

MANAGEMENT REVIEW - SECTION 8 EXISTING HOUSING

\_\_\_\_\_ OFFICE

\_\_\_\_\_  
Name of Public Housing Agency

\_\_\_\_\_  
Location

\_\_\_\_\_  
Project Number(s)

\_\_\_\_\_  
Dates at PHA - This Review

\_\_\_\_\_  
Dates at PHA-Previous Review

=====  
Name(s) of Reviewer(s) and Number of Working Hours Spent on Review:

Name	Title	Hours Preparation	Hours Travel	Hours at PHA	Hours Report
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Persons Contacted:

Name	Position	Name	Position
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

I. STATUS OF PREVIOUS REPORTS

- \*1. Are there any outstanding Management Review and/or Fiscal Audit findings?
- \*2. Have previously cleared Management Review and/or Fiscal Audit findings or recommendations actually been implemented?



0 BR	_____	_____	_____	_____	_____	_____
1 BR	_____	_____	_____	_____	_____	_____
2 BR	_____	_____	_____	_____	_____	_____
3 BR	_____	_____	_____	_____	_____	_____
4 BR	_____	_____	_____	_____	_____	_____
5 BR	_____	_____	_____	_____	_____	_____
6 BR	_____	_____	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____	_____	_____

\*2. Is the PHA's rate of leasing in accordance with the leasing schedule? if not, is a revised leasing schedule needed?

\*3. Does the bedroom-size and recently completed housing distribution of units under HAP Contract conform to the ACC? What controls have been developed to ensure that the number of units under HAP Contract and Certificates issued by bedroom size comply with the ACC?

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4. If an ACC amendment is needed what kind of bedroom distribution would best respond to the PHA's housing market?

\*5. Are at least 30% of assisted families Very-Low Income? How is this requirement monitored?

\*6. Is the 10% limitation for single persons being implemented correctly, e.g., preference to elderly, handicapped, disabled and displaced families? (Include in Document Review, if applicable)

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7. What controls have been developed to insure that not more than 40% of the units in a federally subsidized project are leased by families receiving a combination of Section 8, Section 23, rent supplement, rental assistance, or other state or local subsidies?

IV. APPLICATIONS AND REEXAMINATIONS

1. Are preapplications accepted and processed?

\*2. Has the PHA suspended the taking of applications? If so, when and how:

\*3. Are the verification procedures adequate? Explain the procedures used to verify income. (Include in Document Review)

\*4. How are ineligible applicants notified and when? Have any informal hearings been held for ineligible applicants?

5. Have any leases been executed for families whose Gross Family Contributions are less than the utility allowances? How and when have these families been reimbursed?

\*6. In the re-examination schedule and procedure undertaken in accordance with program requirements and approved Administrative Plan? (Include in Document Review)

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7. Is the PHA aware that a rent credit cannot be granted for units receiving federal, state or local subsidies, and that the rent credit must be recomputed during reexaminations?

V. CERTIFICATES OF FAMILY PARTICIPATION

\*1. Are families selected for participation in accordance with the procedures approved in the Administrative Plan and EOHP?

2. Are Certificates issued on a scheduled basis?

\*3. How many Certificates have been extended beyond 60 days? What justification was given and who has been authorized to approve extensions? Have extensions resulted in the location of acceptable units?

\*4. Who is involved in providing the briefing? Which components are delivered by the PHA and which by community groups? Are briefings conducted on a group or individual basis and how often?

\*5. Are all required items in Certificate Holder's packet?

\*6. What procedures does the PHA have for providing direct assistance to families who request help in finding a suitable unit?

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7. Is a listing of available units maintained and given to Certificate Holders?

## VI. OWNER MARKETING

\*1. Briefly describe the PHA's efforts to market the program with local landlords and realtors. Is the PHA using "paid" advertising? How frequently?

\*2. Who is responsible for soliciting owner participation? Are owners responsive to the program?

3. Is the PHA making full use of available resources within the local real estate market? Such resources may include but not be limited to: hiring of brokers or broker associates to promote the program, membership by the PHA in local apartment associations, regularly scheduled visits to real estate brokers and property management firms who have rental properties in their inventory, etc.

\*4. Has the PHA established methods and made special efforts to encourage the participation of owners of units in other than low income or minority concentrated areas?

## VII. HOUSING QUALITY STANDARDS (HQS) AND INSPECTIONS OF DWELLING UNITS

\*1. How does the PHA make HUD HQS or other approved standards known to housing inspectors?

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\*2. Are initial and annual inspections being conducted and are adequate inspection records maintained? (Include in Document Review)

\*3. Is there a significant time lapse between requests for lease approval and inspection of units? If so, discuss potential solutions. (Include in Document Review)

\*4. Do the inspection procedures being used differ from those approved in the PHA's Administrative Plan? What followup system has been developed to reinspect units if deficiencies are noted?

\*5. Inspect a representative sample of units for compliance with HQS. Complete Form HUD-52580, Unit Inspection Report, or a similar review

Form, for each unit inspected. (See Document Review for sample of units to be inspected)

\*6. Inspect the utility combination to determine if it is as represented in the Request for Lease Approval.

\*7. Do the contract rents appear reasonable in relation to location, quality, amenities, and management/maintenance services? Are these rents comparable to similar unsubsidized units in the same project or in the surrounding neighborhood?

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#### VIII. FAIR MARKET RENTS AND UTILITY ALLOWANCES

1. Are Fair Market Rents adequate? Elaborate fully.

\*2. Does the number of PHA approved 10% FMR exceptions exceed 20% of the units authorized in the ACC? How is this monitored by the PHA?

