

FEDERAL EMERGENCY MANAGEMENT AGENCY
MODIFICATION OF INTERAGENCY AGREEMENT

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1. INTERAGENCY AGREEMENT NO. HSFEHQ-07-X-0249	2. MODIFICATION NO. P00010	3. EFFECTIVE DATE See Block 12	4. PROJECT/REQUISITION NO. W470855N
5. ISSUED BY Federal Emergency Management Agency Office of Acquisition Management 500 C Street, S.W., PP 5th Floor Washington DC 20472		6. AGENCY PERFORMING SERVICE HOUSING AND URBAN DEVELOPMENT, UNITED STATES DEPT OF H U D 451 7TH ST SW WASHINGTON DC 204100001	

7. PROJECT TITLE
DHAP-Katrina

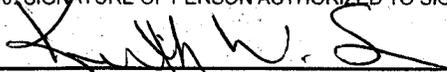
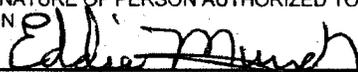
8. ACCOUNTING AND APPROPRIATION DATA (If required)

9. DESCRIPTION OF MODIFICATION

The purpose of this no cost modification is to extend the Period of Performance (POP) for two months. The extension is from September 1, 2009 until October 31, 2009.

All other terms and conditions remain the same.
 End of modification P00010.

Except as provided herein, all other terms and conditions of the agreement remain in full force and effect.

10. SIGNATURE OF PERSON AUTHORIZED TO SIGN 	DATE 8/14/09	12. SIGNATURE OF PERSON AUTHORIZED TO SIGN 	DATE 8-13-9
11. TYPE NAME & TITLE OF PERSON AUTHORIZED TO SIGN KEITH W. SURBER Contracting Officer	13. TYPE NAME & TITLE OF PERSON AUTHORIZED TO SIGN Eddie Murphy Contracting Officer FEDERAL EMERGENCY MANAGEMENT AGENCY		

FEMA-HUD
DHAP-KATRINA TRANSITIONAL CLOSE-OUT PLAN
TERMS AND CONDITIONS
INTER-AGENCY AGREEMENT AMENDMENT
IAA NUMBER HSFEHQ-07-X-0249
MODIFICATION P00010

Overview

The purpose of this amendment to IAA number HSFEHQ-07-X-0249, P00010 ("IAA") is to extend the DHAP-Katrina Transitional Closeout Plan (TCP) to October 31, 2009. Under this two month extension, families that received a Transitional Rental Payment (TRP) in August 2009 and are being processed into the Housing Choice Voucher (HCV) program but are not under lease with the HCV program will receive payments for the months of September and October 2009. The two month extension provides additional time for families to finish the conversion process without a break in assistance. Legal authority for continued TRPs is described in Section 3.0 of the IAA. Sections 1.0, 5.9, 16.0 and 19.0 of the IAA are hereby amended to extend performance of payment for direct rental assistance from September 1, 2009 to October 31, 2009. By this amendment, HUD explicitly agrees to extend the services of those staff described in Section 5.2.

Eligible families, TRPs and Incremental Rent Transition (IRT)

Families being processed into the HCV program that received a TRP in August are eligible for up to two months of additional TRP if they meet the conditions for continued payment. The following conditions determine eligibility for additional payments by family status in the HCV process:

- **No HCV application submitted by August 31, 2009.** No TRP made on behalf of the family.
- **HCV application submitted by August 31, 2009 but the eligibility determination is not completed.** The household must provide all information for HCV eligibility processing, be determined eligible by the PHA and receive a Request for Tenancy Approval (RFTA). If these conditions are met the family receives a TRP for September 2009¹. In order to receive a TRP for October 2009, the family must return their RFTA by September 30, 2009.
- **Determined eligible for the HCV program by August 31, 2009.** The household must meet with Public Housing Authority (PHA) to have voucher issued before TRP is paid for September 2009. In order to receive a TRP for October 2009, the family must return the RFTA by September 30, 2009.
- **Voucher issued to family prior to August 31, 2009 but after July 31, 2009.** Household receives TRP in September 2009. In order to receive TRP for October 2009, the family must return the RFTA by September 30, 2009.

¹ TRP can be back dated up to 30 days in all cases. If a family provides information after August 31, 2009 but before September 30, 2009, TRP could still be provided for September 2009.

