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## CHAPTER 7: HOUSING ASSISTANCE PLAN PERFORMANCE

7-1. PURPOSE. The Area Office shall conduct a review of each entitlement grantee's progress in carrying out its Housing Assistance Plan (HAP). The reviewer should compare the number of units (by household and tenure type) receiving firm financial commitments during the period covered by the goals, to the goals themselves. In so doing, if sufficient time has elapsed since the financial commitments were made the reviewer should also consider whether construction or rehabilitation has begun (or whether occupancy has been achieved for Section 8 Existing). Definitions of firm financial commitments for each program type are shown below and are contained in both the HAP and the GPR instructions. The term "construction start" is defined for this purpose as the start of actual on-site work.

7-2. DEFINITIONS.

a. Firm Financial Commitments. Firm financial commitments are defined for the following programs as:

- (1) Section 8 Housing and Finance Development Agencies (HDFA) New Construction and Substantial Rehabilitation - Notification of Application Approval.
- (2) Section 8 New Construction and Substantial Rehabilitation (Non HDFA) - Selection of Preliminary Proposal.
- (3) Section 8 Existing Housing - Application approval.
- (4) Section 8 Moderate Rehabilitation - Application Approval.
- (5) Public Housing Programs - A Program Reservation (prior to October 1, 1980; ACC execution (subsequent to October 1, 1980)
- (6) Section 235 - A Preliminary Reservation Section 235 Contract Authority for units within a subdivision; a firm commitment for Mortgage Insurance for individual units.
- (7) Community Development Block Grant Rehabilitation and Section 312 - Approval of a specific borrower's application for a loan or grant (regardless of the year in which the CDBG funds were first approved).

b. Delayed Projects or Units. For New Construction, Substantial Rehabilitation, or Moderate Rehabilitation, those projects which have had firm financial commitments more than 18 months and

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which have not yet begun actual construction. For Section 8 Existing, units in those projects which have had a firm financial commitment for more than 18 months and have not yet become at least 95% occupied. Note: these delayed units or projects are not to be credited to the grantee in assessing accomplishments against its Three-Year Goals. (The Area Office may, however, based on a limited construction season, adjust the 18 months for this purpose to a time frame not to exceed 24 months on a project by project basis in order not to withhold credit for projects which are clearly making progress.)

- c. Terminated Projects or Units. Those projects or units for which HUD has cancelled the firm financial commitment and recaptured the funds. Such projects or units are to be subtracted out prior to assessing accomplishments against the Three-Year Goals.

7-3. DATA REQUIREMENTS AND SOURCES. In addition to the GPR which is being reviewed, the CPD reviewer will need copies of the following documents:

- a. One and three year goal tables (HUD 7095 and 7093) applicable to the period covered by the GPR.
- b. Approved Areawide Housing Opportunity Plan (AHOP), if any.
- c. Area Office's assisted housing allocation plan for the year covered by the GPR. (Obtain from Housing or EMAD)
- d. Advertisements for proposals (NOFA's for New Construction or Substantial Rehabilitation, Invitations for Section 8 Existing or Moderate Rehabilitation and a listing of the pipeline of LIPH applications for the year covered by the GPR; and a list of any proposals submitted as a record of the results of the ranking session (Section 8) or Field Office Review (LIPH). (Obtain from Housing)
- e. Listings by program type and bedroom mix of Section 8 or Low Income Public Housing (LIPH) units reserved or starting construction in the grantee's jurisdiction during the year(s) covered by the GPR and/or copies of the approval letters for such projects. (Obtain from Housing)
- f. Copies of Section 213 local review and comment responses from the grantee to the Area Manager for all projects which were proposed. (Obtain from Housing or EMAD)
- g. Notices of terminations of previously approved projects or changes in the distribution of units by bedroom size. (Obtain from Housing)

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- h. Copies of monitoring reports and letters which describe the results of HAP monitoring.

