982.313 (Security deposit: Amounts owed by tenant); and

(11) Section 982.354 (Move with continued tenant-based assistance).

(c) *Subpart H requirements.* The following provisions of subpart H of this part do not apply to assistance under the homeownership option:

(1) Section 982.352(a)(6) (Prohibition of owner-occupied assisted unit);

(2) Section 982.352(b) (PHA-owned housing); and

(3) Those provisions of §982.353 (Where family can lease a unit with tenant-based assistance) and §982.355 (Portability: Administration by receiving PHA) that are inapplicable per §982.636;

(d) *Subpart I requirements.* The following provisions of subpart I of this part do not apply to assistance under the homeownership option:

(1) Section 982.403 (Terminating HAP contract when unit is too small);

(2) Section 982.404 (Maintenance: Owner and family responsibility; PHA remedies); and

(3) Section 982.405 (PHA initial and periodic unit inspection).

(e) *Subpart J requirements.* The requirements of subpart J of this part (Housing Assistance Payments Contract and Owner Responsibility) (§§982.451-456) do not apply to assistance under the homeownership option.

(f) *Subpart K requirements.* Except for those sections listed below, the requirements of subpart K of this part (Rent and Housing Assistance Payment) (§§982.501-521) do not apply to assistance under the homeownership option:

(1) Section 982.503 (Voucher tenancy: Payment standard amount and schedule);

(2) Section 982.516 (Family income and composition: Regular and interim reexaminations); and

(3) Section 982.517 (Utility allowance schedule).

(g) *Subpart L requirements.* The following provisions of subpart L of this part do not apply to assistance under the homeownership option:

(1) Section 982.551(c) (HQS breach caused by family);

(2) Section 982.551(d) (Allowing PHA inspection);

(3) Section 982.551(e) (Violation of lease);

(4) Section 982.551(g) (Owner eviction notice); and

(5) Section 982.551(j) (Interest in unit).

(h) *Subpart M requirements.* The following provisions of subpart M of this part do not apply to assistance under the homeownership option:

(1) Sections 982.602-982.619; and

(2) Sections 982.622-982.624.

**982.642 Homeownership option: Pilot program for homeownership assistance for disabled families.**

(a) *General.* This section implements the pilot program authorized by section 302 of the American Homeownership and Economic Opportunity Act of 2000. Under the pilot program, a PHA may provide homeownership assistance to a disabled family residing in a home purchased and owned by one or more members of the family. A PHA that administers tenant-based assistance has the choice whether to offer homeownership assistance under the pilot program (whether or not the PHA has also decided to offer the homeownership option).

(b) *Applicability of homeownership option requirements.* Except as provided in this section, all of the regulations applicable to the homeownership option (as described in 982.625 through 982.641) are also applicable to the pilot program.

(c) *Initial eligibility requirements.* Before commencing homeownership assistance under the pilot program for a family, the PHA must determine that all of the following initial requirements have been satisfied:

(1) The family is a disabled family (as defined in 5.403 of this title);

(2) The family annual income does not exceed 99 percent of the median income for the area;

(3) The family is not a current homeowner;

(4) The family must close on the purchase of the home during the period starting on July 23, 2001 and ending on July 23, 2004; and

(5) The family meets the initial requirements described in 982.626; however, the following initial requirements do not apply to a family seeking to participate in the pilot program:

(i) The income eligibility requirements of 982.201(b)(1);

(ii) The first-time homeowner requirements of 982.627(b); and

(iii) The mortgage default requirements of 982.627(e), if the PHA determines that the default is due to catastrophic medical reasons or due to the impact of a federally declared major disaster or emergency.

(d) *Amount and distribution of homeownership assistance payments.* (1) While the family is residing in the home, the PHA shall calculate a monthly homeownership assistance payment on behalf of the family in accordance with 982.635 and this section.

(2) A family that is a low income family (as defined at 24 CFR 5.603(b)) as determined by HUD shall receive the full amount of the monthly homeownership assistance payment calculated under 982.635.

(3) A family whose annual income is greater than the low income family ceiling but does not exceed 89 percent of the median income for the area as determined by HUD shall receive a monthly homeownership assistance payment equal to 66 percent of the amount calculated under 982.635. (4) A family whose annual income is greater than the 89 percent ceiling but does not exceed 99 percent of the median income for the area as determined by HUD shall receive a monthly homeownership assistance payment equal to 33 percent of the

amount calculated under 982.635. (5) A family whose annual income is greater than 99 percent of the median income for the area shall not receive homeownership assistance under the pilot program.

(e) *Assistance payments to lender.* The PHA must make homeownership assistance payments to a lender on behalf of the disabled family. If the assistance payment exceeds the amount due to the lender, the PHA must pay the excess directly to the family. The provisions of 982.635(d), which permit the PHA to make monthly homeownership assistance payments directly to the family, do not apply to the pilot program.

(f) *Mortgage defaults.* The requirements of 982.638(d) regarding mortgage defaults are applicable to the pilot program. However, notwithstanding 982.638(d), the PHA may, in its discretion, permit a family that has defaulted on its mortgage to move to a new unit with continued voucher homeownership assistance if the PHA determines that the default is due to catastrophic medical reasons or due to the impact of a federally declared major disaster or emergency. The requirements of 982.627(a)(5) and 982.627(e) do not apply to such a family.

