



Newsletter

U.S. Department of Housing and Urban Development

Office of Multifamily Housing Programs

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HUD to Complete Update of Error Measurement Studies for FY 2004

HUD is required by law to annually provide national estimates of erroneous payments related to its assisted housing programs. In 2001, HUD completed a study to determine the extent and sources of errors that resulted in overpayments or underpayments of subsidy. The data from this study was used to set a baseline to measure HUD's progress toward meeting its RHIIP goal of a 50 percent error reduction by the end of FY 2005.

Three separate studies are being completed to update error measurement data on FY 2003 activity. Data from all three studies will be used to provide the error estimates that will be reported to OMB and Congress in HUD's FY 2004 Performance and Accountability Report. These studies cover the three most common areas where overpayment and underpayments occur: 1) income and rent determinations; 2) reporting of income; and 3) subsidy billing.

The first study, covering information for the second half of FY 2003, will complete the update of the measure of income and rent determination errors for FY 2003. The data from this study will be combined with data from the

"Quality Control for Rental Assistance Subsidy Determinations" study (QC study) for the first half of 2003. This consolidated report will provide estimates of FY 2003 subsidy overpayments and underpayments resulting from errors when determining rent and income. The same methodology, sampling procedures, and sample size are being used for these studies, as were used in the 2001 baseline study.

A second study of errors due to tenant reporting of income information is being conducted using an income match with the HHS's National Directory of New Hires.

A third study will be conducted to determine overpayments and underpayments of subsidies resulting from the subsidy billing process. HUD contractors will complete this study by the end of the fiscal year.

The draft report of the QC study for the first half of 2003 estimated a 26 percent reduction in gross erroneous payments for project based assistance. With the positive results of this preliminary report, the stage has been set for good news when the results of the full error measurement follow-up studies have been completed for the FY 2004 report.



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PERFORMANCE AND ACCOUNTABILITY REPORT

Rental Assistance Programs	FY 2003 Estimates of Errors In Program Administrator Income and Rent Determinations*				FY 2000 Estimates*	Percent Reduction In Gross Erroneous Payments
	Assistance Over-payments	Assistance Under-payments	Net Erroneous Payments	Gross Erroneous Payments	Gross Erroneous Payments	
Public Housing	\$248,544	\$107,496	\$141,048	\$356,040	\$631,776	43.6%
Vouchers & Mod Rehab	\$470,784	\$326,724	\$144,060	\$797,508	\$1,132,560	29.6%
Total PHA Administered	\$719,328	\$434,220	\$285,108	\$1,153,548	\$1,764,336	34.6%
Project-based Assistance	\$267,672	\$128,124	\$139,548	\$395,796	\$539,160	26.6%
TOTAL	\$987,000 (+/--\$208,000)	\$562,344 (+/--\$287,000)	\$424,656 (+/--\$184,000)	\$1,549,344 (+/--\$229,000)	\$2,303,496 (+/--\$275,000)	32.7%

* All values are presented in thousands.



Authority Granted for Income Match with National Directory of New Hires

Congress has passed new legislation that paves the way for up front income verification. The Consolidated Appropriations Act of 2004, passed on January 23 2004, authorizes HUD to compare its tenant employment and income data with the Department of Health and Human Services' National Directory of New Hires (NDNH) database. NDNH data is based on information from employers who report the information through their state to the Federal Department of Labor. When fully implemented, this up front income verification match is expected to save the Department an estimated \$6 billion over a 10-year period.

HUD and HHS are working together on legal, technical, and security issues that must be resolved before a data match can occur. The full implementation of the data match with NDNH will be phased in over the next few years.

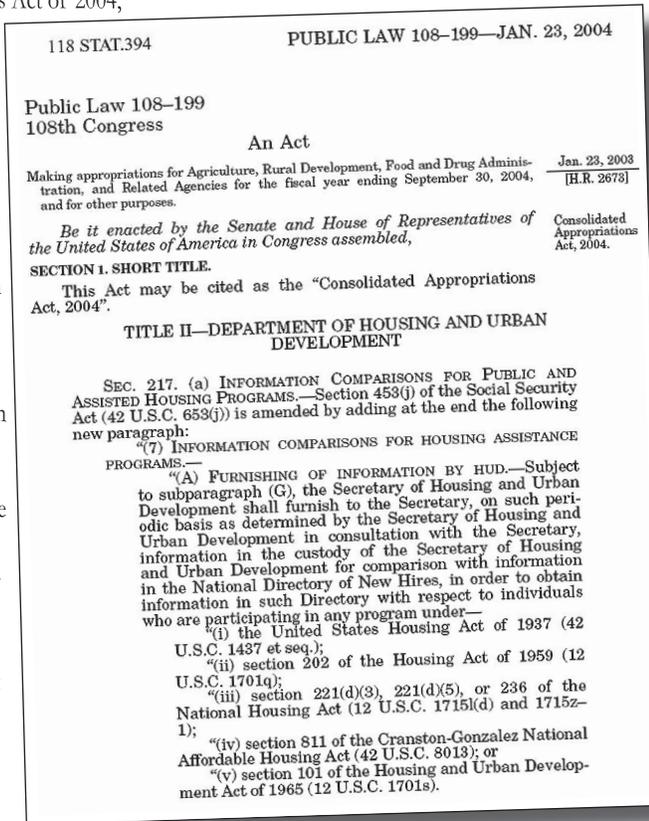
Phase 1 is a data match to provide information for an error measurement study to estimate the amount of unreported income in HUD's assistance programs. These discrepancies will not be reported to owners for action. This match should be completed by June 30, 2004.