3. Have any owners requested special rent adjustments to compensate for tax or utility rate increases?

\*4. How is rent reasonableness determined? Does the PHA maintain all certifications and relevant documentation with respect to the determinations of rent reasonableness? (Include in Document Review)

\*5. Are adjustments to the contract rent being properly administered; i.e., increases do not exceed the percentage change of the published FMR Schedules in effect for the most recent and previous adjustment (or initial lease if it is the first adjustment) with an appropriate adjustment if utilities are paid directly by the family, and are only allowed at the anniversary date of the lease if the owner has the right to terminate tenancy at that date? (include in Document Review)

\*6. Is the PHA using approved utility allowances? When were the allowances last revised and do they need revisions?

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7. Does the PHA maintain a sample of tenant records on actual utility consumption or billings to determine reasonableness of utility allowances?

IX. TERMINATIONS AND EVICTIONS

\*1. Are the procedures for handling appeals from families or owners adequate?

\*2. How many families have been evicted and for what reasons? Were appropriate owner notices and PHA approvals given in each case?

\*3. Were new Certificates issued to the evicted families?

X. FISCAL MANAGEMENT

\*1. Are preliminary expenses within the approved estimate (Form HUD-52671, Line 500)? If not, have expenses been justified and revised estimates submitted?

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\*2. Are ongoing administrative expenses within the approved Administrative Fee? If not, why not?

3. Are Requisitions for Payment of Annual Contributions (Form HUD-52663) submitted by PHA on a timely basis? Are they properly prepared?

\*4. Does PHA maintain a Section 8 Housing Assistance Payments Register in accordance with Notice HM 75-32? Review a representative sample of tenant files to verify the following data: (See Document Review for sample of tenant files)

- a. Name and Address of Family
- b. Name and Address of Owner
- c. Dwelling Unit Size
- d. Effective Date of Lease
- e. Monthly Rent Payable to Owner
- f. Monthly Rent Payable by Family
- g. Monthly Housing Assistance Payment

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\*5. Are internal fiscal controls adequate?

- a. Does the person who reconciles bank statements and prepares

payment vouchers have access to books of account?

- b. Are assets physically safeguarded? Is a property ledger maintained?
  - c. Are checks signed by two authorized individuals (mandatory for housing authorities)?
  - d. Are Section 8 books maintained as separate and distinct from other PHA operations?
  - e. Are Housing Assistance Payments to owners made in a timely manner?
- \*6. Are overhead and salary costs properly charged between preliminary expenses and the earned Administrative Fee?
- \*7. If the PHA administers other housing programs, are reasonable overhead costs prorated to such programs?
- \*8. Are excess funds invested in interest-bearing accounts?
- \*9. Does the PHA have the following insurance coverage? Specify amount of coverage.

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- a. Comprehensive General Liability
  - b. Workmen's Compensation
  - c. Automotive Liability
  - d. Fidelity Bond (Position Schedule or Blanket Coverage).
10. What staffing plan has the PHA formulated to cover the point when the program becomes fully leased?
- \*11. Has the PHA had fiscal audits in accordance with HUD requirements?

#### XI. GENERAL

- \*1. What are the jurisdictional boundaries for the program? Have cooperative arrangements for the honoring of Certificates been developed with other PHAs?
- \*2. What types of housing services and assistance are provided to assisted families?
3. Does the PHA have an adequate supply of forms?



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4. Are there any areas of the PHA's administrative plan which have been or need to be revised based on the PHA's experience to date?

5. What problems is the PHA encountering? What efforts have been made to overcome these problems and how can HUD be of assistance?

XII. DOCUMENT REVIEW

\*1. For each unit inspected, the tenant files should be reviewed and a "Document Review Record" (Attachment 1) or similar review sheet completed. The number of units inspected and files reviewed should be based on the following minimum sample selected on a random basis:

<u>No. Units Leased</u>	<u>Number to be Selected</u>
50 or less	5
51 - 600	5 plus 1 for each 50 (or part of 50) over 50
601 - 2000	16 plus 1 for each 100 (or part of 100) over 600
Over 2000	30 plus 1 for each 200 (or part of 200) over 2000

The purpose of the tenant file review is to determine the adequacy of the PHA's eligibility determinations, income verification procedures, rental and utility allowance computations, FMR and bedroom size designations, rent reasonableness determination, reexamination and inspection procedures, and completion of required forms. Upon completion of the "Document Review Records," the findings with respect to each of these areas should be summarized.

\*2. A small ample of files of applicants who were determined to be ineligible should be reviewed to verify that a written notice of ineligibility was issued.

\*3. A representative sample of Form HUD-52676, "Claim for Repayment of HUD Security Guarantee and Compensation for Vacancy Loss" should be reviewed for accuracy and compliance with program requirements.

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ATTACHMENT 2

MANAGEMENT REVIEW FINDINGS - SECTION 8 EXISTING HOUSING PROGRAM

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MANAGEMENT REVIEW FINDINGS - SECTION 8 EXISTING HOUSING PROGRAM

CONTINUATION SHEET

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II. REHAB AND LEASING STATUS

1. Project No. \_\_\_\_\_ ACC Execution Date \_\_\_\_\_

	Total Units in Project (From ACC)	Units Under Agreement		Units Under HAP Contract		Units in Processing Prior to Agr.
		Scheduled*	Actual	Scheduled*	Actual	
0 BR						
1 BR						
2 BR						
3 BR						
4 BR						
5 BR						
Total						

Project No. \_\_\_\_\_ ACC Execution Date \_\_\_\_\_

	Total Units in Project (From ACC)	Units Under Agreement		Units Under HAP Contract		Units in Processing Prior to Agr.
		Scheduled*	Actual	Scheduled*	Actual	
0 BR						
1 BR						
2 BR						
3 BR						
4 BR						
5 BR						
Total						

\* "Scheduled" should be the cumulative number of units which, according to the PHA's rehab and leasing schedule, should be under Agreement or HAP Contract at the time the review is being completed. This will only be a total number since the schedule does not specify units by bedroom size.