#### **982.643 Homeownership option: Downpayment assistance grants.**

(a) *General.* (1) A PHA may provide a single downpayment assistance grant for a participant that has received tenant-based or project-based rental assistance in the Housing Choice Voucher Program.

(2) The downpayment assistance grant must be applied toward the downpayment required in connection with the purchase of the home and/or reasonable and customary closing costs in connection with the purchase of the home.

(3) If the PHA permits the downpayment grant to be applied to closing costs, the PHA must define what fees and charges constitute reasonable and customary closing costs. However, if the purchase of a home is financed with FHA mortgage insurance, such financing is subject to FHA mortgage insurance requirements, including any requirements concerning closing costs (see § 982.632(b) of this part regarding the applicability of FHA requirements to voucher homeownership assistance and § 203.27 of this title regarding allowable fees, charges and discounts for FHA-insured mortgages).

(b) *Maximum downpayment grant.* A downpayment assistance grant may not exceed twelve times the difference between the payment standard and the total tenant payment.

(c) *Payment of downpayment grant.* The downpayment assistance grant shall be paid at the closing of the family's purchase of the home.

(d) *Administrative fee.* For each downpayment assistance grant made by the PHA, HUD will pay the PHA a one-time administrative fee in accordance with § 982.152(a)(1)(iii).

(e) *Return to tenant-based assistance.* A family that has received a downpayment assistance grant may apply for and receive tenant-based rental assistance, in accordance with program requirements and PHA policies. However, the PHA may not commence tenant-based rental assistance for occupancy of the new unit so long as any member of the family owns any title or other interest in the home purchased with homeownership assistance. Further, eighteen months must have passed since the family's receipt of the downpayment assistance grant.

(f) *Implementation of downpayment assistance grants.* A PHA may not offer downpayment assistance under this paragraph until HUD publishes a notice in the *Federal Register*.

## **PART 985 SECTION 8 MANAGEMENT ASSESSMENT PROGRAM (SEMAP)**

### **Subpart A General**

#### **985.1 Purpose and applicability.**

(a) *Purpose.* The Section 8 Management Assessment Program (SEMAP) is designed to assess whether the Section 8 tenant-based assistance programs operate to help eligible families afford decent rental units at the correct subsidy cost. SEMAP also establishes a system for HUD to measure PHA performance in key Section 8 program areas and to assign performance ratings. SEMAP provides procedures for HUD to identify PHA management capabilities and deficiencies in order to target monitoring and program assistance more effectively. PHAs can use the SEMAP performance analysis to assess and improve their own program operations.

(b) *Applicability.* This rule applies to PHA administration of the tenant-based Section 8 rental voucher and rental certificate programs (24 CFR part 982), the project-based component (PBC) of the certificate program (24 CFR part 983) to the extent that PBC family and unit data are reported and measured under the stated HUD verification method, and enrollment levels and contributions to escrow accounts for Section 8 participants under the family self-sufficiency program (FSS) (24 CFR part 984).

#### **985.2 Definitions.**

(a) The terms *Department*, *Fair Market Rent*, *HUD*, *Secretary*, and *Section 8*, as used in this part, are defined in 24 CFR 5.100.

(b) The definitions in 24 CFR 982.4 apply to this part. As used in this part:

*Confirmatory review* means an on site review performed by HUD to verify the management performance of a PHA.

*Corrective action plan* means a HUD-required written plan that addresses PHA program management deficiencies or findings identified by HUD through remote monitoring or on-site review, and that will bring the PHA to an acceptable level of performance.

*MTCS* means Multifamily Tenant Characteristics System. MTCS is the Department's national database on participants and rental units in the Section 8 rental certificate, rental voucher, and moderate rehabilitation programs and in the Public and Indian Housing programs.

*Performance indicator* means a standard set for a key area of Section 8 program management against which the PHA's performance is measured to show whether the PHA administers the program properly and effectively. (See 985.3.)

*PHA* means a Housing Agency.

*PHA's quality control sample* means an annual sample of files or records drawn in an unbiased manner and reviewed by a PHA supervisor (or by another qualified person other than the person who performed the original work) to determine if the work documented in the files or records conforms to program requirements. The minimum size of the PHA's quality control sample is as follows:

Universe	Minimum number of files or records to be sampled
50 or less	5
51-600	5 plus 1 for each 50 (or part of 50) over 50
601-2000	16 plus 1 for each 100 (or part of 100) over 600
Over 2000	30 plus 1 for each 200 (or part of 200) over 2000

Where the universe is: the number of admissions in the last year for each of the two quality control samples under the SEMAP indicator at 985.3(a) Selection from the Waiting List; the number of families assisted for the SEMAP indicators at 985.3(b) Reasonable Rent, and 985.3(c) Determination of Adjusted Income; the number of units under HAP contract during the last completed PHA fiscal year for the

SEMAP indicator at 985.3(e) HQS Quality Control Inspections; and the number of failed HQS inspections in the last year for the SEMAP indicator at 985.3(f) HQS Enforcement.

*SEMAP certification* means the PHA's annual certification to HUD, on the form prescribed by HUD, concerning its performance in key Section 8 program areas.

*SEMAP deficiency* means any rating of 0 points on a SEMAP performance indicator.

*SEMAP profile* means a summary prepared by HUD of a PHA's ratings on each SEMAP indicator, its overall SEMAP score, and its overall performance rating (high performer, standard, troubled).