7-4. TIME PERIODS. In reviewing HAP performance, it is essential to have clearly in mind the time periods covered by the HAP and the GPR because different time periods apply for different housing program types. For program types which are allocated through the Department's allocation system, (Section 8 and LIPH) the HAP (both one- and three-year goals) does not become effective until the October 1 following its approval, and therefore grantees will be reporting commitments obtained for these programs on a Federal fiscal year basis. Thus only partial results of the funding of these programs may be available for grantees whose program years do not coincide with the Federal fiscal year. For an other low- and moderate-income housing programs, such as Section 312 or CDBG rehabilitation loan programs, the HAP goes into effect immediately at the start of the program year, and grantees will be reporting financial commitments obtained for these programs on a program year basis. It is also important to remember that performance under the Three Year Goal is always reported cumulatively Federal Fiscal Year for Section 8 and LIPH; and Program Year for all other units.

- 7-5. VERIFYING ACCURACY. Before a grantee's performance can be analyzed, the data reported on the Housing Assistance Performance-Part I form (HUD-4950.6) must be verified by the CPD reviewer (see Exhibit 2 pages 8 and 9 for further information)
- a. The first step is to verify that the Section 8 and LIPH units reported as committed and/or started are consistent with the Area Office's records.
  - b. The second step is to insure that the grantee is not reporting commitments which should not appear in the GPR and which should not be credited toward HAP goal achievement. Among the most common types of such mis-reporting are:
    - (1) Failing to remove units for which the commitment(s) has been terminated from the figures for housing assistance provided.
    - (2) Reporting all rehabilitation activity. Instead, only that which is determined to be substandard, and upon completion of rehabilitation, will meet, at a minimum, Section 8 Existing Housing Quality Standards, HUD Cost Effective Energy Conservation Standards, and be occupied by lower-income households; and in the case of renter occupied units, results in the occupant paying no more than 25 percent of income for housing should be included in the Table.
    - (3) Double counting housing units which receive assistance from
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two sources such as Section 8 and CDBG used in combination. (The current Grantee Performance Report instructions require that such units be footnoted and only counted once in arriving at total figures for housing assistance provided.) Loan Management Section 8 assigned to previously assisted projects (such as Section 236 projects) and Section 8 used to fund Section 23 conversions should not appear at all on the table since they do not increase the number of assisted units available, but only provide additional subsidy for units which obtained firm financial commitments prior to the period covered by the HAP.

- (4) Reporting public housing modernization of units which were occupied or were already available for occupancy (i.e., not boarded-up) prior to modernization. Normally, grantees do not include public housing tenants in the needs figures on Table II of the HAP; therefore, modernization of public housing units occupied or available for occupancy does not reduce their need and should not count toward goal achievement.
- (5) Reporting all three bedroom units produced toward accomplishment of the large family goals. In accordance with Notice CPD-80-15, three bedroom units are to be divided 50-50 between family and large family categories unless Area Offices have evidence that a different distribution prevails in a particular jurisdiction. Likewise, one bedroom units in non-elderly projects are to be divided 50-50 between the elderly and small family categories, since these units are frequently occupied by elderly households.

- c. The grantee should be informed of any inaccuracies or misreporting in the GPR so that a mutual understanding of the housing performance credited to the grantee is achieved and a corrected GPR obtained. The corrected GPR should be obtained from the grantee before starting the analysis of performance.

7-6. CREDITING HAP PERFORMANCE. The general rule is that assisted units may only be reported on the Housing Assistance Performance-Part I Table if the household receiving the assistance will be removed from the needs in Table II of the Housing Assistance Plan (HAP). For example, the needs data in Table II for many grantees has been based on the "Special Tabs" - a special run of the 1970 Census data showing households in inadequate housing conditions and/or paying more than 25% of income for rent, or, for households living in homeowner units, those built before 1939 and valued at low amounts. The data in Table II would be estimated to include the portion of these households which have incomes below the Section 8 income limits. For the purposes of the GPR, then,

commitments shown in the Part I Table should be limited to those instances where the need has been reduced. This means those assisted households which have incomes below the Section 8 income limits, and which, after receiving assistance, are living in a unit which meets the Section 8 Existing Housing Quality Standards and for rehabilitation the HUD Cost Effective Energy Conservation Standards, and, if renters, which are not paying in excess of 25% of their incomes to housing. In those instances where only part of the appropriate criteria are met, the household cannot be removed from Table 11 of the HAP, because it still has need of some assistance. Thus, programs such as weatherization are not to be reported in the GPR Table (and should not have been included in the Housing Assistance Plan Goals Table III and Table V), but may be mentioned in the narrative.