YES NO NA

\_\_\_ \_\_\_ 2. Is the PHA's rehab and leasing in accordance with the schedule?

If not, what actions is the PHA taking to improve its performance?

\_\_\_ \_\_\_ 3. Does the bedroom size distribution of units under Agreement and HAP Contract conform to the ACC?

\_\_\_ \_\_\_ \_\_\_ If Not: a. Is the deviation within the limits allowed in Chapter 6 of the Handbook 7420.3 REV?

b. What actions is the PHA taking to improve its performance?

\_\_\_ \_\_\_ 4. Does the PHA have adequate controls to ensure that the number of units by bedroom size under Agreement and HAP Contract complies with the ACC?

\_\_\_ \_\_\_ 5. Have most of the proposals initially selected by the PHA been placed under Agreement?

If Not: a. Why are owners dropping out (e.g., were the initial feasibility analyses inaccurate, were there problems getting financing, were PHA delays involved)?

b. What actions is the PHA taking to reduce the the number of dropouts?

YES NO NA

\_\_\_ \_\_\_ 6. Have most of the proposals placed under Agreement reached HAP Contract execution within a reasonable period of time?

If Not: a. Why are owners dropping out (i.e., have contractors failed to perform, have an excessive number of change orders been required)?

b. What actions is the PHA taking to reduce the number of dropouts?

III. PROGRAM OBJECTIVE

\_\_\_ \_\_\_ 1. Is the PHA complying with its application and Administrative Plan regarding its program objective(s) in selecting owner proposals: (PHA selected program objective No(s):\_\_\_\_\_).

In answering this question, the reviewer should review the location of units under Agreement and HAP Contract to ensure that they are within the specified neighborhood(s) or are not located in areas of minority concentration. Preferably, the PHA will have a map on which the location of units under Agreement and HAP Contract is shown.

\_\_\_ \_\_\_ 2. If the PHA proposal to target the program to a specific neighborhood(s) for neighborhood revitalization, is the local government proceeding according to schedule with the public improvements specified in the application?

In answering this question, the reviewer should consult with the CPD representative for the area to determine whether CDBG activities proposed for the neighborhood are being carried out and/or included in the CDBG application. A site visit to the neighborhood should also be conducted to determine whether improvements are underway or completed.

YES NO NA

IV. OWNER PARTICIPATION

\_\_\_ \_\_\_ 1. Was the PHA's public notice to owners published in accordance with the EOHP and HUD guidelines?

\_\_\_ \_\_\_ 2. Has the PHA been successful in attracting owner proposals for the quality, type and location of buildings desired?

\_\_\_ \_\_\_ 3. Does the PHA's proposal format contain all information in Section 882.506(b) and sufficient information for the PHA to initially screen proposals?

4. Is the selection of owner proposals done in accordance with the Administrative Plan and regulations, particularly:

- a. eligibility of units (Section 882.401(c))?
- b. \$1,000 minimum rehab for eligible work items per unit?
- c. proposal is financially feasible?
- d. site and rehab in accordance with other federal requirements in Section 882.408?
- e. site and neighborhood in accordance with standards in Section 882.405 and if PHA is deconcentrating units, Section 882.503(a)(9)(i)?
- f. priority for proposals indicating the most rehab per unit, except as provided in Section 882.507(c)(4) if PHA is deconcentrating units?
- g. other selection criteria specified in Administrative Plan, e.g., PHA goal for units to be made accessible to the handicapped?

5. Were any units owned by the State or general local government selected for participation in the program?

If Yes: a. Did the Field Office review and approve the sits?

b. Did the local government sell the property to a private owner prior to execution of the HAP Contract?

6. Were any units formerly leased by families participating in the Existing Housing Program selected for participation in the Moderate Rehabilitation Program?

If yes, was there a major building system or component in danger of failure?

V. GENERAL ADMINISTRATION

1. Does the PHA have adequate controls for assuring that the cost for the rehab work (the contractor's price) is reasonable?

YES NO NA

\_\_\_ \_\_\_ 2. Is there regular review of rent calculations and inspections, e.g. does a supervisor regularly review a random sample of rent calculations for accuracy and reasonableness, and does a supervisor regularly reinspect units to assure work write-ups are complete and accurate and completed units meet the HQS or other HUD-approved standards?

\_\_\_ \_\_\_ 3. Does a different inspector (or supervisor) from the one performing inspections during rehab perform final inspections?

\*

\_\_\_ \_\_\_ 4. Are the majority of the units selected for participation in the program owned by a few owners?

\_\_\_ \_\_\_ \_\_\_ If Yes: a. Are the PHA's approved owner outreach and proposal selection procedures unbiased?

\_\_\_ \_\_\_ \_\_\_ b. Are the PHA's approved owner outreach and proposal selection procedures properly administered?

c. If appropriate, what actions is the PHA taking to solicit broader owner participation?