### **985.3 Indicators, HUD verification methods and ratings.**

This section states the performance indicators that are used to assess PHA Section 8 management. HUD will use the verification method identified for each indicator in reviewing the accuracy of a PHA's annual SEMAP certification. HUD will prepare a SEMAP profile for each PHA and will assign a rating for each indicator as shown. If the HUD verification method for the indicator relies on data in MTCS and HUD determines those data are insufficient to verify the PHA's certification on the indicator due to the PHA's failure to adequately report family data, HUD will assign a zero rating for the indicator. The method for selecting the PHA's quality control sample under paragraphs (a), (b), (c) and (f) of this section must leave a clear audit trail that can be used to verify that the PHA's quality control sample was drawn in an unbiased manner.

A PHA that expends less than \$300,000 in Federal awards and whose Section 8 programs are not audited by an independent auditor (IA), will not be rated under the SEMAP indicators in paragraphs (a) through (g) of this section for which the annual IA audit report is a HUD verification method. For those PHAs, the SEMAP score and overall performance rating will be determined based only on the remaining indicators in paragraphs (i) through (o) of this section as applicable. Although the SEMAP performance rating will not be determined using the indicators in paragraphs (a) through (g) of this section, PHAs not subject to Federal audit requirements must still complete the SEMAP certification for these indicators and performance under the indicators is subject to HUD confirmatory reviews.

(a) *Selection from the Waiting List.* (1) This indicator shows whether the PHA has written policies in its administrative plan for selecting applicants from the waiting list and whether the PHA follows these policies when selecting applicants for admission from the waiting list. (24 CFR 982.54(d)(1) and 982.204(a))

(2) *HUD verification method:* The independent auditor (IA) annual audit report covering the PHA fiscal year entered on the SEMAP certification and on-site confirmatory review if performed.

(3) *Rating:* (i) The PHA's SEMAP certification states that:

(A) The PHA has written waiting list selection policies in its administrative plan and,

(B) Based on the PHA's quality control samples, drawn separately for applicants reaching the top of the waiting list and for admissions, documentation shows that at least 98 percent of the families in both samples of applicants and admissions were selected from the waiting list for admission in accordance with these policies and met the selection criteria that determined their places on the waiting list and their order of selection. 15 points.

(ii) The PHA's SEMAP certification does not support the statement in paragraph (a)(3)(i) of this section. 0 points.

(b) *Reasonable Rent.* (1) This indicator shows whether the PHA has and implements a reasonable written method to determine and document for each unit leased that the rent to owner is reasonable based on current rents for comparable unassisted units: At the time of initial leasing; if there is any increase in the rent to owner; at the HAP contract anniversary if there is a 10 percent decrease in the published

fair market rent (FMR) in effect 60 days before the HAP contract anniversary. The PHA's method must take into consideration the location, size, type, quality and age of the units, and the amenities, housing services, and maintenance and utilities provided by the owners in determining comparability and the reasonable rent. (24 CFR 982.4, 24 CFR 982.54(d)(15), 982.158(f)(7) and 982.507)

(2) *HUD verification method:* The IA annual audit report covering the PHA fiscal year entered on the SEMAP certification and on-site confirmatory review if performed.

(3) *Rating:* (i) The PHA's SEMAP certification states that:

(A) The PHA has a reasonable written method to determine reasonable rent which considers location, size, type, quality and age of the units and the amenities, housing services, and maintenance and utilities provided by the owners; and

(B) Based on the PHA's quality control sample of tenant files, the PHA follows its written method to determine reasonable rent and has documented its determination that the rent to owner is reasonable in accordance with §982.507 of this chapter for at least 98 percent of units sampled at the time of initial leasing, if there is any increase in the rent to owner, and at the HAP contract anniversary if there is a 10 percent decrease in the published FMR in effect 60 days before the HAP contract anniversary. 20 points.

(ii) The PHA's SEMAP certification includes the statements in paragraph (b)(3)(i) of this section, except that the PHA documents its determination of reasonable rent for only 80 to 97 percent of units sampled at initial leasing, if there is any increase in the rent to owner, and at the HAP contract anniversary if there is a 10 percent decrease in the published FMR in effect 60 days before the HAP contract anniversary. 20 points.

(iii) The PHA's SEMAP certification does not support the statements in either paragraph (b)(3)(i) or (b)(3)(ii) of this section. 0 points.

(c) *Determination of adjusted income.* (1) This indicator shows whether, at the time of admission and annual reexamination, the PHA verifies and correctly determines adjusted annual income for each assisted family and, where the family is responsible for utilities under the lease, the PHA uses the appropriate utility allowances for the unit leased in determining the gross rent. (24 CFR part 5, subpart F and 24 CFR 982.516)

(2) *HUD verification method:* The IA annual audit report covering the PHA fiscal year entered on the SEMAP certification and on-site confirmatory review if performed.

(3) *Rating:* (i) The PHA's SEMAP certification states that, based on the PHA's quality control sample of tenant files, for at least 90 percent of families:

(A) The PHA obtains third party verification of reported family annual income, the value of assets totaling more than \$5,000, expenses related to deductions from annual income, and other factors that affect the determination of adjusted income, and uses the verified information in determining adjusted income, and/or documents tenant files to show why third party verification was not available;

(B) The PHA properly attributes and calculates allowances for any medical, child care, and/or disability assistance expenses; and

(C) The PHA uses the appropriate utility allowances to determine gross rent for the unit leased. 20 points.

