



# Office of Public Housing

## News-to-Use Letter

September 2006

*Greetings* from Ann Roman, OPH Director: Greetings to a new Federal fiscal year. At this time we are operating under a continuing resolution and the budget picture for 2007 has yet to be finalized. PHAs have received operating funds and Housing Choice Voucher funds through December 2006, so disruptions to your on-going operations should be minimal for the next 3 months. We will keep you posted as we learn more about 2007 funding levels. Please make sure you stay informed of all of the developments with operating fund, asset management and stop loss. A lot is going on these days!

### Operating Fund Update

**2006 Operating Fund Program:** The 2006 operating fund process has been finalized and funds have been obligated in LOCCS for all PHAs for October, November and December. The final proration factor for 2006 is 86.02%. This is up slightly from the estimated 85.5%, which had been previously used. The 86.02% proration factor is based on \$3.564 billion appropriated for 2006 and the total operating fund eligibility of \$4.142 billion for 2006. Headquarters has informed us that it will not be issuing letters to PHAs regarding the additional 4<sup>th</sup> quarter 2006 operating funds provided. If you need a copy of your final 2006 HUD-52723 form, please contact your Financial Analyst.

**2007 Operating Fund Program:** Our office is currently reviewing the 2007 operating fund documents submitted by PHAs. If you are a decliner PHA and wish to apply for Stop Loss, please refer to Notice PIH 2006-35, which extended the due date to 4/15/07 for submission of stop loss applications. The previous due date was 11/15/2006. Headquarters will be contacting those PHAs who have already submitted a stop loss application to see if they wish to have the application still considered or would the PHA like to resubmit again by the new date. We suggest that PHAs resubmit so they can take advantage of the extended period to prepare a quality application. Our staff will also be happy to assist with any questions you may have regarding the stop loss application kit. The stop loss kit with fillable forms is available on-line and can be accessed at:

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

HUD has posted on its web page its intent to hold the subsidy loss for decliner PHAs to 5% of their transition amount for 2007, as opposed to the 24% required in the operating fund final rule. We will keep you posted as additional information is available. We still encourage decliner PHAs to apply for stop loss this first year so that your transition loss can be capped at the 5%.

### Asset Management

On 9/6/06 HUD published a Federal Register notice providing interim guidance pertaining to various aspects of public housing's conversion to asset management. PHAs converting to asset management should study this notice as it addresses many important topics including: treatment of fee income as non-program income; excess cash; restrictions on the use of excess cash for payment of central office costs; reasonableness of property management fees and asset management fees; assignment of assets to the central office cost center and determination of initial working capital; management fees for the Capital Fund, Housing Choice Voucher and other public housing grant programs; and demonstrating fee reasonableness. The notice also addresses asset management for small PHAs and that during the first 2 years of property-based budgeting and accounting, small PHAs need not establish a central office cost center. After the first 2 years HUD will also allow for waivers of the central office cost center requirement for small PHAs choosing to convert to asset management, if it is not financially feasible to establish a separate cost center.

## Housing Choice Voucher Update

Many PHAs have asked if we have heard anything about how 2007 Housing Choice Voucher (HCV) funding will be determined. At this time, we do not have a definite answer. We understand that Congress is considering two possible formulas for calculating funding: one would be based on a "snap shot", i.e., the months of April, May and June, of expenses with some provisions for adjustments. The second method would be to benchmark 2007 HCV funding using a full 12-month period of expenses. While we do not know what Congress will decide, we encourage all PHAs to analyze funding implications under both methods. For the second methodology we suggest you look at the most recent 12-month period that you have data. How do your actual costs compare to the 2006 HCV funding you receive. Here are some issues you may wish to consider if there is a significant difference: Are you fully leased –up? If not, what actions can you take to increase your leasing? You will also want to ensure that data reported to the Voucher Management System is current and accurate. Please feel free to contact your Financial Analyst if you need assistance with your analysis.

## PIC Update

Our New PIC Coach: We are pleased to report that we have a new PIC Coach – Diane Kiles. Diane started with our office on September 25, 2006. Prior to joining HUD, Diane was an executive director at a housing authority in Indiana. In addition to her PIC Coach responsibilities, Diane will also be a Financial Analyst. Diane can be reached at 303-672-5349 or at [Diane\\_M.\\_Kiles@hud.gov](mailto:Diane_M._Kiles@hud.gov).

Mandatory 95% PIC Reporting Rate: PIH Notice 2006-24 was issued earlier this year and it established a new schedule for assessing PHA compliance with the 95% PIC reporting requirement for 50058 forms. For 2006, PHAs will be assessed as of 9/30/06. Failure to have a 95% PIC reporting rate can result in sanctions against your administrative fees and/or operating funds. In 2007 and beyond, the assessment will be based on PIC reporting performance as of 6/30. By 10/15/06 Headquarters will notify those PHAs that do not have a 95% PIC reporting rate for 9/30/06 for their HCV or LR programs. PHAs will then have 10 calendar days to respond and to demonstrate compliance in order to avoid sanctions. Your compliance documentation will be submitted to Headquarters with a copy to our office. We encourage all PHAs that receive a delinquency notification to review the information closely and to respond timely if they believe they can demonstrate compliance. If you have any questions please contact your Public Housing Revitalization Specialist.