- **Voucher issued to family prior to July 31, 2009.** In order to receive TRP for September 2009 the household must return the RFTA. The family is not eligible for a TRP in October 2009.

The Incremental Rent Transition (IRT) will be frozen for all families at the August payment amount. Families that are eligible for continued assistance under the TRP extension would contribute this amount in both September and October, without further step down. TRPs will be made to the landlords on behalf of families that meet the conditions for continued payment for the lesser of two months or the placed in service date of the HCV lease.

No landlord may accept payment for any month following the month the family vacates the unit. Nor may the landlord accept payments if the landlord receives a duplicative federal or state rent subsidy payment on behalf of the family. PHAs will recoup such payments and shall refer to HUD's OIG those landlords that do not comply for action to be undertaken in coordination with the DHS OIG.

Landlord notification and agreements

Provision of TRPs on behalf of tenants to landlords under this IAA modification (P00009) must be in accordance with landlord and payment specifications in the IAA modification (P00007) that established the DHAP-Katrina TCP. Under modification P00007, FEMA authorized HUD and its PHAs to make or tender TRPs to landlords without an executed Disaster Rent Subsidy Contract (DRSC) and before effecting other binding agreements between PHAs and landlords.

Under this IAA amendment, HUD and the PHAs are not liable to FEMA for payments to landlords during the two month extension as a result of those payments having been made without a DRSC. FEMA and HUD believe the risk associated with this approach is mitigated to a great extent because the landlords are already receiving TRPs under the TCP, and most have on-going business relationships with the PHA. Moreover, the oversight controls established under IAA modification P0007 apply to the two month TRP extension and extend existing protections for recovery of improper payments or inadvertent overpayments.

Concurrent with payment by check or an Electronic Fund Transfer (EFT) for rent subsidies for September 2009, the PHAs will send each landlord a letter setting forth HUD's intent to continue rent subsidies for up to two months, subject to the conditions for continued payment. The letter will be sent by PHAs via certified or registered mail and shall:

- Explain HUD's intent to continue rent subsidies for up to two months and how the IRT will be applied; and
- State that the original terms of the DHAP-Katrina Transitional Close-out Plan letter and letter agreement received by the landlord to initiate TRPs in March 2009 also apply to the two month extension of TRPs from September 1, 2009 to October 31, 2009.

Letters to tenants

PHAs will send a letter to all families that may eligible for the TRP extension based on their HCV program status. The letter will explain the conditions required to receive additional assistance and how the IRT will be applied. HUD will also send an end of program letter to all families that received a TRP in August 2009.

Grant agreement amendments

HUD, on behalf of FEMA, will negotiate an extension to all existing grant agreements with PHAs for a period of two months. If a PHA does not choose to participate in the TRP extension, HUD, on behalf of FEMA, will enter into a grant agreement with an existing PHA capable of performing the direct payment function.

Case management

Grant agreements with the Louisiana Recovery Authority and the Tennessee Department of Housing to provide case management to families receiving a TRP under the TCP in Louisiana and Tennessee will be extended for two months. No new case management proposals will be accepted from state governments.

Budget

The cost of the two month TRP extension for eligible families, along with case management services (\$92 per TRP), PHA administrative costs (\$63 per TRP) and HUD support costs are outlined in the attached budget. The cost is up to approximately \$9 million. These funds have already been provided to HUD under the DHAP-Katrina IAA. This extension will not increase the IAA ceiling. No additional funding is required.

HUD Responsibilities

HUD will develop the amendment to the existing grant agreement and will execute those amendments with participating PHAs on behalf of FEMA using the FEMA approved grant agreement amendment template. HUD will authorize PHAs to make TRPs to landlords, on behalf of eligible families, beginning September 1, 2009 to October 31, 2009.

HUD will operate the TRP extension in accordance with the existing DHAP-Katrina TCP Standard Operating Procedures (SOP) that were approved by FEMA, with amendment as detailed in the "*Eligible families, TRPs and Incremental Rent Transition (IRT)*" section outlined above. HUD will provide FEMA and PHAs with guidelines and frequently asked questions (FAQs) on the conditions required to receive payments under the TRP extension. These materials will be approved by FEMA before distribution to PHAs. As these materials are critical to the timely and successful operation of the TRP extension, the parties agree that FEMA will respond within 24 hours of receipt of the documents.