The following list defines the HAP goal category for which credit should be given for commitments and construction starts under the types of programs which are the most commonly used (this list is not intended to be all inclusive).

- a. New Construction for Homeowners: Section 235 or other comparable state or local subsidy home ownership programs. Note that only those 235 units that are actually purchased by households with incomes within the Section 8 income limits may be counted. Area Offices are expected to maintain data on 235 purchasers in such a way that it can easily be provided to grantees.
- b. Rehabilitation Assistance for Homeowners: CDBG, 312 or other state or local rehabilitation loan, grant subsidy or guarantee programs. Only those units owned and occupied by households whose incomes are below the Section 8 Income Limits and which following rehabilitation, are at least brought up to the Section 8 Existing Housing Quality Standards may be counted. Code enforcement activity not related to a local rehabilitation program may be credited toward HAP goal accomplishment if the activity results in rehabilitation which meets the two criteria listed above.
- c. Assistance to Prospective Homeowners: Section 235 (new or rehabilitated) as described in a. above, or CDBG funded rehabilitation for resale to low- and moderate-income persons, or other similar state or local programs, when the units have been or are expected to be purchased by a household which previously rented.
- d. New Rental Units: Section 8 new construction, LIPH (conventional or turnkey development), tenant owned cooperatives, or other similar state or local new construction

rental programs which are intended for households whose incomes are below the Section 8 Income Limits and which limit rents to 25% of tenant income. This

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category also includes Section 8 units to be made available in partially assisted new rental projects.

- e. **Rehabilitated Rental Units:** Section 8 substantial or moderate rehabilitation; LIPH acquisition with rehabilitation; public housing modernization or the new comprehensive modernization program, if such LIPH units were not available for occupancy prior to rehabilitation; and Section 312 or CDBG rehabilitation programs or other similar state or local rehabilitation programs where the units are not owner occupied. Rehabilitated units must be leased to low- and moderate-income persons, and must, at a minimum, be brought up to the Section 8 Existing Housing Quality Standards and the HUD Cost Effective Energy Conservation Standards, and after the rehabilitation, rents do not exceed 25% of the tenants' incomes. Code enforcement as described in b. above which meets these three criteria may also be counted.
- f. **Existing Rental Units:** Section 8 existing, LIPH acquisition without rehabilitation, CDBG or local acquisition of properties for rent to low- and moderate-income households (with or without Section 8 assistance) or other similar state or local programs not involving at least \$1000 of rehabilitation. Rents for such programs must be limited to 25% of tenant income. Relocation payments may be credited toward HAP goal accomplishment if the displaced household was within the Table II needs parameters (See first paragraph of 7-6); and moves to a unit meeting Section 8 Existing Housing Quality Standards and, after application of the relocation payment, pays less than 25% of its income for rent.
- g. **Mobility Assistance:** When a Section 8 income eligible household moves from one jurisdiction to another and receives assistance, both communities may credit it toward accomplishment of their HAP goals if it can be shown that the household was most likely in the Table II of both communities (i.e., as a resident household need requiring assistance of one community and as an ETR need of the community to which it moved).
- h. **Units Provided Outside Grantee's Jurisdiction:** When housing assistance is provided which overlaps jurisdictional boundaries, the CPD Division Director will be responsible for negotiating a distribution of the unit with all of the jurisdictions involved. This type of situation may arise where a project is located on the boundary of a city and both the city and the county want to take credit for the assistance

provided; or where a county or regional PHA is operating a Section 8 Existing program and the real distribution is uncertain. In no case, however, should more than 100 percent of the units be credited in total except as noted in paragraph 7-6 g. above.

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7-7. REVIEW STANDARDS. When the accuracy of the data reported on the Housing Assistance Performance-Part I form has been verified and/or any corrections made, the grantee's performance is to be analyzed as follows. Performance against one-year goals is to be analyzed only at the end of the first and second years of the three-year cycle. At the end of the third year, overall performance against the three-year goals is to be analyzed. At the end of the fourth year, performance will be analyzed on the first year of the new three-year goal and an additional review will be conducted of performance against the previous three-year goal. However, it is anticipated that projects being credited as performance at the commitment stage will move to construction within a reasonable time period. When projects fall into the Delayed or Terminated category as defined in 7-2 b. and/or 7-2 c., performance will have to be further reevaluated (see Exhibit 7a or 7b for further information).