50058 Delinquency Report Guide: The form 50058 Delinquency Report Guide is now available online. This guide helps users to understand the delinquency report data fields and where the data comes from. This is especially important for understanding your PIC reporting rate, the number of 50058s required and the number of 50058s submitted.

<http://www.hud.gov/offices/pih/systems/pic/50058/>

PIH Notice 2006-36: This notice was issued on 9/26/06 and provides guidance to PHAs on how to use the unit status categories, and their respective sub-categories, that were included in the PIC September 2005 release for the Development Sub-module. Please pay close attention to the guidance provided regarding Exception units, and in particular, conversion units. Per the notice, there should be no units classified in this sub-category. PHAs must update all units classified as "conversion" in the Development Sub-module with a proper unit classification. This subcategory, a temporary unit classification that PIH established in FY 2005 to identify units that were previously designated in the Development Sub-module as "non-dwelling," will be used by HUD in FY 2006 to temporarily identify all units classified under "Vacant by law" and "Vacant due RMC funding." In accordance with PIH Notice 2006-36, the subcategories "Vacant by law" and "vacant due to RMC funding" are being deactivated and PHAs must reclassify all units that were classified in those subcategories. Please note that the Notice also states that beginning in 2008 HUD anticipates pre-populating operating subsidy forms with the PHA-reported unit status data in the PIC Development Sub-module. In addition, the Notice also encourages small PHAs to report Form HUD-50058 data monthly, instead of quarterly, to the Form 50058 Module. Monthly transmissions to the Form 50058 Module will help PHAs to keep their data in the Development Sub-module current.

## **EIV Update**

EIV Version 6.0 should be available 10/2/06. There are many useful enhancements with this version. One of these is with the data collection and processing capacity of EIV. The selection criteria for new tenants sent for matching against the National Directory of New Hires has been modified to include tenants with 50058 Action Type 9 (Annual reexamination searching VO) and 10 (Issuance of Voucher). A New Hires Report has been created and placed under the Income Information Subgroup. The New Hires report will provide a listing of the households (including a count) where EIV has a New Hires record for a household member within the last 6 months, based on the EIV processed date of the New Hires. Another new report is the Multi-Subsidy Tenant Report and is available in the Verification Reports subgroup. The Multi-Subsidy Tenant Report will provide two search options:

1. Public Housing and Voucher Program Search – search within PIH and provide a listing of household members who are shown within multiple households within a jurisdiction, receive assistance in multiple PHA jurisdictions or who receive assistance in both PIH programs within the same PHA.
2. PIH and Multifamily Search – search within PIH and provide a listing of household members where the member receives subsidies in both PIH and Multifamily Programs.

Be sure to check out all of the new EIV enhancements. And don't forget to complete your EIV recertification by October 30, 2006. Quarterly recertification of all EIV users is now required.

## **Conflict of Interest**

Lately we have become aware of several conflict of interest situations and violations. These have involved employment situations, appointment of board members, and contract and procurement problems. We remind PHAs of the conflict of interest provisions contained in Section 19 of the Low Rent Public Housing Annual Contributions Contract, 24 CFR Part 982.161 and 24 CFR 85.36. It is possible that HUD may grant a waiver for a conflict of interest situation if there is good cause. However, the PHA has to make the request and provide appropriate documentation. Having a board acknowledge a conflict of interest situation does not resolve the problem. Please be sure to contact our office in advance if you have any concerns with any potential conflict of interest situations.

## **Fair Market Rents**

2007 Fair Market Rents were published in the Federal Register on 9/27/06. The FMRs are effective starting 10/1/06. The FMRs are available on-line at: <http://www.huduser.org/datasets/fmr.html>

## **October is Energy Month**

October of each year is energy month. 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 10/4/06 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. 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 compact fluorescent lights starting on 10/4/06. If you have any questions, or if we may be of assistance, please contact your assigned Facilities Management Specialist. More importantly, we would love to hear of your energy conservation success stories!

## Environmental Training

On 11/13-14/06 the Denver HUD office will be offer environmental review training. The course is intended to provide an overview of NEPA and related environmental laws and authorities that apply to individual HUD projects and to cover the basic environmental requirements under 24 CFR Part 58. Registration for this class must be completed by 10/20/06. You must register on-line at:

[http://www.hud.gov/event\\_registration/index\\_2.cfm?eventID=398](http://www.hud.gov/event_registration/index_2.cfm?eventID=398)

Training participants may also view the training at the local HUD offices in Helena, Fargo, Sioux Falls, Salt Lake City and Casper. Please contact your local HUD office for logistics information. If you have any questions regarding the training session, please contact David Rigozzi at 303-672-5016.