\*

\_\_\_ \_\_\_ 5. In the majority of the rehab being performed by a few contracts?

\_\_\_ \_\_\_ \_\_\_ If Yes: a. Are the PHA's contractor outreach, referral, and acceptance procedures unbiased and properly administered?

\*

\_\_\_ \_\_\_ \_\_\_ b. Should the PHA's procedures concerning contractor participation be modified?

If yes, explain.

\_\_\_ \_\_\_ 6. Are owners securing financing at competitive or favorable terms?

If not, what actions is the PHA taking to assist the owners in this area?

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## VI. DOCUMENT REVIEW - OWNER FILES

1. For each building inspected (see A & E review checklist) the owner files should be reviewed and an "Owner Document Review Record" (Attachment 1) or similar review sheet should be completed. (If the PHA is subcontracting with another agency, it may be necessary to go to the subcontractor's office to review these files.) The number of buildings inspected and files reviewed should be based on the following minimum sample selected on a random basis:

No. Agreements and HAP Contracts Approved Since Last Review	No. Buildings and Owner Files to be Selected
20 or less	5
21 - 50	5 + 1 for each 10 (or part of 10) over 20
51 - 1000	10 + 1 for each 50 (or part of 50) over 50
over 1000	30 + 1 for each 100 (or part of 100) over 1000

This minimum sample should be increased if problems are noted during the review of files or inspection of buildings. The reviewer may limit the review of additional files or units to the problem area.

The purpose of the owner file review is to determine the adequacy of the owner's submissions and the adequacy of the PHA's processing, administration, and determinations of

financial feasibility and rents.  
Upon completion of the  
"Owner Document Review Records,"  
the findings with respect to  
each of these areas should be

summarized.

2. A small sample of owner proposal files which were not selected for participation should be reviewed to verify that proper notification was given which stated the reasons for nonselection.

#### VII. EXPLANATION OF FINDINGS

A negative finding (questions answered "no" or asterisked questions answered "yes") requiring additional detail should be explained either below, if it is general in nature or involves one of the questions in Sections I through V, or on the Owner Document Review Record if specific violations are noted. An overall assessment of the PHA's administration of the program should be provided below. If deficiencies are noted, a recommendation for remedial action to be taken by the PHA or HUD should be specified.

GENERAL FINDINGS:

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GENERAL FINDINGS: (Continued)

OVERALL ASSESSMENT:

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ATTACHMENT 1

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
SECTION 8 MODERATE REHABILITATION

OWNER DOCUMENT REVIEW RECORD

AGREEMENT/HAP CONTRACT NO. \_\_\_\_\_ NO. ASSISTED UNITS \_\_\_\_\_

OWNER'S NAME \_\_\_\_\_

ADDRESS OF PROPERTY \_\_\_\_\_

PROPOSAL: WAS NOT SELECTED [ ] IS UNDER AGREEMENT [ ]

IS UNDER HAP CONTRACT [ ]

Regulation Reference	Document	YES	NO
882.506(b)	A. Owner Proposal		
	1. Contains all required information.....		
	2. Contains certification that no tenant forced to move without cause.....		
882.409(c) Notice H 79-35 (PHA) dated 12-17-79	B. Rent Calculation		
	1. Formats or acceptable substitute used.....		
	2. Method A Base Rent - Format 1		
	a. All math computations correct.....		
	b. Previous rents documented		
	c. Correct Annual Adjustment Factors used .....		
	d. Trend period is realistic		
	e. Correct FMRs and utility allowances used.....		
	f. Base Rent plus utility allowance does not exceed Existing Housing FMR.....		
	3. Method B Base Rent - Format 2		
	a. All math computations correct.....		

Regulation Reference	Document	YES	NO
	<ul style="list-style-type: none"> <li>b. Expenses are documented...</li> <li>c. Expenses are reasonable...</li> <li>d. Correct FMRs and utility allowances used.....</li> <li>e. Base Rent plus utility allowance does not exceed Existing Housing FMR.....</li> </ul>		
	4. Format 3		
882.507(b), (h) - 510(c)	<ul style="list-style-type: none"> <li>a. All math computations correct.....</li> <li>b. Re-computed using actual costs.....</li> </ul>		
882.507(f)	<ul style="list-style-type: none"> <li>c. Total rehab cost includes only eligible items.....</li> </ul>		
882.409(c)(2)(i)	<ul style="list-style-type: none"> <li>d. Rehab costs are correctly prorated between assisted and non-assisted units....</li> <li>e. Rehab loan term is 15 years unless rehab cost less than \$15,000.....</li> </ul>		
882.409(a)	<ul style="list-style-type: none"> <li>f. Correct FMRs and utility allowances used.....</li> </ul>		
882.409(b)	<ul style="list-style-type: none"> <li>g. If exception rent used, it was approved by HUD..... was for 4 + bedroom unit was to provide accessibility.....</li> <li>h. Proposed Contract Rent is less than Maximum Contract Rent.....</li> <li>i. For Final Contract Rent calculation:                             <ul style="list-style-type: none"> <li>rehab cost \$ _____</li> <li>rehab loan interest rate _____ %</li> <li>loan term _____ years</li> </ul> </li> </ul>		
882.508	<ul style="list-style-type: none"> <li>C. Agreement</li> <li>1. Proposed Contract Rents same as on Format 3, Section V, Line 16, (or, if refinancing or purchase and using Method B, Format 2, Section VI, Line 27)</li> </ul>		