- a. Performance Standard for the Annual Goal. The number of units receiving firm financial commitments each year for owners and for renters is to be compared to the corresponding goal for that period. If the total owner units receiving commitments equal at least 75 percent of the total owner goal, and the total renter units receiving commitments equal at least 75 percent of the total renter goal, the grantee may be considered to have made Substantial Progress and should be so notified. If this level has not been achieved for either owners or renters, then a further review of performance as described in subparagraph c. below is required.
- b. Performance Standard for the Three-Year Goal. The number of units receiving firm financial commitments and progressing to start of construction (or occupancy for Section 8 Existing) within a reasonable period of time is to be compared to the three-year goal for that period. Separate comparisons should be made for the owner accomplishment against the three-year owner goal and for the renter accomplishment against the three-year renter goal. If the total number of units receiving firm financial commitments (after removal of units in delayed or terminated projects) equals at least 90 percent of the total three-year goal for both the owner and renter categories, and if such units represent at least 66 percent of the goal for each household type, THEN Substantial Progress is considered to have been made and the grantee should be so notified. If any one of these levels is not met for either owners or renters, then a further review of performance as described in subparagraph c. below is required.

- a. Actions Taken to meet HAP Goals. If, the grantee's HAP performance does not meet the appropriate standard outlined in subparagraphs a. and/or b. above, the Area Office shall examine the narrative of steps taken to meet HAP Goals attached to the Housing Assistance Performance - Part I Form (HUD - 4950.6) in the GPR.

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If, on the basis of information provided by the grantee and other relevant data it can be established that the following two conditions exist, a determination of acceptable progress is to be made and the grantee so notified:

- (1) the grantee took all reasonable actions (and took no negative actions) within its power, including actions described in its HAP "Actions to be Taken" Narratives, to submit or cause to be submitted approvable applications for projects which would utilize all available resources; and
- (2) despite all of these actions taken, either no applications or an insufficient number of applications were submitted, or those which were submitted were not approved.

It should be noted that grantees which have the authority to act as developers are expected to submit applications if private developers are unwilling or unable to do so. (Grantees which do not now have the authority to act as developers should be advised to explore ways of obtaining such authority). Those which require referendum approval for development or ownership of low- and moderate-income housing should have initiated such a referendum.

- d. Substituting Resources for Goals. If c.(1) and c.(2) above are not met or if it is unclear from available data/information whether they have been met, the reviewer should determine if the lack of performance resulted because available resources were insufficient. This can be estimated by reassessing the performance after substituting the amounts derived below for the appropriate goals:

- (1) Section 312. The number of units that reasonably could have been achieved considering the available resources.
- (2) Section 8/LIPH. The number of units of Section 8/ LIPH which were made available to the grantee was less than that in the goals. For a grantee which is a Separate Allocation Area (SAA), find the number of Section 8/LIPH units which were made available to the grantee. For grantees in the jurisdiction of an approved AHOP, the

number of units made available to them can be determined by using the distribution percentage that was used in the allocation plan. For central cities which are not an SAA, the amount can be determined by using the proportion of the "fair share percentage" of the Allocation Area that the central city represents and applying it to the number of units made available to the Allocation Area. For all other grantees, apply the proportion of the total Allocation Area population represented by the

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population of the grantee to the number of units made available in the Allocation Area.

If, after substitution of available resources for Section 312, Section 8, and/or LIPH, the grantee meets the performance tests in paragraph a. and/or b. above, then a determination of acceptable performance can be made and the grantee so notified.

If, however, even after substituting resources for goals, performance is still not determined to be acceptable, a determination of Apparent Failure to Make Substantial Progress towards meeting HAP Goals should be made.

NOTE: If the goals significantly exceed the resources which were made available, the Area Office should notify the grantee that because available resources are significantly less than the goals, the grantee will be expected to adjust its goals downward prior to the next grant approval.