(ii) The PHA's SEMAP certification includes the statements in paragraph (c)(3)(i) of this section, except that the PHA obtains and uses independent verification of income, properly attributes allowances, and uses the appropriate utility allowances for only 80 to 89 percent of families. 15 points.

(iii) The PHA's SEMAP certification does not support the statements in either paragraph (c)(3)(i) or (c)(3)(ii) of this section. 0 points.

(d) *Utility Allowance Schedule.* (1) This indicator shows whether the PHA maintains an up-to-date utility allowance schedule. (24 CFR 982.517)

(2) *HUD verification method:* The IA annual audit report covering the PHA fiscal year entered on the SEMAP certification and on-site confirmatory review if performed.

(3) *Rating:* (i) The PHA's SEMAP certification states that the PHA reviewed utility rate data within the last 12 months, and adjusted its utility allowance schedule if there has been a change of 10 percent or more in a utility rate since the last time the utility allowance schedule was revised. 5 points.

(ii) The PHA's SEMAP certification does not support the statement in paragraph (d)(3)(i) of this section. 0 points.

(e) *HQS quality control inspections.* (1) This indicator shows whether a PHA supervisor or other qualified person reinspects a sample of units under contract during the PHA fiscal year, which meets the minimum sample size requirements specified at 985.2 under PHA's quality control sample, for quality control of HQS inspections. The PHA supervisor's reinspected sample is to be drawn from recently completed HQS inspections (i.e., performed during the 3 months preceding reinspection) and is to be drawn to represent a cross section of neighborhoods and the work of a cross section of inspectors. (24 CFR 982.405(b))

(2) *HUD verification method:* The IA annual audit report covering the PHA fiscal year entered on the SEMAP certification and on-site confirmatory review if performed.

(3) *Rating:* (i) The PHA's SEMAP certification states that a PHA supervisor or other qualified person performed quality control HQS reinspections during the PHA fiscal year for a sample of units under contract which meets the minimum sample size requirements specified in 983.2 under PHA's quality control sample. The PHA's SEMAP certification also states that the reinspected sample was drawn from recently completed HQS inspections (i.e., performed during the 3 months preceding the quality control reinspection) and was drawn to represent a cross section of neighborhoods and the work of a cross section of inspectors. 5 points.

(ii) The PHA's SEMAP certification does not support the statements in paragraph (e)(3)(i) of this section. 0 points.

(f) *HQS enforcement.* (1) This indicator shows whether, following each HQS inspection of a unit under contract where the unit fails to meet HQS, any cited life-threatening HQS deficiencies are corrected within 24 hours from the inspection and all other cited HQS deficiencies are corrected within no more than 30 calendar days from the inspection or any PHA-approved extension. In addition, if HQS deficiencies are not corrected timely, the indicator shows whether the PHA stops (abates) housing assistance payments beginning no later than the first of the month following the specified correction period or terminates the HAP contract or, for family-caused defects, takes prompt and vigorous action to enforce the family obligations. (24 CFR 982.404)

(2) *HUD verification method:* The IA annual audit report covering the PHA fiscal year entered on the SEMAP certification and on-site confirmatory review if performed.

(3) *Rating:* (i) The PHA's SEMAP certification states that the PHA's quality control sample of case files with failed HQS inspections shows that, for all cases sampled, any cited life-threatening HQS deficiencies were corrected within 24 hours from the inspection and, for at least 98 percent of cases sampled, all other cited HQS deficiencies were corrected within no more than 30 calendar days from the inspection or any PHA-approved extension, or, if any life-threatening HQS deficiencies were not corrected within 24 hours and all other HQS deficiencies were not corrected within 30 calendar days or any PHA-approved extension, the PHA stopped (abated) housing assistance

payments beginning no later than the first of the month following the correction period, or took prompt and vigorous action to enforce family obligations. 10 points.

(ii) The PHA's SEMAP certification does not support the statement in paragraph (f)(3)(i) of this section. 0 points.

(g) *Expanding housing opportunities.* (1) This indicator applies only to PHAs with jurisdiction in metropolitan FMR areas. The indicator shows whether the PHA has adopted and implemented a written policy to encourage participation by owners of units located outside areas of poverty or minority concentration; informs rental voucher holders of the full range of areas where they may lease units both inside and outside the PHA's jurisdiction; and supplies a list of landlords or other parties who are willing to lease units or help families find units, including units outside areas of poverty or minority concentration. (24 CFR 982.54(d)(5), 982.301(a) and 982.301(b)(4) and 982.301(b)(12))

(2) *HUD verification method:* The IA annual audit report covering the PHA fiscal year entered on the SEMAP certification and on-site confirmatory review if performed.