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Regulation Reference	Document	YES	NO
	2. Rehab cost \$_____		
	Same as on document G-3.....		
882.511	D. HAP Contract		
	1. Contract Rents.....		
	a. Same as those on latest		
	Format 3 (see C-1).....		
882.409(a)	b. Below FMRs in effect at		
	Agreement .....		
882.511(a)	2. Effective date no earlier than		
	date of final inspection.....		
	3. Signed by owner and PHA.....		
882.409(d)	4. Increases in rent between		
	Agreement and Contract:		
	a. Justified and documented		
	b. Approved by HUD where		
	necessary .....		
882.509(c)	E. Change Orders		
	1. Approved by PHA.....		
	2. Increases in rents not allowed		
	except in accordance with		
	882.409(d).....		
	F. Evidence of Completion		
882.510(b)(1)	1. Certificate of occupancy from		
	local officials.....		
882.510(b)(2)	2. Owner certifications.....		
	a. Rehab completed according		
	to Agreement		
	b. Units in Tenantable		
	condition .....		
	c. Units in accordance with		
	local requirements.....		
	d. Compliance with Lead Based		
	Paint regulations.....		

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Regulation Reference	Document	YES	NO
882.510(c)	<ul style="list-style-type: none"> <li>e. Compliance with Davis - Bacon regulations.....</li> <li>f. Unassisted units comply with HQS .....</li> <li>g. Actual Cost \$ _____</li> <li>h. Rehab loan interest rate _____%</li> <li>i. Term of loan _____ years</li> </ul> <p>3. Figures in certification (g, h, i above) same as those in final Contract Rent calculation (B-4-i).....</p>		
G. Miscellaneous Documents			
882.507(f)	<ul style="list-style-type: none"> <li>1. Work write-up .....</li> <li>a. Completed or approved by PHA.....</li> </ul>		
882.507(f)	<ul style="list-style-type: none"> <li>2. Rehab cost estimate \$_____ <ul style="list-style-type: none"> <li>a. Completed or approved by PHA.....</li> <li>b. Contains only eligible work items .....</li> <li>c. Costs for similar items in other cost estimates comparable to those in this estimate .....</li> </ul> </li> <li>3. Bid or equivalent document stating the contractor's cost for the work to be performed \$_____..... <ul style="list-style-type: none"> <li>a. If bids solicited, low bid selected .....</li> <li>b. Determined reasonable by PHA.....</li> <li>c. Within 10% of estimate (G-2).....</li> </ul> </li> </ul>		

Regulation Reference	Document	YES	NO
882.509(b)	4. Reports on inspections during rehab adequate and complete .....		
882.510(d)(2)	5. Final inspection performed and units found acceptable .....		

\_\_\_\_\_  
MHR (Signature)

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
SECTION 8 MODERATE REHABILITATION  
REVIEW CHECKLIST

ARCHITECTURAL BRANCH/MAINTENANCE ENGINEER

Name of Public Housing Agency	Location
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Name of Subcontractor (If appropriate)	Location
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Project Number(s)	Dates at PHA - This Review	Dates at PHA - Previous Review
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Name of Reviewer	Title
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Hours Preparation	Hours Travel	Hours at PHA	Hours Report
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Prior to beginning the review, the inspector must select a random sample of buildings to be inspected. It may be necessary for the inspector to go to the office of the PHA's subcontractor in order to make this selection. In order to complete the review, the inspector will need to obtain a copy of the work write-up (Exhibit B to the Agreement) for each building selected for an inspection. In addition, the inspector will need a copy of the rent roll for the building which specifies the

amount of rent to be paid by each tenant so that he/she can answer question 2e.

In selecting a random sample of buildings to be inspected, the inspector should assure that the number of buildings under Agreement or under HAP Contract in the sample corresponds to the total number of buildings under Agreement or HAP Contract respectively. Additionally, the sample should include some buildings owned (or formerly owned) by

the local government and some buildings with units formerly leased under the Existing Housing Program, if the PHA has selected such buildings for participation in the Moderate Rehabilitation Program. The number of buildings to be selected should conform to the sample specified in the MHR checklist. In those buildings selected, the inspector should inspect a sufficient number of units to adequately answer the questions below, in all cases at least 10% of the units to be assisted in the building. The purpose of the inspection is to assure that the PHA is adequately assessing the amount and type of rehab necessary, that the rehab specified on the work write-up is being or has been accomplished and performed in a workmanlike manner, that the units meet the HQS of the program (or will meet the HQS when rehab is complete), and that the rehab portion of the program is generally being administered correctly and efficiently by the PHA and/or subcontractor.

The attached Inspection Record should be completed for each building inspected. Certain questions, as noted, should only be answered for buildings under Agreement which have not reached HAP Contract. Other questions, as noted, should only be answered for buildings under HAP Contract. The remainder of the questions should be answered for all buildings inspected.

#### Explanation of Findings

A negative finding (Questions answered "no") requiring additional detail should be explained either below, if it is general in nature, or on the Inspection Record if specific violations are noted. An overall assessment of the PHA's administration of the rehab; process should be provided below. If deficiencies are noted, a recommendation for remedial action to be taken by the PHA or HUD should be specified.

General Findings:

Overall Assessment:





YES NO NA

- \_\_\_ \_\_\_ c. Do the assisted units comply with the HQS?
- \_\_\_ \_\_\_ d. Did the PHA perform adequate inspections of the rehabilitation in progress?
- \_\_\_ \_\_\_ e. Is the tenant paying a rent equal to the amount specified in his/her lease? (The tenant should be given the opportunity to be interviewed by HUD personnel only.)