- e. Determination of Apparent Failure to Make Substantial Progress. The Area Office shall notify the grantee of any determination of Apparent Failure to Make Substantial Progress towards meeting HAP Goals. The Area Office shall include the data that was used in the computations, as well as the Field Office evaluation of the steps taken to meet HAP goals as reported in the GPR Narrative, and shall ask the grantee to respond within thirty days. The response from the grantee should be directed to either or both of the following:
  - (1) That the data and/or information used by the Area Office (as derived from the Grantee Performance Report and adjusted by other available data) was incomplete or incorrect. (Corrected and/or complete data and/or information must be supplied by the grantee).
  - (2) That meeting the goals in the HAP was not within the ability/control of the grantee for specific reasons or circumstances. (These specifics must be described).
- f. Response From the Grantee. The response submitted by the grantee must then be evaluated by CPD to determine if the

apparent failure to make substantial progress is verifiable or if HUD should consider the grantee to have made acceptable progress towards meeting its HAP goals.

- (1) If the grantee provides additional or corrected data which substantiates that the extent of housing assistance provided was greater than that used in the above described performance analysis, a reassessment should be made using

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the corrected information following the guidelines in the appropriate paragraphs a., b., c., and d., above.

- (2) If the grantee has provided additional or corrected information as described in paragraph c. above, the reviewer shall reassess the grantee's performance following the guidelines in the appropriate paragraphs a., b., c., and d., above.
- (3) If the grantee does not submit additional or corrected data/information or if data/information is submitted and a reevaluation does not support a finding of acceptable progress, then a finding of Failure to Make Substantial Progress towards meeting HAP Goals should be made.

g. Consideration of Sanctions.

- (1) Annual Performance. When acceptable performance has not been made against an Annual Goal, a review should be made to determine whether the grantee is likely to be able to make acceptable progress towards meeting its Three Year Goal. (The amounts determined in 7-7 d. can be substituted for any years in which the exact amount of available resources is not available.) The reviewer should add the estimated number of units expected to be available to the grantee over the remainder of the three year period to current cumulative performance against the three year goal. The reviewer should also consider the extent to which negative actions taken or the failure to take all reasonable actions will prevent the grantee from achieving acceptable performance against its Three Year Goal, given current performance and the likely amount of available resources in remaining years. If, based on this analysis, it appears likely that the grantee will meet the Three Year performance threshold relating to 90 percent of goals (with substitution of resources, as appropriate), then the field office should notify the grantee that performance has been acceptable. If it appears that the grantee will not meet the Three Year Goal performance threshold, the grantee should be

notified that it has failed to make Substantial Progress towards meeting its HAP goals. In addition, appropriate sanctions or remedies as provided in Chapter 11 of this handbook should be considered immediately without waiting to see what the final performance will be at the end of the period covered by the HAP.

- (2) Three Year Performance. Whenever the Area Office makes a finding of Failure to make Substantial Progress towards

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meeting HAP Three Year Goals after considering performance over the entire period covered by such goals, consideration should be given to appropriate remedies or sanctions as provided in Chapter 11 of the Handbook.

- h. Urban Counties. Urban Counties will be held responsible for the accomplishment of their Housing Assistance Goals as provided above, and for ensuring that actions necessary for such accomplishment are taken by cooperating units of general local government. If a cooperating unit of government refuses to take necessary actions, or takes actions that impede or prevent accomplishment of housing goals, the county will be expected to take appropriate actions to remedy the problem. Such actions may include educational efforts and technical assistance, working out alternative administrative arrangements to carry out specific projects, and, where such actions are not effective, reprogramming funds that were allocated for projects in the affected unit of government to projects elsewhere in the county. Where appropriate actions to resolve such problems have not been taken, HUD may impose sanctions against the County such as conditioning or reducing the grant.

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Exhibit 7a

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GRANTEE PERFORMANCE REPORT

Grantee\_\_\_\_\_

HOUSING PERFORMANCE REVIEW

Program Year\_\_\_\_\_

SUMMARY SHEET FOR

Homeowner / Renter (circle one)

YEARS 1 AND 2

Reviewer's name\_\_\_\_\_

The reviewer must complete this summary sheet as part of the housing performance review and place it in the grantee's file at the Area Office. This summary sheet must be filled out for both tenure types; one sheet for homeowners and a separate sheet for renters. Please circle the appropriate tenure type in the upper right hand corner. Housing Performance Review Worksheets, which are available from Headquarters, can provide more detailed guidance to the reviewer.