HUD must provide consolidated reports of accounts and other records, documents and information, as required by the IAA, SOPs, and their amendments. HUD will aggregate and submit information on actual DHAP-Katrina leased units and actual rental subsidy costs associated by family (FEMA registration ID), to FEMA each month. Upon conclusion of the PHA's DHAP-Katrina program and the transitional closeout, HUD will reconcile reported costs and leasing from HAP registers, VMS and DHAP-Katrina databases as needed. Actual rent subsidy payments will be settled through VMS reporting for the DHAP Katrina (December 2007 to February 2009), and the HAP register for the TRP (March 2009 to October 2009). If the costs exceed the funding provided by HUD, a final underpayment will be processed. If the funding provided by HUD exceeds reconciled costs, the PHA will remit the overpayment to HUD for return to FEMA

FEMA Responsibilities

FEMA will pay an administrative fee of \$63 per TRP to cover all PHA administrative costs for the agreed two month period beginning September 1, 2009 to October 31, 2009. FEMA will also pay a case management fee of \$92 per TRP to cover costs for providing these services in Louisiana and Tennessee.

FEMA must approve the template for the grant agreement amendments prior to HUD executing these agreements. As the grant agreement is critical to the timely and successful operation of the TRP extension, the parties agree that FEMA will respond within 24 hours of receipt of the grant agreement.

DHAP-Katrina Transitional Closeout Extension Matrix

Consideration for Continued Payment by Family Housing Choice Voucher Application Status

Application Status for August TRP Families Status	No application submitted by August 31	Application Submitted by August 31 but no Eligibility Determination	HCV Eligible by August 31	Voucher issued prior to August 31 ¹ but after July 31 st	Voucher issued prior to July 31 st
Conditions Required to Receive Addition Payment	No payment	Household must provide all information for HCV eligibility processing.	Household must come in to PHA to have HCV issued	Household receives September TRP	Household returns RFTA by September 30.
	Household is determined eligible.	Household receives RFTA.	Household receives RFTA.	Household returns RFTA by September 30. Payments can be back dated up to 30 days.	Household receives September payment. Payments can be back dated up to 30 days.
	Household receives RFTA.	Household receives September payment. Payments can be back dated up to 30 days.	Household returns RFTA by September 30	Household receives October TRP	Household returns RFTA by September 30
	Household receives October TRP				

DHAP-HCV Conversion in Process

	Families	HAP	Adm Fees	Case	
				Management	Total Funding
September, 2009	5,858	2,411,148	369,054	464,554	3,244,756
October, 2009	4,658	1,917,229	293,454	369,391	2,580,074
Total		\$4,328,377	\$662,508	\$833,945	\$5,824,830

TRP Families in Process - Natural Attrition

	Families	HAP	Adm Fees	Case	
				Management	Total Funding
September, 2009	8,499	3,498,181	535,437	673,992	4,707,610
October, 2009	7,299	3,004,262	459,837	578,829	4,042,928
Total		\$6,502,443	\$995,274	\$1,252,821	\$8,750,538

	Intake Scheduled	Waiting for Inspection RFTA	Waiting for Inspection passed	Waiting for full contract execution	Waiting for full but waiting to Fully Complete next stage	Deemed Eligible
Best Case Scenario	469	540	937	1,699	2,272	2,272
	5,858	8.00%	9.21%	16.00%	29.00%	38.79%
Worst Case Senario	680	783	1,360	2,465	3,297	3,297
	8,499	8.00%	9.21%	16.00%	29.00%	38.79%

(a) Total Population is derived by the sum of families deemed eligible plus families pending eligibility determination minus families under lease plus the average percentage competition rate of families that have completed Intake and were Deemed Eligible (See Tab "HCV Process Completion %" as identified on the "DHAP to HCV Process" status report as of 8/4/2009, reported by participating Housing Authorities.

(b) Attrition rate for families to come under lease as a result of completing the HCV process is normalized at 1200 families per month based on prior performance history by Housing Authorities. Attrition rates were applied to both the "Best" and "Worst" case scenario projections.

(c) No IRT of \$100 step down was used in determining population size and HAP amounts for September and October.

(d) TRP population was generated based on HAP registries submitted by Housing Authorities for the month of August; where a participating PHA had not yet submitted a HAP registry for August, their July registry was used by subtracting \$100 for each families' HAP total.

(e) Average HAP totals were calculated by the total number of families who potential received TCP assistance in August.

(f) Number of families Scheduled for Intake were projected to complete the intake process by August 31, 2009.