3. Units/Buildings Under Agreement or Contract

- \_\_\_ \_\_\_ a. Is the owner satisfied with the work performed? (The owner should be given the opportunity to be interviewed by HUD personnel only.)

4. Explanation of Finding

Negative findings (questions answered "no") requiring additional detail should be explained. Each explanation should be identified by item number and a recommendation for remedial action to be taken by the PHA or HUD should be included.

\_\_\_\_\_  
Inspector (Signature)

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SECTION 8 MODERATE REHABILITATION  
REVIEW CHECKLIST

HOUSING MANAGEMENT OFFICER

\_\_\_\_\_  
Name of Public Housing Agency

\_\_\_\_\_  
Location

\_\_\_\_\_  
Project Number(s)

\_\_\_\_\_  
Dates at PHA

\_\_\_\_\_  
Dates at PHA

- This Review

- Previous Review

=====

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Name of Reviewer \_\_\_\_\_ Title \_\_\_\_\_

Hours Preparation \_\_\_\_\_ Hours Travel \_\_\_\_\_ Hours at PHA \_\_\_\_\_ Hours Report \_\_\_\_\_

Persons Contacted:

Name	Position	Name	Position
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

=====

YES NO NA I. TENANT ELIGIBILITY, SELECTION AND BRIEFING

1. Does the PHA have adequate procedures to determine the eligibility of applicants, particularly income verification procedures?

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YES NO NA

\_\_\_\_ \_ 2. Are families selected for referral to owners of vacant units from the Existing Housing waiting list and in accordance with the procedures approved in the Administrative Plan and EOHP?

\_\_\_\_ \_ 3. Are adequate briefings held for tenants of buildings to be rehabilitated and families selected for referral to owners of vacant units? (see 24 CFR 882.517(c)).

\_\_\_\_ \_ 4. Are at least 30% of the families assisted in the PHA's combined Existing Housing/Moderate Rehabilitation Programs Very-Low Income?

\_\_\_\_ \_ 5. Is the 10% limitation for single persons being implemented correctly, e.g., preference to elderly, handicapped, disabled

and displaced families? (Lower-income single persons occupying the building prior to rehab are considered displaced.)

\_\_\_ \_\_\_ \_\_\_

6. Has the PHA referred families with physically handicapped members to vacant accessible units (not required but encouraged)?

II. FISCAL MANAGEMENT

\_\_\_ \_\_\_

1. Are preliminary administrative expenses used in accordance with the approved budget (Form HUD-52671)?

\_\_\_ \_\_\_

2. Does the PHA maintain an adequate recordkeeping mechanism to reasonably prorate staff time and other administrative expenses incurred for each unit before and after initial HAP Contract execution so costs are properly charged between preliminary expenses and the ongoing Administrative Fee?

\_\_\_ \_\_\_

3. Does the PHA maintain a Section 8 HAP Register?

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YES NO NA

\_\_\_ \_\_\_

4. Are internal fiscal controls adequate?

\_\_\_ \_\_\_

a. Does the person who reconciles bank statements and prepares payment vouchers have access to books of account?

\_\_\_ \_\_\_

b. Are checks signed by two authorized individuals (mandatory for housing authorities)?

\_\_\_ \_\_\_

c. Are Section 8 books maintained as separate and distinct from other PHA operations?

\_\_\_ \_\_\_

d. Are Housing Assistance Payments to owners made in a timely manner?

\_\_\_ \_\_\_ \_\_\_

5. If the PHA administers other housing

programs, are reasonable overhead costs prorated to such programs?

\_\_\_ \_\_\_ 6. Are excess funds invested in interest-bearing accounts?

\_\_\_ \_\_\_ 7. Does the PHA have adequate fidelity bond insurance coverage?

III. RELOCATION

\_\_\_ \_\_\_ 1. Did the PHA's approved application indicate that permanent displacement would be allowed?

\*

\_\_\_ \_\_\_ \_\_\_ 2. If permanent displacement of tenants has occurred, has the PHA complied with its approved relocation policies contained in the application and Administrative Plan?

\_\_\_ \_\_\_ 3. Has any tenant occupying a building in the program moved permanently during the period of time between the execution of the Agreement and the execution of the HAP Contract?

YES NO MA

If Yes, a review of the tenant's file should be completed to answer the following questions:

\*

\_\_\_ \_\_\_ \_\_\_ a. If the tenant moved voluntarily, was the tenant provided a notice specifying its right to continue in occupancy?

\_\_\_ \_\_\_ b. Were any tenants required to move by the owner?

If Yes:

\*

\_\_\_ \_\_\_ \_\_\_ (1) Was the tenant evicted for cause?

\*

\_\_\_ \_\_\_ \_\_\_ (2) Were the appropriate notices sent to the tenant and PHA?

\*

\_\_\_ \_\_\_ c. Was the tenant permanently relocated by the PHA or other entity identified in

the application?

If Yes:

- \*  
   (1) Was the tenant's unit overcrowded or underoccupied with no suitable size unit available in the building?
  - \*  
   (2) Was the tenant relocated to or offered a suitable alternative unit, or provided a cash payment in accordance with Section 882.407(d)(2)?
  - \*  
   (3) Was the tenant reimbursed an appropriate amount for moving costs?
  - \*  
   (4) Did the PHA use other than HUD housing funds for these expenses?
4. Were any tenants moved temporarily during rehab?