This summary sheet is complete once you have determined that the grantee has made substantial or acceptable progress towards meeting the annual HAP goal or you have determined that the grantee is unlikely to accomplish at least 90% of the adjusted three year HAP goal. A copy of all correspondence between the grantee and the Area Office referred to in this summary sheet and a copy of the completeness checklist that was completed as part of the GPR-Housing Performance Review should be attached to the summary sheet.

1. Determine if the grantee has accomplished at least 75% of the annual HAP goals. Fill-in the following table.

| Year of<br>Three Year<br>HAP Cycle | Annual<br>HAP<br>Goal | 75% of Annual<br>HAP<br>Goal | Firm Financial<br>Commitments in<br>Program Year |
|------------------------------------|-----------------------|------------------------------|--|
| =====                              |                       |                              |  |
| Year 1                             |                       |                              |  |
| Year 2                             |                       |                              |  |

Circle (a) or (b):

- a. The grantee has accomplished at least 75% of the annual goal and for purposes of this review is considered to have made substantial progress towards meeting the HAP goal. Please attach a copy of the written notification of substantial progress that was sent to the grantee. This summary sheet is complete-stop here.
- b. The grantee has failed to accomplish at least 75% of the annual goal and housing performance requires further review. Go to line 2 directly below.

2. Determine if the grantee has taken all reasonable actions to encourage the development of assisted housing and has not taken any actions to impede the development of assisted housing. Circle (a) or (b):
  - a. Based upon all available information, it is clear that the

grantee has taken all reasonable actions to encourage the development of assisted housing, including those actions described in the narratives to HAP Table III and Table V. Please attach a summary of actions taken by the grantee and attach a copy of the notification of acceptable progress that was sent to the grantee. This summary sheet is complete-stop here.

- b. Based upon all available information, the grantee has failed to take all reasonable actions to encourage the development of assisted housing and housing performance requires further review. Attach a brief summary of the grantee's failure to take all reasonable actions. Housing performance requires further review. Go to line 3 below.
3. Determine if the grantee has accomplished at least 75% of the HAP goal after substituting Section 8/LIPH (for renters only) and/or Section 312 resources for the appropriate goals. Fill-in the following table:

| A.         | B.          | C.         | D.         | E.          |
|------------|-------------|------------|------------|-------------|
| Year of    | Sec. 8/LIPH | Sec. 312   | All Other  | Adjusted    |
| Three Year | Resources*  | Resources* | HAP Goals* | HAP Goals*  |
| HAP Cycle  |             |            |            | (B + C + D) |
| =====      |             |            |            |             |
| Year 1     |             |            |            |             |
| =====      |             |            |            |             |
| Year 2     |             |            |            |             |
| =====      |             |            |            |             |

\*Note: Chapter 7-7.d. of this handbook or the Housing Performance Review Worksheet can provide more detailed guidance on resource substitution.

Circle (a) or (b):

- a. After adjusting the annual HAP goal to reflect resources actually available, the grantee has accomplished at least 75% of the adjusted HAP goal. Please attach a copy of the written notification of acceptable progress that was sent to the grantee. This summary sheet is complete-stop here.
  - b. After adjusting the annual HAP goal to reflect resources actually available, the grantee has failed to accomplish at least 75% of the adjusted HAP goal. Please attach a copy of the written notification of apparent failure to make substantial progress towards meeting the HAP goal that was sent to the grantee. After the grantee has responded to the notification please continue on line 4 below.
4. The grantee responded to the written determination of apparent failure to make substantial progress towards meeting the HAP goal(s) and a copy is attached to this summary sheet. A summary of the reviewer's analysis of the grantee's response is also attached to this summary sheet. After evaluation of the grantee's response the reviewer determined that circle (a) or (b) :

- a. The grantee has made acceptable progress towards meeting the HAP goal because circle (1) and/or (2) :

- (1) New or corrected data indicates that the grantee has accomplished 75% of the annual goal and a summary of the reviewer's analysis of the corrected data is attached to this summary sheet.
- (2) New information indicates that the grantee has taken all reasonable actions to encourage the development of assisted housing and has not taken any actions to impede the development of such housing. Attach to this sheet a summary of the actions taken to encourage the development of assisted housing. If the HAP goals are found to be excessive in relation to the available resources, then the grantee should also be advised to adjust downward the HAP goal.

