



# Office of Public Housing

## News-to-Use

*Greetings* from Ann Roman, OPH Director: It is hard to believe that there is only one more month left to FFY 2006. Unfortunately, it does not look promising that we will have a budget in place come October 1. Nevertheless we find ourselves busy (and I am sure you are too) with many of the changes taking place right now. We are waiting final word on the 2006 Operating Fund proration and we are busy learning and understanding the 2007 operating fund process as well as asset management requirements. Please be sure to read and study the articles below. There is a lot going on! Finally, I am happy to report the addition of a new staff person for our office. Dan Cline joined our office this month as a Financial Analyst.

### Operating Fund Update

**2007 Operating Fund Program:** PHAs should have received the electronic tool for the HUD-52723, Calculation of Operating Subsidy, and the HUD-52722, Calculation of Utilities Expense Level, forms. These forms came from headquarters and contained pre-populated information for each PHA. You should have also received the latest version of your 2006 WAPEL. The 52723 form is an electronic tool, referred to as the "PHA Excel Tool," which contains auto-calculated amounts and will be pre-populated with data including the WAPEL inflated to 2006. HUD also issued Notice PIH 2006-30, which provides additional guidance for the 2007 Operating Fund program. All of these pieces are need to calculate your 2006 Operating Fund eligibility amount. Your 2007 submission is due to our office by September 15, 2006.

Information about the WAPEL and instructions on completing the HUD-52723 can be found on the Asset Management webpage using the following address:

<http://www.hud.gov/offices/pih/programs/ph/am/>

A PHA User guide for the 2007 52723 Excel Tool is available on-line at the following address:

<http://www.hud.gov/offices/pih/programs/ph/am/of/index.cfm>

**Decliner PHAs:** It is HUD's intent to issue, in the near future in the Federal Register, a rule regarding the Public Housing Operating Fund Program. The rule will modify the transition funding percentage for federal fiscal year 2007 for PHAs that will experience a decline in funding between the old and new funding formulas. All decliner PHAs will be capped at a 5% reduction for 2007 regardless of whether they apply for stop loss. Decliner PHAs may still apply for stop loss in 2006 if they want to effect a permanent 5% reduction.

**Operating Subsidy Webcasts:** In follow up to training sessions held this summer across the country on the Calculation and Submission of Operating Subsidy (Form HUD-52723 and Form HUD-52722), HUD has scheduled a series of Web cast Broadcasts to reinforce what was learned and, based on participant feedback, give more specific training on complex areas. There will be four (4) broadcasts. All broadcasts will be held from 1:30 p.m. to 4:30 p.m. EST. The table below contains a schedule of the Web casts and the corresponding subjects. This series of trainings will be broadcast live and archived so they can be accessed at any time.

<b>Calculation and Submission of Operating Subsidy Web cast Training Schedule</b>	
<b>Date:</b>	<b>Subject:</b>
August 15, 2006	Primer (overview of new operating subsidy calculation procedures)
August 17, 2006	Treatment of New Units
August 23, 2006	Treatment of Deleted Units
August 24, 2006	Determining Utility Expense Level

The Web Casts and answers to the questions raised during the field training sessions are available on PIH's Asset Management Website: <http://www.hud.gov/offices/pih/programs/ph/am/>

Once you are on the Asset Management main page click on the *Operating Fund Program* link, from that page there is a *training* link and a *web cast* link under **The Calculation of and Submission of Operating Subsidy** section.

## **Asset Management**

On September 6, 2006, HUD Federal Register notice with guidance on the implementation of asset management. While the notice is effective upon publication, HUD is also seeking comments. The comment due date is November 6, 2006. The notice addresses 3 main topics: management fees, PHAS transition rules, and asset management requirements for PHAs with fewer than 250 units. Key points in the notice include:

- Reasonable fees charged to properties and programs, as part of the fee-for-service approach, are not considered federal program income for the purposes of 24 CFR part 85.
- A property's excess cash should not be less than one month's operating expenses. Excess cash cannot be used to fund the operations of the central office cost center.
- HUD will consider a \$7.50 PUM to be a reasonable bookkeeping fee. For financial reporting purposes, the bookkeeping fee is to be presented separately from the property management fee on the PHA's financial statements.
- HUD will consider an asset management fee charged to each property of \$10 PUM as reasonable. Asset management fees are based on all units under an ACC.
- PHAs, when assigning assets between properties and the central office cost center, may assign to the central office cost center an amount equal to 6 months of property management fees, including bookkeeping fees, and asset management fees based on all units under the ACC, regardless of unit status. This assignment may take place at the time the PHA assigns its initial balance sheet data, when first converting to property-based accounting. If the PHA does not have sufficient reserves to make such an assignment, a PHA may accrue these amounts. This working capital, like the fees themselves, will not be considered program income.
- HUD encourages PHAs to use a fee-for service approach for reimbursement of overhead costs. Under a fee-for-service system, a PHA may charge its capital fund program a management fee of 10%, regardless of actual costs. For PHAs that elect to use a fee-for-service methodology for its HCV program, HUD will consider a management fee of up to 20% of the administrative fee or up to \$12 PUM per voucher leased, whichever is higher, as reasonable. Under this methodology, PHAs can also charge the HCV program a \$7.50 PUM bookkeeping fee for the program accounting function.
- The move to asset management will require HUD to revise PHAS from an entity-wide assessment to a property-specific assessment. As a result, for the first year of compliance with property-based budgeting and accounting, the PHA will receive a transition score under the revised PHAS.
- Where a PHA may use Capital Funds for management improvements and operations, it may only use these amounts to fund *property* expenses and not expenses on the central office cost center.
- Those PHAs with fewer than 250 units choosing to operate as one property need not establish a central office cost center that is separate from other PHA functions. For those PHAs with fewer than 250 units that operate as more than one property and choose to convert to asset management, for the first two years of property-based budgeting and accounting these PHAs need not establish a central office cost center. After this period the PHA could seek a regulatory waiver from HUD if establishing a central office cost center places an undue financial or administrative burden on the PHA.

This notice also indicates that in order to facilitate and clarify the conversion process to asset management, the Office of Public and Indian Housing will be issuing a notice that contains more detailed financial reporting information and guidance to assist PHAs in the near future. We will keep you posted of future developments.

## **Stop Loss Submissions**

PHAs are reminded that if you wish to be considered for stop loss for 2007, your application package must be received by October 15, 2006. The submission kit is posted on the HUD web at the following:

<http://www.hud.gov/offices/pih/programs/ph/am/stoploss.cfm>

Please note that submission packages are submitted to Headquarters (not the Field office, although we would appreciate a copy if available) at the following address:

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing  
Real Estate Assessment Center, Financial Management Division  
550 12<sup>th</sup> St., SW  
Washington, D.C. 20410

## **Housing Choice Voucher Update**

PHAs are reminded of some of the cost savings initiatives available under the HCV program and most recently addressed in PIH Notice 2006-32. PHAs can request a waiver to allow earlier implementation of lower payment standards and/or not increasing utility allowances. We request that any waiver requests be submitted to our office. Your submission should include adequate support documentation. PIH Notice 2006-32 also addresses that when denying portability requests a PHA must adequately demonstrate that it will not have sufficient funding to serve currently assisted families for the remainder of the calendar year. Only if the PHA would be unable to avoid terminations of HCV assistance to remain within its budgetary allocation for housing assistance payments, would a PHA be justified in denying portability to a higher cost area where the receiving PHA will not absorb the family. PHAs cannot have a policy/procedure that allows for a blanket denial of portability requests to higher cost areas.

## **Student Housing Rule**

On July 27, 2006, President Bush signed into law an amendment that exempts college students with disabilities from the restriction on providing Section 8 rental assistance to college students if the student with the disability was receiving the assistance as of November 30, 2005. The text of the amendment is as follows:

### **SECTION 1. EXEMPTION OF PERSONS WITH DISABILITIES FROM SECTION 8 RENTAL ASSISTANCE PROHIBITION**

Subsection (a) of section 327 of Public Law 109-115 (119 Stat. 2466) is amended –

- (1) in paragraph (5), by striking “and” at the end;
- (2) (2) by redesignating paragraph (6) as paragraph (7); and
- (3) by inserting after paragraph (5) the following new paragraph:

“(6) is not a person with disabilities, as such term is defined in section 3(b)(3)(E) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)(E)) and was not receiving assistance under such section 8 as of November 30, 2005”.

