



# Public Housing Newsletter

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*Los Angeles Office of  
Public Housing*

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## Proactive Exchange Meeting in Los Angeles Field Office

Attendees from numerous Housing Authorities came to our most recent Proactive Exchange meeting. HUD staff provided an overview of latest Public and Indian Housing Information System (PIC) updates, as well as a summary of the latest regarding the Voucher Management System (VMS) and Depository Agreement. Guest Speakers Robert Pearson, Executive Director-Housing Authority of the City of Santa Barbara and Rob Fredericks, Deputy Executive Director-Housing Authority of the City of Santa Barbara provided an informative legislative update.

Don Swift, Deputy Executive Director, Housing Authority of the City of Upland discussed his agency's process in investigating fraud and conducting background checks.

Our next meeting is Tuesday May 13, 2008 from 10 a.m. to noon. We look forward to seeing you!



## Medical Deductions Guidance

Recently our office received a couple of questions related to tenants requesting medical deductions. For example, one was for the care and food for a service guide dog. Our office received guidance from HUD Headquarters that HUD leaves the responsibility with each Public Housing Authority (PHA) to establish policies on what it will include for medical deductions. Many PHAs follow Internal Revenue Service (IRS) guidelines.

## Los Angeles Office of Public Housing Gathers



Los Angeles HUD staff enjoyed camaraderie at Christmastime. Pictured are left to right, back row: Letitia Henderson, Johnson Badalpour, Percy Taylor, Sebastian King, Ted Skonos, Maria Granata, Anthony Sprowl. Front row, left to right: Sara Kurzenhauser, Gregory Nunn, May Miso, Alejandra Sigala.

## Finance Updates

### **Reminder to submit Audited Financial Data Schedules and IPA audit reports to HUD**

We would like to remind our PHAs of a very important due date – the fiscal year-end 6/30/2007 audited financial data schedules must be electronically transmitted to the HUD Real Estate Assessment Center (REAC) no later than 3/31/2008. No extensions to this due date will be granted by the REAC. This submission requirement is stipulated by 24 Code of Federal Regulation (CFR) 5 .801, Uniform Financial Reporting Standards. PHAs that administer a low-rent public housing program that do not electronically submit the audited financial data schedule within the regulatory deadline will receive a “late presumptive failure” score of zero points for the Public Housing Assessment System (PHAS) financial indicator and may be designated as troubled under the PHAS.

In accordance with Notice PIH 2007-8, PHAs must provide one copy of the completed IPA audit report package and the Management Letter, performed under the Single Audit Act Amendment of 1996 (P.L. 104-156) and issued by the independent auditor, to the local HUD office having jurisdiction over the PHA.

### **Low-Rent Public Housing Program Operating fund updates**

The Department has obligated initial funding for Operating Fund subsidies for the first two months of Calendar Year (CY) 2008. The Department has published project-specific obligation letters on its web site. All PHAs should have received these project-specific funding letters.

#### **Estimated Proration Levels for CY 2008**

The Consolidated Appropriations Act of 2008 (P.L. 110-161) provided \$4.194 billion in operating subsidies for CY 2008. The Department estimates total eligibility for CY 2008 to be about \$5.0 billion, which would result in proration of 84%. Please note, however, that proration may be higher/lower than estimated based on actual submissions of PHA subsidy requests.

#### **Calculation of PHA Subsidy Amounts for Initial Obligation**

For the initial obligation of subsidy, each PHA's amount was based on the CY 2007 eligibility adjusted by applying the 2008 non-utility inflation factor to the Project Expense Level and the 2008 utility inflation factor to the Utilities Expense Level. The total CY 2007 eligibility was then multiplied by 84% proration. Funding was allocated to projects based on each project's prorata share of the total PHA units.

Please note that a number of factors may influence a project's final CY 2008 subsidy eligibility, including changes in the project's unit inventory.

#### **Period of Funding**

The initial obligation provides funding for two months, based on the above calculations. At the time that the Department prepared the obligations, the Department was operating under a "continuing resolution." Under that continuing resolution, the Department only had funds sufficient to cover two months of obligations. A second obligation will be made by March 1, 2008.