(3) *Rating:* (i) The PHA's SEMAP certification states that:

(A) The PHA has a written policy in its administrative plan which includes actions the PHA will take to encourage participation by owners of units located outside areas of poverty or minority concentration, and which clearly delineates areas in its jurisdiction that the PHA considers areas of poverty or minority concentration;

(B) PHA documentation shows that the PHA has taken actions indicated in its written policy to encourage participation by owners of units located outside areas of poverty or minority concentration;

(C) The PHA has prepared maps that show various areas with housing opportunities outside areas of poverty or minority concentration both within its jurisdiction and neighboring its jurisdiction; has assembled information about the characteristics of those areas which may include information about job opportunities, schools, transportation and other services in these areas; and can demonstrate that it uses the maps and area characteristics information when briefing rental voucher holders about the full range of areas where they may look for housing;

(D) The PHA's information packet for rental voucher holders contains either a list of owners who are willing to lease (or properties available for lease) under the rental voucher program; or a current list of other organizations that will help families find units and the PHA can demonstrate that the list(s) includes properties or organizations that operate outside areas of poverty or minority concentration;

(E) The PHA's information packet includes an explanation of how portability works and includes a list of portability contact persons for neighboring housing agencies, with the name, address and telephone number of each, for use by families who move under portability; and

(F) PHA documentation shows that the PHA has analyzed whether rental voucher holders have experienced difficulties in finding housing outside areas of poverty or minority concentration and, if such difficulties have been found, PHA documentation shows that the PHA has analyzed whether it is appropriate to seek approval of exception payment standard amounts in any part of its jurisdiction and has sought HUD approval of exception payment standard amounts when necessary. 5 points.

(ii) The PHA's SEMAP certification does not support the statement in paragraph (g)(3)(i) of this section. 0 points.

(h) *Deconcentration bonus.* (1) Submission of deconcentration data in the HUD-prescribed format for this indicator is mandatory for a PHA using one or more payment standard amount(s) that exceed(s) 100 percent of the published FMR set at the 50th percentile rent to provide access to a broad range of housing opportunities throughout a metropolitan area in accordance with 888.113(c) of this title, starting with the second full PHA fiscal year following initial use of payment standard amounts based on the FMR set at the 50th percentile rent. Submission of deconcentration data for this indicator is optional for all



other PHAs. Additional SEMAP points are available to PHAs that have jurisdiction in metropolitan FMR areas and that choose to submit with their SEMAP certifications certain data, in a HUD-prescribed format, on the percent of their tenant-based Section 8 families with children who live in, and who have moved during the PHA fiscal year to, low poverty census tracts in the PHA's principal operating area. For purposes of this indicator, the PHA's principal operating area is the geographic entity for which the Census tabulates data that most closely matches the PHA's geographic jurisdiction under State or local law (e.g., city, county, metropolitan statistical area) as determined by the PHA, subject to HUD review. A low poverty census tract is defined as a census tract where the poverty rate of the tract is at or below 10 percent, or at or below the overall poverty rate for the principal operating area of the PHA, whichever is greater. The PHA determines the overall poverty rate for its principal operating area using the most recent available decennial Census data. Family data used for the PHA's analysis must be the same information as reported to MTCS for the PHA's tenant-based Section 8 families with children. If HUD determines that the quantity of MTCS data is insufficient for adequate analysis, HUD will not award points under this bonus indicator. Bonus points will be awarded if:

(i) Half or more of all Section 8 families with children assisted by the PHA in its principal operating area at the end of the last completed PHA fiscal year reside in low poverty census tracts;

(ii) The percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's principal operating area during the last completed PHA fiscal year is at least 2 percentage points higher than the percent of all Section 8 families with children who reside in low poverty census tracts at the end of the last completed PHA fiscal year; or

(iii) The percent of Section 8 families with children who moved to low-poverty census tracts in the PHA's principal operating area over the last two completed PHA fiscal years is at least 2 percentage points higher than the percent of all Section 8 families with children who resided in low poverty census tracts at the end of the second to last completed PHA fiscal year.

(iv) State and regional PHAs that provide Section 8 rental assistance in more than one metropolitan area within a State or region make these determinations separately for each metropolitan area or portion of a metropolitan area where the PHA has assisted at least 20 Section 8 families with children in the last completed PHA fiscal year.

(2) *HUD verification methods:* PHA data submitted for the deconcentration bonus, the IA annual audit report covering the PHA fiscal year entered on the SEMAP certification, and on-site confirmatory review if performed.

(3) *Rating:* (i) The data submitted by the PHA for the deconcentration bonus shows that the PHA met the requirements for bonus points in paragraph (h)(1)(i), (ii) or (iii) of this section. 5 points.

(ii) The data submitted by the PHA for the deconcentration bonus does not show that the PHA met the requirements for bonus points in paragraph (h)(1)(i), (ii) or (iii) of this section. 0 points.

(i) *Payment standards.* (1) This indicator shows whether the PHA has adopted a payment standard schedule that establishes voucher payment standard amounts by unit size for each FMR area in the PHA jurisdiction, and, if applicable, separate payment standard amounts by unit size for a PHA-designated part of an FMR area, which payment standards do not exceed 110 percent of the current applicable published FMRs and which are not less than 90 percent of the current applicable published FMRs (unless a higher or lower payment standard amount is approved by HUD). (982.503 of this chapter.) For purposes of this paragraph, payment standards that do not exceed 110 percent of the current applicable published FMRs include exception payment standards established by the PHA in accordance with 982.503(c)(iii).

(2) *HUD verification method:* PHA data submitted on the SEMAP certification form concerning payment standards.

(3) *Rating:* (i) The PHA's voucher program payment standard schedule contains payment standards which do not exceed 110 percent of the current applicable published FMR and which are not less than 90 percent of the current applicable published FMR (unless a higher or lower payment standard amount is approved by HUD). 5 points.