The exemption is effective as of July 27, 2006. PHAs are advised to proceed with caution as there is a conflict with the currently proposed 2007 appropriations language, as it does not contain this exception for disabled students. It is anticipated that the 2007 appropriations language would be updated to include this same provision. There is no conflict with the 2006 appropriations act as PL 109-249 overrides and PHAs could provide HCV assistance (after 7/27/06) to disabled students if they were previously assisted. However, PHAs should be advised that the eligibility of continued assistance to disabled students may change if the 2007 appropriations act is enacted as is currently proposed and without this exception provision. We have requested additional guidance from Headquarters and will keep you posted of all developments.

## **PIC Update**

Remember to use your WASS ID (your MID) and not your PIC ID for accessing REAC systems, including EIV and PIC. Please let your systems administrator or our office know of any inconsistencies you may have in roles and rights under your PIC ID versus your MID. You should have all of the roles and rights you need assigned to you under your MID. Once the WASS transition is completed, your PIC ID will no longer be valid.

## **PHA Plans**

On August 22, 2006 HUD published a notice in the Federal Register regarding proposed changes to the PHA plan template and submission process. PHAs are encouraged to review this notice and provide any comments by the October 23, 2006 due date. HUD proposes to significantly streamline the Five-Year PHA Plan and Annual Plan process by limiting annual plan submissions to only four elements, as required by statute, and any element that is challenged. The proposed revision would further streamline the PHA Annual Plan process by allowing PHAs to certify when no changes have occurred to these documents since its last submission. These changes are proposed to take effect for PHAs with fiscal years beginning April 1, 2007. The proposed template would be a 10-page document as compared to the current 42-page document.

## **Energy Challenge Update**

On September 23, 2005 we established a goal for **all** of our low rent public housing authorities to have a current energy audit in accordance with the requirements of 24 CFR 965.302. On September 30, 2005, we identified low cost Energy Conservation Measures (ECMs) to reduce energy consumption and save money on fuel costs, and at the same time we introduced our housing agencies to ENERGY STAR. In November 2005 we challenged all of our housing agencies to voluntarily set a goal to reduce energy consumption by 10%!

A survey was conducted by our office starting November 9, 2005 and as a result of that survey we can report that at this time **all** of our low rent public housing agencies have a current energy audit or are in the process of obtaining the audit. Further, many of our housing agencies accepted our challenge to voluntarily reduce energy consumption by 10% or more!

## **October is Energy Month**

October of each year is energy month. In 2005, over 30 Governors and many Mayors issued proclamations declaring October 5, 2005 as Energy Star Change a Light Day. This year the leaders of HUD, DOE and EPA are sending letters to each Governor asking them to participate in the Energy Star Change a Light, Change the World Campaign starting on October 4, 2006, by issuing proclamations in support of the Energy Star Change a Light, Change the World Campaign.

HUD spends over four Billion Dollars each year on energy. Conservation and energy efficiency are crucial components of a national energy plan, and HUD is committed to giving this issue the priority it deserves to make sure we make sufficient progress conserving energy in housing. The objective of Energy Month and Energy Star Change a Light, Change the World Campaign starting on October 4, 2006 is to promote Energy Efficiency and Conservation throughout America. The focus is to conserve energy by changing from an incandescent light bulb to an energy star labeled light bulb. Energy Star labeled light bulbs are sometimes referred to as CFLs or Compact Fluorescent Lights. Lighting accounts for nearly 20% of electrical costs, with the average home containing more than 30 light fixtures. Energy Star qualified bulbs and fixtures help reduce household energy costs because they use one-third the energy of traditional lighting, and last up to 10 times longer. This can result in a savings up to \$25 in utility costs over the lifetime of one bulb. Replacing the most frequently used lights will yield the most savings!

We are asking all of our low rent public housing agencies to participate in the Energy Star Change a Light, Change the World Campaign by considering changing incandescent lights to CFLs starting on October 4, 2006. If you have any questions, or if we may be of assistance, please contact your assigned Facilities Management Specialist.