### **SAGIS Updates**

The SAGIS system enhancements have been tested and confirmed in the Department's testing environment. On Friday February 15, 2008, the SAGIS team initiated the Department's standard operating procedures for deployment of the enhanced SAGIS into production. This process, which includes regression, functional, and user acceptance testing, will be completed on February 29, 2008. The SAGIS system link will be restored and available to users starting at 7:00 a.m. Eastern time on Monday March 3, 2008.

PHAs will have from 7:00 a.m. Eastern time on Monday March 3, 2008 to 11:59 p.m. Eastern time on Friday April 25, 2008, to submit their applications for operating subsidy.

By March 1, 2008, PHAs will receive the second interim obligation of Operating Subsidy from the Department. This second interim obligation will provide funding for March through June 2008. The amount of the obligated funds will be available to PHAs, by March 1, 2008, through eLOCCS. The funding will be calculated by the same methodology used in the determination of funding for January and February 2008.

More information on CY 2008 funding can be found on the [Department's Asset Management web page](#) web page by accessing the link for Project-Based Funding. (Update February 19, 2008 - AS)

### Calendar Year 2008 Housing Choice Voucher Funding Updates

There are many significant changes in the funding policies and processes for calendar year (CY) 2008.

#### Funding (in millions)

	<u>2007</u>	<u>2008</u>
HAP Renewals (net)	14,336.300	14,644.506
NRA Offset	0	723.257
HAP set-aside	100.000	50.000
Tenant protection HAP	150.000	200.00
Admin Fees (net)	1,251.000	1,316.000
Admin Fee Set-Aside	30.000	35.000

#### Implementation Status

The appropriations bill, Public Law 110-161, was signed into law on 12/26/2007. The previously announced deadline for the issuance of the 2008 funding allocations has been extended to March 14, 2008.

All agencies are also advised that, upon completion of the allocations, an additional HAP disbursement will be made in the month of March to all agencies who have been under-disbursed for the first three months of the year.

There will be no projected funding letters, only final funding letters.

January and February HAP and administrative fee disbursements have been made, based on 2007 amounts.

#### HAP Renewal Funding

CY 2008 HAP renewal funding will be based on re-benchmarking: actual costs for federal fiscal year 2007 (October 2006 thru September 2007) per PHA-verified VMS data.

#### HAP Renewal Funding Summary

Actual Costs for FFY 2007 from VMS plus DVP adjustment  
+ Additional Budget Authority for PBV unit months approved  
+ Additional Budget Authority for first time renewals  
+ Additional Budget Authority for FSS Adjustments  
= Subtotal  
**X** Annul Adjustment Factor  
+/- Budget Authority for Transferred Vouchers  
= Total Eligibility  
**X** Pro-ration factor per total appropriation  
Minus: That portion of the PHA's unusable NRA that exceeds 7% of their 2007 HAP renewal funding  
  
= Funding Amount

#### Administrative Fee Funding

CY 2008 funding is \$1,351,000,000.

At least \$1,316,000,000 will be allocated for on-going fees per section 8 (q) of

the Act. This is a significant change for the last four years, when a flat amount was paid, based on CY 2003 leasing and all subsequent new units.

Fees will be paid according to vouchers under contract as of the first of each month.

New fee rate tables for PHAs are being developed.

Monthly disbursements will be based on prior leasing activity.

Actual eligibility will be reconciled to estimates and pro-rations every quarter.

#### Incremental Funding

\$20,000,000 for incremental vouchers is available for the Family Unification Program.

\$75,000,000 for incremental vouchers is available for supportive housing for veterans.

\$30,000,000 for incremental vouchers for non-elderly disabled families affected by the designation of a PH site for elderly.

Announcements will be made concerning applications for these funds.

For invaluable information concerning the 2008 HCV funding provisions, please go to the link listed below.

[www.hud.gov/offices/pih/programs/hcv/pubs/apprprtnsimplslides.pdf](http://www.hud.gov/offices/pih/programs/hcv/pubs/apprprtnsimplslides.pdf)

#### Comments or Questions

Comments or questions concerning these financial updates should be directed to your assigned Field Office Financial Analyst.