(ii) The PHA's voucher program payment standard schedule contains payment standards which exceed 110 percent of the current applicable published FMRs or which are less than 90 percent of the current applicable published FMRs (unless a higher or lower payment standard amount is approved by HUD). 0 points.

(j) *Annual reexaminations.* (1) This indicator shows whether the PHA completes a reexamination for each participating family at least every 12 months. (24 CFR 5.617).

(2) *HUD verification method: MTCS report*—Shows percent of reexaminations that are more than 2 months overdue. The 2-month allowance is provided only to accommodate a possible lag in the PHA's electronic reporting of the annual reexamination on Form HUD-50058 and to allow the processing of the data into MTCS. The 2-month allowance provided here for rating purposes does not mean that any delay in completing annual reexaminations is permitted.

(3) *Rating:* (i) Fewer than 5 percent of all PHA reexaminations are more than 2 months overdue. 10 points.

(ii) 5 to 10 percent of all PHA reexaminations are more than 2 months overdue. 5 points.

(iii) More than 10 percent of all PHA reexaminations are more than 2 months overdue. 0 points.

(k) *Correct tenant rent calculations.* (1) This indicator shows whether the PHA correctly calculates tenant rent in the rental certificate program and the family's share of the rent to owner in the rental voucher program. (24 CFR 982 subpart K).

(2) *HUD verification method: MTCS report*—Shows percent of tenant rent and family's share of the rent to owner calculations that are incorrect based on data sent to HUD by the PHA on Forms HUD-50058. The MTCS data used for verification cover only voucher program and regular certificate program tenancies, and do not include rent calculation discrepancies for manufactured home owner rentals of manufactured home spaces under the certificate program or for proration of assistance under the noncitizen rule.

(3) *Rating:* (i) 2 percent or fewer of PHA tenant rent and family's share of the rent to owner calculations are incorrect. 5 points.

(ii) More than 2 percent of PHA tenant rent and family's share of the rent to owner calculations are incorrect. 0 points.

(l) *Pre-contract housing quality standards (HQS) inspections.* (1) This indicator shows whether newly leased units pass HQS inspection on or before the beginning date of the assisted lease and HAP contract. (24 CFR 982.305).

(2) *HUD verification method: MTCS report*—Shows percent of newly leased units where the beginning date of the assistance contract is before the date the unit passed HQS inspection.

(3) *Rating:* (i) 98 to 100 percent of newly leased units passed HQS inspection before the beginning date of the assisted lease and HAP contract. 5 points.

(ii) Fewer than 98 percent of newly leased units passed HQS inspection before the beginning date of the assisted lease and HAP contract. 0 points.

(m) *Annual HQS inspections.* (1) This indicator shows whether the PHA inspects each unit under contract at least annually. (24 CFR 982.405(a))

(2) *HUD verification method: MTCS report*—Shows percent of HQS inspections that are more than 2 months overdue. The 2-month allowance is provided only to accommodate a possible lag in the PHA's electronic reporting of the annual HQS inspection on Form

HUD-50058, and to allow the processing of the data into MTCS. The 2-month allowance provided here for rating purposes does not mean that any delay in completing annual HQS inspections is permitted.

(3) *Rating:* (i) Fewer than 5 percent of annual HQS inspections of units under contract are more than 2 months overdue. 10 points.

(ii) 5 to 10 percent of all annual HQS inspections of units under contract are more than 2 months overdue. 5 points.

(iii) More than 10 percent of all annual HQS inspections of units under contract are more than 2 months overdue. 0 points.

(n) *Lease-up.* (1) This indicator shows whether the PHA enters HAP contracts for the number of units reserved under ACC for at least one year.

(2) *HUD verification method:* (i) Percent of units leased during the last completed PHA fiscal year as determined by taking unit months under HAP contract as shown on the PHA's last year-end operating statement recorded in the HUD accounting system, and dividing by the number of unit months available for leasing, based on the number of reserved units for which HUD has obligated funding under ACC and adjusted to exclude units associated with funding increments obligated during the last PHA fiscal year and units obligated for litigation.

(ii) In the event a PHA has not leased the percent of units needed to attain the points specified under paragraph (n)(3) of this section due to escalating housing assistance payments and insufficient allocated budget authority to support that percent of lease-up, HUD will consider alternatively, whether the PHA has expended that percent of allocated budget authority.

(3) *Rating:* (i) The percent of units leased during the last PHA fiscal year was 98 percent or more, or the percent of allocated budget authority expended during the last PHA fiscal year was 98 percent or more. 20 points.

(ii) The percent of units leased during the last PHA fiscal year was 95 to 97 percent, or the percent of allocated budget authority expended during the last PHA fiscal year was 95 to 97 percent. 15 points.

(iii) The percent of units leased during the last PHA fiscal year was less than 95 percent, and the percent of allocated budget authority expended during the last PHA fiscal year was less than 95 percent. 0 points.

(o) *Family self-sufficiency (FSS) enrollment and escrow accounts-* (1) This indicator applies only to PHAs with mandatory FSS programs. The indicator consists of 2 components which show whether the PHA has enrolled families in the FSS program as required, and the extent of the PHA's progress in supporting FSS by measuring the percent of current FSS participants with FSS progress reports entered in MTCS that have had increases in earned income which resulted in escrow account balances. (24 CFR 984.105 and 984.305)

(2) *HUD verification method: MTCS report-*Shows number of families currently enrolled in FSS. This number is divided by the number of mandatory FSS slots, as determined under 984.105 of this chapter. An MTCS report also shows the percent of FSS families with FSS progress reports who have escrow account balances. HUD also uses information reported on the SEMAP certification by initial PHAs concerning FSS families enrolled in their FSS programs but who have moved under portability to the jurisdiction of another PHA.