## Recent Issuances



### Federal Register Issuances – Rules and Program Changes:

- 8/8/06: Privacy Act of 1974; Notice of Computer Matching Program Between the Department of Housing and Urban Development (HUD) and the Department of Health and Human Services (HHS) – Matching Tenant Data in Assisted Housing Programs: Effective date and comment due date is 9/7/06.
- 8/8/06: Privacy Act of 1974; Amendment to an Existing System of Records, Enterprise Income Verification, HUD/PIH-5: Effective date and comment due date is 9/7/06.

### Federal Register Issuances – Funding Opportunities:

- 8/8/06: Notice of HUD's Fiscal Year (FY) 2006 Notice of Funding Availability, Policy Requirements and General Section to SuperNOFA for HUD's Discretionary Grant Programs; Additional Information Regarding Application Registration: Among other things, this notice extends the due date for ROSS Family –Homeownership from 8/8/06 to 9/8/06.

### Federal Register Issuances – Information Collection:

- 8/1/06: Notice of Proposed Information; Collection: Comment Request; Maintenance Wage Rate Survey; and Report of Additional Classification and Wage Rate: Comment due date is 10/2/06.
- 8/3/06: Notice of Proposed Information Collection: Comment Request; Utility Allowance Adjustments: Comment due date is 10/2/06.
- 8/9/06: Notice of Submission of Proposed Information Collection to OMB; Emergency Comment Request; Federal Labor Standards Payee Verification and Payment Processing: Comment due date is 8/21/06.
- 8/22/06: Notice of Proposed Information Collection for Public Comment: Public Housing Agency Plans: Comment due date is 10/23/06.
- 8/22/06: Notice of Submission of Proposed Information Collection to OMB; Annual Progress Report (APR) for Supportive Housing Program (SHP), Shelter Plus Care Program (S+C), and Section 8 Moderate Rehabilitation to Single Room Occupancy Dwellings (SRO) Program: Comment due date is 9/21/06.
- 8/22/06: Notice of Submission of Proposed Information Collection to OMB; Public Housing Reform; Change in Admission and Occupancy Requirements: Comment due date is 9/21/06.
- 8/31/06: Notice of Submission of Proposed Information Collection to OMB; Section 8 Management Assessment Program (SEMAP): Comment due date is 10/30/06.

### Federal Register Issuances – Miscellaneous:

- 8/15/06: Public Access to HUD Records Under the Freedom of Information Act (FOIA) and Production of Material or Provision of Testimony by HUD Employees; Proposed Rule: Comment due date is 10/16/06.

### PIH Notices:

- PIH 2006-30 (HA), Guidance on Methods and Schedules for Calculating Federal Fiscal Year (FFY) 2007 Operating Subsidy Eligibility, issued 8/17/06.
- PIH 2006-31, Extension – Notice PIH 2005-32(HA) HUD PIH Notice for Demolition/Disposition Processing Requirements Under the 1998 Act, issued 8/18/06.
- PIH 2006-32 (HA), Public Housing Agency (PHA) Cost-Savings Initiatives in the Housing Choice Voucher (HCV) Program, issued 8/21/06.

## Reminders

- 9/7-25/06: 12/31/06 PHAs update and certify resident addresses in PIC (RASS)
- 9/12/06 – RASS media packets mailed to 12/31/06 PHAs
- 9/15/06: 2007 Operating Fund calculations due
- 9/30/06: A-133 audit reports due for 12/31/05 PHAs
- 9/30/06: Annual Assessment of all PHAs for 95% PIC reporting requirement
- 10/15/06: Requests for Year 1 stop-loss consideration due, as applicable. (See Notice PIH 2006-14.)
- 10/15/06: PHA Plans due for 12/31 PHAs
- 10/15/06: MBE Contract Activity report due
- 10/17/06: 12/31/06 PHAs certify RASS Implementation Plan
- 10/27/06: PHA survey results available in RASS for 9/30/06 PHAs
- 10/30/06: Quarterly recertification deadline date for EIV users
- 10/30 – 11/15/06: 9/30/06 PHAs certify RASS Follow-up Plan, as applicable

*OPH would like articles, comments, and/or questions from housing authorities in the Rocky Mountain Region.  
Please send these contributions to Ann Roman at [mailto:Carol\\_A.Roman@hud.gov](mailto:Carol_A.Roman@hud.gov). Thanks!*