## **HUD thanks HACLA staff for Public Housing Tour**

On February 6, 2008 members of HUD staff toured various Public Housing sites with staff from the Housing Authority of the City of Los Angeles. The group toured sites from San Pedro to Pacoima, including Nickerson Gardens, Aliso Village and Jordon Downs. We met community organizations who provide after school tutoring programs and job training. Our partners do great work!

## **PIC CHANGES**

When logging into PIC, you will notice a couple of changes to the PIC menu. The MTCS Query Report has been moved from the Viewer-Report section under the HUD-50058- module to the Ad Hoc module. This is a handy report in tracking previous PHA activity for applicants and participants. When you enter the SSN for the HOH, the report will show the PHA Number, Date of Action and Action type for the latest action submitted to PIC.

Also, disaster programs are now shown under the DIS selection instead of DVP. DIS (Disaster Information System) includes both DVP and DHAP families. Now HUD and PHAs can proudly display DIS information.

## **San Bernardino Housing Authority receives**

## award in fight against fraud

On February 14, 2008, the Inspector General, Mr. Kenneth Donohue and Deputy Inspector General, Mr. Michael Stephens, U.S. Department of Housing and Urban Development, presented special recognition awards to the San Bernardino County Sheriff's Department, San Bernardino County District Attorney's Office and the San Bernardino County Housing Authority for their valuable assistance collaborating with HUD OIG in investigating and prosecuting persons violating HUD's Housing Choice Voucher Program (Section 8) in the county of San Bernardino California.

Also, on February 14, 2008, Mr. Donohue and Mr. Stephens presented Special Recognition Awards to Assistant United States Attorneys assigned to the U.S. Attorney's Office, Central District of California. The award was for their tireless efforts in prosecuting persons violating HUD's rental assistance (Section 8), home mortgage programs (FHA) and Community Development (CPD) grant funds.



Group photograph including, from left to right, Mike Stansell, Lieutenant, San Bernardino County Sheriff's Department, Gary Penrod, Sheriff, San Bernardino County Sheriff's Department, Kenneth Donahue, Inspector General, HUD-OIG, Kaysie Nunn, Detective, San Bernardino County Sheriff's Department, Michael Stephens, Deputy Inspector General, HUD-OIG, Daniel Nackerman, Executive Director, San Bernardino County Housing Authority, James F. Todak, Special Agent in Charge, HUD-OIG, Jesse Venegas, Detective, San Bernardino County Sheriff's Department, and Herschell Harvell, Special Agent in Charge, HUD-OIG.

## PIH Information and Resource Center

We mentioned this in our previous newsletter, but this valuable service bears repeating. Los Angeles Public Housing HUD staff has tried it out and received informed answers. Here are just a few of the reference and referral services that the PIH Information and Resource Center provides to the General Public, Public Housing and Section 8 Residents, and Housing Agency Staff:

- Local Agency Contact Information
- PH Guidebooks and Notices
- Public Housing, Section 8, Homeownership fact sheet and more
- Applicable References to CFRs

Can we help you?

Contact us Monday - Friday, 9am - 5pm EST

Phone: (800) 955-2232 Fax: (817) 922-8885

Email: [PIHIRC@nelrod.com](mailto:PIHIRC@nelrod.com)

## Repayment Agreement tips

Our office wants to spotlight the Pasadena Community Development Commission's success at repayment agreements. The Housing Authority outlines their process in their Administrative Plan to ensure that their repayment actions are in compliance with their policy. Highlights of their policy are as follows:

- The PHA conducts 3<sup>rd</sup> party and EIV verification, and gives the tenant the chance to dispute the allegations in a meeting. Before discussing overpayment, tenant completes personal declaration form, thus providing the tenant with a chance to disclose new information.
- The limit of the amount a tenant is allowed to repay is \$5000 over a period of 60 months. For example, if a person owes \$12,000, they have to come up with \$7K and then enter in agreement to pay the last \$5,000.
- The tenant must give an initial down payment of 10% owed. If they don't pay timely and miss two payments, then the total balance is due.
- If the tenant is not cooperative, the PHA asks for total amount due, or moves to propose termination.
- The tenant pays the PHA's finance department, and if they miss two payments, the PHA starts the termination process and sends a letter saying tenant has breached repayment agreement; they have 15 days to pay the complete outstanding amount owed. The PHA cites CFR and family obligations in explaining how tenant has breached the payment.
- The tenant has 15 days to pay, if they want to avoid termination. If tenant asks for time to get a loan from the bank, PHA allows them that time. If the tenant cannot pay, the PHA writes a letter proposing termination based on CFR and Family Obligations. The tenant has 15 days to respond or to request a hearing.
- Once the tenant does not respond to the first 15 day letter, the PHA contacts the owner proposing termination. At this step, the tenant realizes the seriousness of 60-day notice, and then the tenant sometimes proposes to pay.
- When the amount owed is too large, some tenants say they cannot pay and the PHA proposes termination and the PHA contacts finance

department saying it has gone to collection. The client is then off the program but a collection agency starts contacting them.

- The HUD Office of Inspector General (OIG) recommended a new option where the PHA works with an attorney to get money from families who are off the program but have large amounts to collect.
- In determining amounts owed, the PHA goes back as long as the client has been on the program. To do so, the PHA needs records in order to compare the verifications with the history that disputes the number. To do this effectively, give the tenant a chance to dispute at every stage.

Kudos to Myrtle Dunson and her staff for creating and adhering to such an effective repayment process!

### **Important Upcoming Dates**

**Please Note: All dates subject to change. Refer to program area websites for most current information and complete list of forms due!!!**

#### **FYE 3-31 PHAs**

01-17-2008 PHA Plan Submission (CFP Performance and Evaluation Reports must be included in PHA Plan)

05-30-2008 SEMAP Submission due in PIC (60 days after FYE)

05-31-2008 Unaudited FASS for FYE 3-31-07 submission due to REAC

#### **FYE 6-30 PHAs**

03-31-2008 Audited FASS for FYE 6-30-07 submission due to REAC

03-31-2008 One Copy of IPA Audit due to Field Office with Management letter, Corrective Action Plan, and other relevant written communications See PIH Notice 2006-15

04-17-2008 PHA Plan Submission (CFP Performance and Evaluation Reports must be included in PHA Plan)

#### **FYE 9-30 PHAs**

06-30-2008 Audited FASS for FYE 9-30-07 submission due to REAC

06-30-2008 One Copy of IPA Audit due to Field Office with Management letter, Corrective Action Plan, and other relevant written communications See PIH Notice 2006-15

07-18-2008 PHA Plan submission. (CFP Performance Evaluation Reports must be included in PHA Plan)

#### **FYE 12-31 PHAs**

02-28-2008 Unaudited FASS for FYE 12-31-07 submission due to REAC

02-28-2008 SEMAP Submission due in PIC (60 days after FYE)

10-18-2008 PHA Plan submission. (CFP Performance Evaluation Reports must be included in PHA Plan)

**All PHAs**

01-16-2008 EIV satellite broadcast 1–5pm ET

[www.hud.gov/webcasts/](http://www.hud.gov/webcasts/)

01-30-2008 EIV User Administrators must re-certify all existing EIV users for PHA

02-22-2008 Capital Fund PIC Data Certification deadline

07-31-2008 ROSS Financial Status Report (HUD-269A) and Semi-Annual Program Report submitted to Field Office

Every Month CFP obligated-expended data is submitted through eLOCCS. CFP work completion activities where pre-audit is required, are reminded to submit AMCC to Field Office

Every Month Send complete copy of renewal Mod Rehab program HAP contracts with owners to FMC representative. Please include Attachment A. Contracts needed to request renewal funds and to release payments

Quarterly VMS data collection (HUD 52681B submitted electronically)

**Ensure data is submitted timely and accurately.**

Failure to report timely could result in loss of Administrative fees. *Check VMS website for exact submission dates*

[www.hud.gov/offices/pih/centers/fmc/](http://www.hud.gov/offices/pih/centers/fmc/)