Phase 2 will allow HUD to provide data from the income match with NDNH to public housing agencies. Public housing agencies will use the information for verification of tenant reported income.

Phase 3, the final phase of the match, will allow HUD to provide data from the income match with NDNH to owners, management agents and contract administrators through an automated system. This system would operate like the Tenant Assessment Subsystem (TASS) that is currently used to provide

Social Security (SS) and Supplemental Security Income (SSI) benefit history reports to owners.

Full implementation of the match with NDNH will be a big step in meeting the RHIP goal of correcting erroneous assistance payments and ensuring that the right benefits go to the right persons.



HUD's Office of Inspector General: A Resource for Meeting RHIP Goal

HUD's Office of the Inspector General (OIG) is available to work with HUD contract administrators, owners, management agents, and tenants to ensure that the right benefits go to the right persons and that HUD meets its goal to reduce errors in rental housing assistance payments by 50 percent by FY 2005.

Investigations by the OIG have led to a reduction of incorrect assistance payments by reducing fraud, waste, and abuse in HUD's assistance programs. Two examples of successful prosecutions were against a tenant in Vermont who did not report accurate income and family composition, and against

a controller in New York, who schemed to steal program funds from a multifamily development. This type of OIG fraud investigation has reduced errors, made rental assistance available for eligible families, and resulted in both civil recoveries and criminal prosecutions.

If you are aware of violations of Federal laws, HUD rules or regulations, report it to HUD's OIG hotline and be part of the RHIP effort. You can submit

Phone: 1-800-347-3735
E-mail: HOTLINE@hudoi.gov
FAX: 202-707-4829
Mail: U.S. Department of Housing and Urban Development
 Office of Inspector General Hotline
 400 Virginia Avenue,
 Suite C-120, SW
 Washington, DC 20024



Philadelphia Multifamily Hub provides RHIP training to HUD's Office of Inspector General (OIG)

Senior Project Managers, Anna Cariello and Diane Lima, provided two special training sessions during the OIG's training of Special Agents for investigators new to the OIG and those who have been employed by the Department for only 5 to 7 years. OIG Investigation's Assistant Special Agent-In-Charge, Rene Febles, requested that the Philadelphia Multifamily Hub Office staff make the presentation, which occurred during training sessions conducted on April 19 and April 20. Approximately 25 OIG staff members from New England, Mid-Atlantic, and New York OIG Districts were trained at the Philadelphia Regional Office on a variety of topics, including Multifamily Asset Management and Tenant Subsidy Administration. The training, which incorporated PowerPoint and "hands-on" computer systems presentations, covered the following topics:

- Multifamily Housing Programs' mission and the organizational structure of the Philadelphia Multifamily Hub
- How Multifamily Housing Programs staff interacts with OIG Investigation
- RHIP initiative

Philadelphia Multifamily....continued on page 3

- HB 4350.3 Rev-1, Changes to the Occupancy Handbook
- An interactive look at HUD's Real Estate Management System (REMS) and TRACS systems

The RHIP segment of the training included:

- HUD's RHIP goal and current accomplishments in the effort to improve income integrity
- RHIP Help Desk Representatives and their role in the initiative
- Tenant Optimum Compliance Initiative
- RHIP web page



Ohio Multifamily Hub Conducts Successful RHIP Training

In response to the RHIP initiative, the Ohio Hub provided one-day training sessions in each of its three Program Center Offices – Columbus, Cincinnati, and Cleveland. The training on HUD Handbook 4350.3 REV 1, Occupancy Requirements of Subsidized Multifamily Housing Programs, issued June 12, 2003 was for management agents, owners, traditional and performance based contract administrators, and other interested parties. Over 700 participants registered for the three training sessions.

Experienced HUD staff made presentations on key changes to HUD Handbook 4350.3 REV-1. Handbook topics covered were income and assets, medical expenses, verification issues, recertifications, lease issues, special claims, and TRACS issues. Ohio's PBCA also participated by making a presentation on the most common errors identified in their monthly processing of over 800 voucher payments. CD Rom disks containing a searchable version of the 4350.1 REV-1 was a popular prize at each training session.