(3) *Rating:* (i) The PHA has filled 80 percent or more of its mandatory FSS slots and 30 percent or more of FSS families have escrow account balances. 10 points.

(ii) The PHA has filled 60 to 79 percent of its mandatory FSS slots and 30 percent or more of FSS families have escrow account balances. 8 points.

(iii) The PHA has filled 80 percent or more of its mandatory FSS slots, but fewer than 30 percent of FSS families have escrow account balances. 5 points.

(iv) 30 percent or more of FSS families have escrow account balances, but fewer than 60 percent of the PHA's mandatory FSS slots are filled. 5 points.

(v) The PHA has filled 60 to 79 percent of its mandatory FSS slots, but fewer than 30 percent of FSS families have escrow account balances. 3 points.

(vi) The PHA has filled fewer than 60 percent of its mandatory FSS slots and less than 30 percent of FSS families have escrow account balances. 0 points.

(p) *Success rate of voucher holders.* (1) This indicator shows whether voucher holders were successful in leasing units with voucher assistance. This indicator applies only to PHAs that have received approval to establish success rate payment standard amounts in accordance with 982.503(e). This indicator becomes initially effective for the second full PHA fiscal year following the date of HUD approval of success rate payment standard amounts.

(2) *HUD verification method: MTCS Report.*

(3) *Rating (5 points):* (i) The proportion of families issued rental vouchers during the last PHA fiscal year that have become participants in the voucher program is more than the higher of:

(A) 75 percent; or

(B) The proportion of families issued rental vouchers that became participants in the program during the six month period utilized to determine eligibility for success rate payment standards under 982.503(e)(1) plus 5 percentage points; and

(ii) The percent of units leased during the last PHA fiscal year was 95 percent or more, or the percent of allocated budget authority expended during the last PHA fiscal year was 95 percent or more following the methodology of 985.3(n).

## **Subpart B Program Operation**

### **985.101 SEMAP certification.**

(a) A PHA must submit the HUD-required SEMAP certification form within 60 calendar days after the end of its fiscal year.

(1) The certification must be approved by PHA board resolution and signed by the PHA executive director. If the PHA is a unit of local government or a state, a resolution approving the certification is not required, and the certification must be executed by the Section 8 program director.

(2) A PHA that subcontracts administration of its program to one or more subcontractors shall require each subcontractor to submit the subcontractor's own SEMAP certification on the HUD-prescribed form to the PHA in support of the PHA's SEMAP certification to HUD. The PHA shall retain subcontractor certifications for 3 years.

(3) A PHA may include with its SEMAP certification any information bearing on the accuracy or completeness of the information used by the PHA in providing its certification.

(b) Failure of a PHA to submit its SEMAP certification within 60 calendar days after the end of its fiscal year will result in an overall performance rating of troubled and the PHA will be subject to the requirements at 985.107.

(c) A PHA's SEMAP certification is subject to HUD verification by an on-site confirmatory review at any time.

### **985.102 SEMAP profile.**

Upon receipt of the PHA's SEMAP certification, HUD will rate the PHA's performance under each SEMAP indicator in accordance with 985.3. HUD will then prepare a SEMAP profile for each PHA which shows the rating for each indicator, sums the indicator ratings, and divides by the total possible points to arrive at a PHA's overall SEMAP score. SEMAP scores shall be rounded off to the nearest whole percent.

### **985.103 SEMAP score and overall performance rating.**

(a) *High performer rating.* PHAs with SEMAP scores of at least 90 percent shall be rated high performers under SEMAP. PHAs that achieve an overall performance rating of high performer may receive national recognition by the Department and may be given competitive advantage under notices of fund availability.

(b) *Standard rating.* PHAs with SEMAP scores of 60 to 89 percent shall be rated standard.

(c) *Troubled rating.* PHAs with SEMAP scores of less than 60 percent shall be rated troubled.

(d) *Modified rating on an indicator.* A rating on any of the indicators at 985.3(a) through 985.3(h) will be subject to change after HUD receives the PHA's annual audit report or after HUD conducts a confirmatory review if the audit report or the confirmatory review report contains information that the PHA's SEMAP certification concerning an indicator is not accurate.

(e) *Modified or withheld overall rating.* (1) Notwithstanding a PHA's SEMAP score, HUD may modify or withhold a PHA's overall performance rating when warranted by circumstances which have bearing on the SEMAP indicators such as a PHA's appeal of its overall rating, adverse litigation, a conciliation agreement under Title VI of the Civil Rights Act of 1964, fair housing and equal opportunity monitoring and compliance review findings, fraud or misconduct, audit findings or substantial noncompliance with program requirements.

(2) Notwithstanding a PHA's SEMAP score, if the latest IA report submitted for the PHA under the Single Audit Act indicates that the auditor is unable to provide an opinion as to whether the PHA's financial statements are presented fairly in all material respects in conformity with generally accepted accounting principals, or an opinion that the schedule of expenditures of Federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole, the PHA will automatically be given an overall performance rating of troubled and the PHA will be subject to the requirements at 985.107.