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YES NO NA

If yes, a review of a sample of the tenants files should be completed to answer the following questions:

- \*  
   a. Was the tenant provided with suitable alternative housing?
  - \*  
   b. Was the tenant reimbursed for moving costs and increased rent and utilities during the relocation?
  - \*  
   c. Did the PHA adequately monitor the temporary relocation?
5. Were any tenants temporarily relocated for longer than six months?

If Yes:

- \*  
   a. Was the tenant issued a notice of earliest occupancy date and given the

right to agree to wait until the unit is ready for occupancy or to be treated as permanently displaced?

- b. How does the PHA propose to eliminate such occurrences of temporary relocation in excess of six months in the future?

\*

\_\_\_ \_\_\_ \_\_\_

6. If there was any displacement in connection with a PHA or other State Agency (as defined in 24 CFR 42.85.) acquisition, were Uniform Act procedures followed?

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YES NO NA IV. GENERAL ADMINISTRATION

\_\_\_ \_\_\_

Is the PHA in compliance with Section 504 of the Rehabilitation Act of 1973 that requires nondiscrimination for the handicapped in federally funded programs?

V. DOCUMENT REVIEW

- 1. The HMO review should consist of a review of tenant files as specified in the Existing Housing Program Document Review. Only portions of the Document Review applicable to the Moderate Rehabilitation Program should be completed. (For example, the Request for Lease Approval form is not used in the Moderate Rehabilitation Program.) Since some of the information required in the Existing Housing tenant files may be in owner files in the Moderate Rehabilitation Program (for example, annual inspections), the HMO may have to review both tenant and owner files to complete the document review.
- 2. In addition, if the HMO is reviewing files of tenants who were residents of the building prior to rehabilitation under the program, the HMO should verify the following in the document review:

\_\_\_ \_\_\_ \_\_\_

- a. The correct relocation notice with appropriate information was given to the tenant; i.e. a notice of

displacement or a notice of the  
tenant's right to remain.

— — —  
b. The tenant was given the opportunity to  
attend a briefing session which  
included a discussion of relocation and  
displacement rights.

— — —  
c. If the tenant was determined  
ineligible, the tenant was informed of  
his or her ineligibility and right to  
an informal hearing, if desired.

3. The HMO should also review a sample of owners' requests for reimbursement for vacancies between HAP Contract execution and initial occupancy to determine whether adequate justification was provided and payments correctly computed. In addition, the HMO should verify that these owners submitted a list of leased and unleased units when the HAP Contract was executed (Section 882.509(d)) and notified the PHA of anticipated vacancies 60 days prior to rehab completion, or the date of the Agreement (Section 882.509(e)).

V. EXPLANATION OF FINDINGS

A negative finding (In Section III, asterisked questions answered "no"; in other sections, all questions answered "no") requiring additional detail should be explained either below, if it is general in nature or relating to a question in Sections I, II, III or IV, or on the Document Review Record if specific violations are noted. An overall assessment of the PHA's administration of the program elements contained in this review should be provided below. If deficiencies are noted, a recommendation for remedial action to be taken by the PHA or HUD should be specified.

General Findings:

Overall Assessment:

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HMO (Signature)



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Appendix 23-3

PROJECT-BASED CERTIFICATE REVIEW

(Complete a separate checklist for each PBC project reviewed.  
Negative conclusions should be thoroughly explained since they  
may mean that a requirement has not been met.)

PHA NAME: \_\_\_\_\_ DATE: \_\_\_\_\_

REVIEWER: \_\_\_\_\_ PROJECT NAME \_\_\_\_\_

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ITEMS	YES	NO	COMMENTS
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I. Advertisement

1. Was the PHA's advertisement for owner applications for PBC published after the PHA received HUD approval to implement PBC and after HUD approval of its unit selection policy?
2. Was the PHA's advertisement for owner applications for PBC published in the newspaper(s) indicated in the PHA's unit selection policy and consistent with the EOHP?
3. Is there evidence that the advertisement ran at least once a week for 3 consecutive weeks?
4. Was the application deadline at least 30 days after the date the ad was last published?
5. Is the advertisement text identical to the text approved by HUD?

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ITEMS	YES	NO	COMMENTS
6. Does a review of owner applications received in response to the ad show a sufficient number of owner applications that were responsive to ensure meaningful competition? (If no, determine whether the PHA's selection policies should be revised.)			
7. Do all owner applications that were evaluated appear to have been submitted in response to the published ad before the stated application deadline?			
II. Unit Selection			
1. For any incomplete owner applications received by the PHA, is there evidence that the PHA followed its HUD-approved unit selection policy concerning acceptance of additional application information after the application deadline?			
2. Does the PHA's documentation of its ranking and selection show that the PHA properly applied the factors and weights contained in its HUD approved unit selection policy?			

ITEMS	YES	NO	COMMENTS
3. Does the PHA's documentation of its ranking and selection show that the PHA followed its unit selection policy concerning tied applications or reduction in the number of units requested?			
4. Did the project now being reviewed rank the highest (or higher than nonselected projects if more than one project was funded)?			

THE AGREEMENT OR THE HAP CONTRACT CAN BE TERMINATED BY THE FIELD OFFICE IF THE FIELD OFFICE DETERMINES THAT THE UNITS WERE NOT SELECTED IN ACCORDANCE WITH THE PHA'S HUD-APPROVED WRITTEN SELECTION POLICY.

- 5. Is the project an eligible property under 882.709, and does it appear that the units were not assisted with Public Housing, CIAP, Rental Rehab, HODAG, Section 11(b) tax exempt bonds or other Section 8 within 5 years of execution of the Agreement?
- 6. Is it clear that there was no permanent displacement in connection with the project?