Comments received on the training were overwhelmingly positive. Many expressed their appreciation that HUD provided this type of industry training and asked that it be presented more often. One comment was that "even though there are other trainings we can attend, we like hearing it from the horse's mouth—so to speak."

The participants were provided with an opportunity to submit questions that were not answered during the training sessions. Approximately 63 questions were received. Follow-up to the three training sessions was as

important to the success of this effort as the conferences themselves. To that end, all questions were researched, answered, and placed on the Ohio State Office Hub web page as frequently asked questions (FAQs) for permanent reference by industry representatives and tenants.

This training was the brainstorm of Edward Tellings, former Director of Operations. Preston Pace, Director of the Ohio Multifamily Hub, and Matthew McGuire, Acting Director of Operations, directed the training. The HUD presenters were Bobbie Dickson, Contract Oversight Specialist and Funding/Occupancy Team Leader, and Project Managers: Donna Carr, Debra Martel and Jo Ann Drake (Columbus Office), Rita Juergens (Cincinnati Office), Pam Johnson and Kim Barnes (Cleveland Office).

During the month of April, as a follow-up to requests received from the previous training sessions, the Ohio Hub provided four one-half day training sessions in the Columbus Hub Office for industry partners on TRACS submissions and other related problem areas. Approximately 150 reservations were taken for the four sessions.



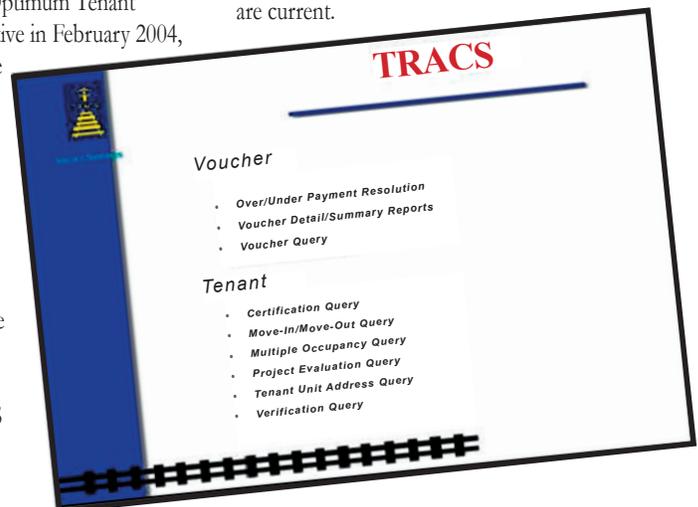
Update on Optimum Tenant Reporting Compliance Initiative

The Tenant Rental Assistance Certification System (TRACS) implemented the Optimum Tenant Reporting Compliance Initiative in February 2004, as announced in the last issue of the RHIP Newsletter. Phase Two of the Optimum Tenant Compliance Initiative has been implemented and incorporates four new TRACS reports—three tenant reports and one voucher report. These reports replace older TRACS reports and are available to authorized Internet and Intranet TRACS users. The records in all reports are sorted by using

either unit number or tenant name. The following is a synopsis of each new report:

- **Late Recertification Report:** This report lists households within a contract or project that are overdue for annual recertifications. Users may specify what to include in the report – all late certifications; late certifications, excluding terminations; only HQ terminations; or only terminations.
- **Certifications with Discrepancies Report:** This report lists certifications, with discrepancies, by contract or project within a specified date range. Users must specify whether the date range is the effective date of the certification or the TRACS processed date.
- **Assistance Payment Report:** This report lists all certification transactions within contract or project and shows assistance payment amounts within a specified date range or voucher date.
- **Contract/Project Based Voucher Summary Report:** This report provides information derived from Form HUD-52670, Housing Certification and Application for Housing Assistance Payments within a specified date range. Grouped by project or contract, the report provides information on the total number of subsidized and non-subsidized units submitted on the voucher, as well as assistance payment information including total assistance payments, adjustments, and debt service.

The new reports will be helpful to all TRACS users to ensure that all tenant certifications have been submitted to TRACS and that the certifications are current.



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451 7th Street, SW, Room 6106
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HUD Model Leases Available in Spanish

The HUD model leases are now available in Spanish. The Spanish leases are a translation of the model leases in Appendix 4 of HUD Handbook 4350.3 REV-1, Occupancy Requirements of Subsidized Multifamily Housing Programs.

The first change to Handbook 4350.3 is being developed and the Spanish version of the HUD model leases will be included with this change to the Handbook when it is issued. Owners with tenants requiring the HUD model lease in Spanish can obtain a copy on the Internet at: <http://www.hud.gov/offices/hsg/mfh/hsgrent.cfm>. The Department is also exploring the possibility of translating the HUD model leases into other languages.