If you have determined with new data and/or information that the grantee has made acceptable progress towards meeting the HAP goals then attach a copy of the notification that was sent to the grantee. This summary sheet is complete-stop here.

- b. After evaluation of the grantee's response the reviewer can still not make a determination of acceptable progress towards meeting the HAP goal because check (1) and/or (2) :

- (1) The grantee has failed, despite new or corrected data, to accomplish 75% of the annual adjusted HAP goal. Attach a copy of your analysis.
- (2) New information confirms or indicates that the grantee has not taken all reasonable actions to encourage the development of assisted housing. Attach a copy of your analysis.

Housing performance requires further review. Go to line 5 below.

5. Since the grantee has not performed well against the annual goal the reviewer must determine if the grantee is likely to accomplish the three year goal, as adjusted to reflect adjustments in annual HAP goals. Fill in the following table:

| A.         | B.        | C.       | D.            | E.             | F.          |
|------------|-----------|----------|---------------|----------------|-------------|
| Year of    | Adjusted* | 90% of   | Units         | Units Expected | Estimated   |
| Three Year | 3 Year    | Adjusted | Actually      | To Be Provided | Number of   |
| HAP Cycle  | Goal      | 3 Year   | Provided      | In Remaining   | Units To Be |
|            |           | Goal     | In Completed  | Years of       | Provided in |
|            |           |          | Program Years | HAP Cycle      | 3 Year HAP  |
|            |           |          |               |                | (D + E)     |

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Year 1

Year 2

\*Note: If you determined that the annual goal exceeded the available resources, then you must also adjust the three year goal.

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Exhibit 7a

Circle (a) or (b):

- a. The grantee is likely to accomplish 90% of the three year goal as adjusted, if appropriate. Before a final determination can be reached, the reviewer should go to line 6 to determine if the grantee is likely to accomplish at least 66% of each household type.
- b. The grantee is unlikely to accomplish 90% of the three year goal, as adjusted, if appropriate, and therefore a final determination has been reached that the grantee has failed to make substantial progress towards meeting the HAP goal. Before considering appropriate remedies or sanctions the reviewer should go to line 6 below.

6. Determine if the grantee is likely to accomplish at least 66% of each household type goal. Fill-in the following table.

| A.             | B.                            | C.                                  | D.   | E.   | F.   |
|----------------|-------------------------------|-------------------------------------|--|--|--|
| Household Type | Adjusted* 3 Year HH Type Goal | 66% of Adjusted 3 Year HH Type Goal | Units Actually Provided In Completed Program Years | Units To Be Provided in Remaining Years of HAP Cycle | Estimated Number of Units To Be Provided in 3 Year HAP Cycle (D + E) |
| =====          |                               |                                     |  |  |  |
| Elderly        |                               |                                     |  |  |  |
| Small Family   |                               |                                     |  |  |  |
| Large Family   |                               |                                     |  |  |  |

\*Note: If you determined that annual goals exceeded the available resources then you must adjust each three year HH type goal.

Circle (a) or (b):

- a. The grantee is likely to accomplish at least 66% of each adjusted household type goal.
- b. The grantee is unlikely to accomplish at least 66% of each

adjusted household type goal.

If the grantee is likely to accomplish 90% of the adjusted three year goal and 66% of each adjusted household type goal then a final determination has been reached that the grantee has made acceptable progress towards meeting the HAP goal.

If the grantee is unlikely to accomplish 90% of the adjusted three year HAP goal or 66% of each adjusted household type goal, then a final determination has been reached that the grantee has failed to make substantial progress toward meeting the HAP goal. At this time the Area Office should consider appropriate remedies or sanctions as described in Chapter 11 of Handbook 6510.1.

The grantee was notified in writing of this final determination and a copy of the notification, including remedial actions taken by the Area Office, should be attached.