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ITEMS	YES	NO	COMMENTS
7. Is it clear that the units are not being rehabilitated			

with Flexible Subsidy and that no unit will be rehabilitated or constructed with a funding source listed in item 5, above?

8. If the project involves rehabilitation, is there a completed Form HUD-52580A showing that at least \$1,000 of rehab per unit to be assisted was required to:

- a) Upgrade the property from a condition below HQS,
- b) Repair or replace major systems in danger of failure,
- c) Make improvements essential for use by handicapped persons, or
- d) Convert units for large families?

9. If the project involves rehabilitation, is the site suitable to further equal housing opportunity, avoid undue concentrations of assisted persons in low-income areas, and allow access to jobs and services and are there adequate streets and utilities? (See 882.706)

ITEMS	YES	NO	COMMENTS
<p>THE AGREEMENT OR THE HAP CONTRACT CAN BE TERMINATED BY THE FIELD OFFICE IF THE FIELD OFFICE DETERMINES THAT THE UNITS WERE NOT ELIGIBLE FOR SELECTION UNDER HUD REGULATIONS.</p>			

10. If there were in-place tenants in units to be subsidized, did the PHA determine and document the eligibility of in-place families before unit selection? (The number of units under Agreement should not exceed the number of vacant units plus the number of in-place eligible tenants.)
  
11. If certificates have been held unissued in order to provide PBC for this project, does it appear that the PHA took appropriate actions to ensure that all processing for PBC and rehabilitation or construction would be completed within one year?

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ITEMS	YES	NO	COMMENTS
<p>III. Agreement to Enter Into HAP Contract</p>			
1. Was the Agreement executed after the date of HUD's letter approving the project and before the start of construction or rehabilitation to qualify for PBC?			
2. Did the PHA use the latest version of the Agreement at the time of Agreement execution?			
3. Did both the PHA and the owner execute the Agreement?			
4. Does the Agreement contain			

all required Exhibits A-F, and an exhibit containing Davis-Bacon wage rates if the Agreement covers 9 or more subsidized units?

- 5. Based on an inspection of the units and the description of work contained in Exhibit B of the Agreement, does Exhibit B include all work items required to bring each unit to be subsidized up to HQS?

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ITEMS	YES	NO	COMMENTS
6. Are the initial contract rents contained in Exhibit C of the Agreement the rents approved by HUD for the project?			
7. If the Agreement for the project was executed prior to April 12, 1990 and if the project involves less than 50 PBC units, has the PHA documented reasonableness of the initial contract rents based on market comparables?			
8. If the project involves temporary relocation, does it appear that the owner provided relocatees adequate advance written notice, and reimbursed them for out-of-pocket expenses?			
9. Did the PHA promote opportunities for minority contractors to participate in the program?			

IV. Construction

1. Has the PHA documented inspections during rehab or construction to ensure that work was proceeding on schedule and was in accordance with Exhibit B of the Agreement?

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APPENDIX 23-3

ITEMS	YES	NO	COMMENTS
2. For projects of 9 or more subsidized units, is there evidence that the PHA monitored owner compliance with labor standards requirements?			
3. Does an inspection of the units indicate that the rehabilitation or construction matches the description of work specified in Exhibit B of the Agreement? If not, is there evidence that the PHA approved any changes?			

V. Completion

1. Does the PHA have a record of a final inspection to determine that the work was completed in accordance with the requirements of the Agreement and that the units meet HQS?

VI. HAP Contract

1. Is the effective date of the HAP contract no earlier than the date of final inspection and acceptance?

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Appendix 23-3

ITEMS	YES	NO	COMMENTS
2. Did the PHA use the latest version of the HAP contract at the time of HAP contract execution?			
3. Is the HAP contract executed by both the PHA and the owner?			
4. Are the initial contract rents in Exhibit A of the HAP contract the same as those in Exhibit C of the Agreement? If not, were lower rents approved by HUD? (Rents cannot be higher than those in Exhibit C of the Agreement.)			
5. Does the HAP contract term end on or before the ACC expiration date for the funding source?			
VII. Ongoing Management			
1. Is the PHA using the appropriate lease addendum (Appendix 52 of HB 7420.7) and statement of family responsibility (Appendix 53 of HB 7420.7 for PBC)?			
2. Is there evidence that the PHA is referring families from its waiting list to fill vacant units?			

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ITEMS	YES	NO	COMMENTS
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3. Is there evidence that the PHA is reviewing the personal benefit expenses (utility allowances) for the project at least annually and adjusting them when warranted? (See Question & Answer K-15 in Appendix 42)

THE REVIEWER SHOULD BE SURE TO SAMPLE TENANT FILES FOR PBC PROJECTS WHEN REVIEWING THE PHA'S TENANT FILES TO DETERMINE COMPLIANCE WITH FAMILY ELIGIBILITY, HQS, AND RENT REASONABLENESS REQUIREMENTS.

VII. HAP Contract Renewal or Termination

1. If the HAP contract has been renewed, is the renewed term within the ACC term for the funding source, and within the maximum number of units for which the PHA has been authorized to execute Agreements by unit size and funding source?
2. If the HAP contract was terminated, did the PHA issue assisted families in occupancy certificates for continued tenant-based assistance?

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SUMMARY AND EXPLANATION OF COMMENTS:

CORRECTIVE ACTIONS TO BE TAKEN:

\_\_\_\_\_  
Reviewer

\_\_\_\_\_  
Date