## HUD's 2007 Annual Performance Plan

HUD recently issued its Annual Performance Plan for 2007. This document describes HUD's strategic framework, goals and objectives for 2007. The Plan also mentions several legislative proposals including:

- Transforming the FHA program to expand homeownership for low- and moderate-income families;
- Reforming the Housing Choice Voucher and Public Housing programs to help preserve and maximize affordable housing opportunities;
- Reforming the Community Development Block Grant program to better target resources through an improved formula and other related program improvements;
- Coordinating HUD homeless programs into a single, more streamlined program; and
- More equitably distributing the formula funds of the Housing Opportunities for Persons With Aids program to better assist its beneficiaries with special needs.

Some of the specific strategies applicable to PHAs include:

- Increasing the cumulative number of Section 8 homeowners to 8000, up from 6000 for 2006.
- Having 12 PHAs submit proposals under the Section 32 homeownership program, which addresses the sale of public housing units.
- Develop a new assessment tool for the Housing Choice Voucher program. It is proposed that HCV assessment would cover 4 areas: housing quality, fund utilization, financial condition and accuracy of reports.
- Have asset-based accounting implemented at 20% of the PHAs.

HUD's 2007 Annual Performance Plan is available on-line at the following address:

<http://www.hud.gov/offices/cfo/reports/pdfs/app2007.pdf>



Recent Issuances

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

- 9/6/06: Public Housing Operating Fund Program; Guidance on Implementation of Asset Management; Notice: Effective date is 9/6/06 and comment due date is 11/6/06.
- 9/27/06: Final Fair Market Rents for the Housing Choice Voucher Program and Moderate Rehabilitation Single Room Occupancy Program for Fiscal Year 2007; Notice: Effective date is 10/1/06.

### Federal Register Issuances – Information Collection:

- 9/11/06: Notice of Submission of Proposed Information Collection to OMB: Energy Conservation for PHA-Owned or Leased projects –Audits, Utility Allowances: Comment due date is 11/13/06.
- 9/11/06: Notice of Submission of Proposed Information Collection to OMB; Contract for Inspection Services –Turnkey: Comment due date is 10/11/06.
- 9/13/06: Notice of Submission of Proposed Information Collection to OMB; Neighborhood Networks Management and Tracking Data Collection Instruments: Comment due date is 10/13/06.

- 9/14/06: Notice of Proposed Information Collection for Public Comment; Section 901 Notice of Intent, Fungibility Plan and Report: Comment due date is 11/13/06.
- 9/18/06: Notice of Submission of Proposed Information Collection to OMB; Standardized Form for “Race and Ethnic Collection”: Comment due date is 10/18/06.
- 9/21/06: Notice of Submission of Proposed Information Collection to OMB; Emergency Comment Request; Section 32 and Section 5(h) Homeownership Program Evaluation Interview Guides: Comment due date is 10/5/06.
- 9/29/06: Notice of Submission of Proposed Information Collection to OMB; Contract and Subcontract Activity Reporting on Minority Business Enterprise (MBE) Comment due date is 10/30/06.

#### Federal Register Issuances – Miscellaneous:

- 9/28/06: Statutorily Mandated Designation of Difficult Development Areas and Qualified Census Tracts for Section 42 of the Internal Revenue Code of 1986; Notice

#### PIH Notices:

- PIH 2006-33 (HA), Changes in Financial Management and Reporting Requirements for Public Housing Agencies Under the New Operating Fund Rule (24 CFR Part 990); Interim Instructions, issued 9/6/06.
- PIH 2006-35 (HA), Operating Fund program Final Rule: Transition Funding and Guidance on Demonstration of Successful Conversion to Asset Management to Discontinue the Reduction of Operating Subsidy – Extension of Stop Loss Deadline to April 15, 2007, issued 9/25/06.
- PIH 2006-36 (HA), Guidance on Unit Status Categories in the Development Sub-module of the Office of Public and Indian Housing (PIH) Information Center (PIC) and Revised Form HUD-50058 Reporting Recommendations, issued 9/26/06.
- PIH 2006-37 (HA), Changes to Disaster Voucher Program (DVP) Operating Requirements – Family Eligibility and Initial Lease Terms, issued 9/28/2006.

### Reminders

- 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
- 11/6/06 – 1/5/07: Resident survey period for 12/31/06 PHAs
- 11/15/06: deadline date for 9/30 PHAs for requesting extension for submission of yearend financial statements
- 11/29/06: SEMAP certifications due for all 9/30/06 PHAs
- 11/30/06: MASS certification submission due for 9/30 PHAs
- 11/30/06: Financial statements due for 9/30/06 PHAs
- 12/31/06: Audit reports due for 3/31/06 PHAs

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