(3) When HUD modifies or withholds a rating for any reason, it shall explain in writing to the PHA the reasons for the modification or for withholding the rating.

#### **985.104 PHA right of appeal of overall rating.**

A PHA may appeal its overall performance rating to HUD by providing justification of the reasons for its appeal. An appeal made to a HUD hub or program center or to the HUD Troubled Agency Recovery Center and denied may be further appealed to the Assistant Secretary.

#### **985.105 HUD SEMAP responsibilities.**

(a) Frequency of SEMAP assessments

(1) *Annual review.* Except as provided in paragraph (a)(2) of this section, HUD shall assess each PHA's performance under SEMAP annually and shall assign each PHA a SEMAP score and overall performance rating.

(2) *Biennial review for small PHAs.*

HUD shall assess and score the performance of a PHA with less than 250 assisted units once every other PHA fiscal year, unless the PHA:

- (i) Elects to have its performance assessed on an annual basis; or
- (ii) Is designated as troubled, in accordance with 985.103.

(b) *Notification to PHA.* No later than 120 calendar days after the PHA's fiscal year end, HUD shall notify each PHA in writing of its rating on each SEMAP indicator, of its overall SEMAP score and of its overall performance rating (high performer, standard, troubled). The HUD notification letter shall identify and require correction of any SEMAP deficiencies (indicator rating of zero) within 45 calendar days from date of HUD notice.

(c) *On-site confirmatory review.* HUD may conduct an on-site confirmatory review to verify the PHA certification and the HUD rating under any indicator.

(d) *Changing rating from troubled.* HUD must conduct an on-site confirmatory review of a PHA's performance before changing any annual overall performance rating from troubled to standard or high performer.

(e) *Appeals.* HUD must review, consider and provide a final written determination to a PHA on its appeal of its overall performance rating.

(f) *Corrective action plans.* HUD must review the adequacy and monitor implementation of PHA corrective action plans submitted under 985.106(c) or 985.107(c) and provide technical assistance to help the PHA improve program management. If a PHA is assigned an overall performance rating of troubled, the PHA's corrective action plan must be approved in writing by HUD.

#### **985.106 Required actions for SEMAP deficiencies.**

(a) When the PHA receives the HUD notification of its SEMAP rating, a PHA must correct any SEMAP deficiency (indicator rating of zero) within 45 calendar days from date of HUD notice.

(b) The PHA must send a written report to HUD describing its correction of any identified SEMAP deficiency.

(c) If a PHA fails to correct a SEMAP deficiency within 45 calendar days as required, HUD may then require the PHA to prepare and submit a corrective action plan for the deficiency within 30 calendar days from the date of HUD notice.

#### **985.107 Required actions for PHA with troubled performance rating.**

(a) On-site reviews.

(1) *Required reviews for troubled PHAs.* Except as provided in paragraph (a)(2) of this section, HUD will conduct an on-site review of PHA program management for any PHA assigned an overall performance rating of troubled to assess the magnitude and seriousness of the PHA's noncompliance with performance requirements.

(2) *On-site reviews for small PHAs.* Notwithstanding paragraph (a)(1) of this section, HUD may elect not to conduct an on-site review of a troubled PHA, if:

(i) The PHA has less than 250 assisted units; and

(ii) HUD determines that an on-site review is unnecessary to determine the needs of the PHA and the actions required to address the program deficiencies.

(b) *HUD written report.* HUD must provide the PHA a written report of its on-site review containing HUD findings of program management deficiencies, the apparent reasons for the deficiencies, and recommendations for improvement.

(c) *PHA corrective action plan.* Upon receipt of the HUD written report on its on-site review, the PHA must write a corrective action plan and submit it to HUD for approval. The corrective action plan must:

- (1) Specify goals to be achieved;
  - (2) Identify obstacles to goal achievement and ways to eliminate or avoid them;
  - (3) Identify resources that will be used or sought to achieve goals;
  - (4) Identify a PHA staff person with lead responsibility for completing each goal;
  - (5) Identify key tasks to reach each goal;
  - (6) Specify time frames for achievement of each goal, including intermediate time frames to complete each key task; and
  - (7) Provide for regular evaluation of progress toward improvement.
- (8) Be signed by the PHA board of commissioners chairperson and by the PHA executive director. If the PHA is a unit of local government or a state, the corrective action plan must be signed by the Section 8 program director and by the chief executive officer of the unit of government or his or her designee.

(d) *Monitoring.* The PHA and HUD must monitor the PHA's implementation of its corrective action plan to ensure performance targets are met.

(e) *Use of administrative fee reserve prohibited.* Any PHA assigned an overall performance rating of troubled may not use any part of the administrative fee reserve for other housing purposes (see 24 CFR 982.155(b)).

(f) *Upgrading poor performance rating.* HUD shall change a PHA's overall performance rating from troubled to standard or high performer if HUD determines that a change in the rating is warranted because of improved PHA performance and an improved SEMAP score.

**985.108 SEMAP records.**

HUD shall maintain SEMAP files, including certifications, notifications, appeals, corrective action plans, and related correspondence for at least 3 years.

**985.109 Default under the Annual Contributions Contract (ACC).**

HUD may determine that a PHA's failure to correct identified SEMAP deficiencies or to prepare and implement a corrective action plan required by HUD constitutes a default under the ACC.