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## Guidance on Asset-Repositioning Fees and Re-Occupying Units

Public housing agencies (PHAs) will at times decide to demolish, dispose of, or transition to homeownership units in their portfolio. Some of these units may be eligible for an asset-repositioning fee (ARF) which provides additional funds for the administration or management of these units. PHAs may also find themselves needing to reoccupy units scheduled for removal from the portfolio. HUD issued Notice PIH-2011-18 on April 12, 2011, to provide guidance on both of those issues.

ARF is not intended for individual units but for a project or entire building. The only units eligible for the fee fall into the following categories: units approved for demolition or disposition under regulations 24 CFR 970 and 972, units approved for transition to homeownership under Section 32 or 5(h), and units approved for demolition under HOPE VI Revitalization Plan. The ARF is requested using form HUD-52723, Operating Fund Calculation of Operating Subsidy, PHA-Owned Rental Housing and is calculated in accordance with § 990.190(h).

In addition to HUD-52723, a PHA must submit form HUD-52860. A PHA will enter all units eligible for ARF on a single form, unless it plans to demolish and dispose of different buildings in a single project in multiple phases. In such a case, units scheduled for later demolition or disposition remain eligible for operating subsidy until their phase begins. The PHA should then submit its multiple application numbers in order to designate a separate relocation date for each phase. If the supporting documentation is the same for all units, the PHA may submit documentation with only a single application number.

ARF is triggered by a relocation date. This date is different and recorded differently for each type of housing eligible for ARF. For Section 18 Demolition/Disposition units, the relocation date is the estimated relocation date in form HUD-52860. If units are empty at the time the application is submitted, a PHA may request “zero” days after HUD approval for relocating residents; if a unit is occupied, the PHA must request at least 90 days for resident relocation. The relocation date in a HOPE VI relocation plan is the relocation date in the PHA’s approved Revitalization Plan. The relocation date for Section 32 or 5(h) homeownership units is the date the last public housing resident occupying a unit approved for transition to homeownership either vacates that unit due to relocation or completes purchase of the unit. The relocation date, in this situation, is on a unit-by-unit case.

PHAs should make every effort to adhere to relocation dates. If a delay is beyond the PHA’s control, it may request an amendment from the field office. To facilitate operating subsidy calculation, the relocation date can no longer be amended once the unit is vacated after an existing relocation date.

Under demolition and disposition units, ARF payment follows a transition period formula. This begins on the first day of the next quarter 6 months after the first eligible unit before vacant due to the removal action after the relocation date.

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If some or all units in a prospective homeownership building are occupied, the transition period begins, on a building-to-building basis, on the first day of the next quarter 6 months after the relocation date of the last unit vacation for homeownership actions.

Under both demolition/disposition and homeownership, if all units are vacant—and in the case of homeownership, will not be reoccupied prior to sale to eligible homebuyers, the transition period for ARF begins immediately on HUD approval of demolition or disposition.

PHAs are not allowed to re-rent units while HUD is considering an application for demolition or disposition. A PHA can, however, re-occupy units that have been approved or are currently under review by HUD for demolition or disposition as long as the units are not obsolete, structurally sound, or otherwise uninhabitable.

The PHA is required to amend its admissions and occupancy policy to include re-occupancy policies and procedures and also refer to this amendment in its Annual PHA Plan. It must also develop a specific lease-addendum for this temporary situation and must provide these tenants with appropriate relocation assistance. The re-occupancy does not impact the eligibility or the commencement of ARF for the units.

Homeownership units may be re-occupied until the particular unit is sold to an eligible homebuyer.

To read this Notice: <http://1.usa.gov/djlvjl>

## PIH Notice 2011-16

On March 18, 2011, HUD issued PIH Notice 2011-16, “Public Housing Operating Subsidy Calculations for Calendar Year 2011.” This notice provides PHAs with instructions for operating subsidy calculation submissions in Calendar Year (CY) 2011 as funded from Federal Fiscal Year (FFY) 2011 appropriations.

In addition to providing guidance to PHAs on the required forms/documentation and the submission process, the Notice also details which data elements will be pre-populated in the Excel tools and if these data elements may be corrected in CY 2011. The following chart, excerpted from the notice, details the pre-populated data and which entity (PHA or Field Office) has editing rights:

| Item Description                               | PHA Can Edit              | Field Office Can Edit |
|--|---------------------------|-----------------------|
| Project Number                                 | No (after PHA submission) | No                    |
| Name of PHA                                    | No                        | No                    |
| Address of PHA                                 | No                        | No                    |
| ACC Number                                     | Yes                       | Yes                   |
| DUNS Number                                    | Yes                       | Yes                   |
| Total number of ACC units for the PHA          | Yes                       | Yes                   |
| Section 2, Categorization of Unit Months       | Yes                       | Yes                   |
| PUM project expense level (PEL)                | No                        | No                    |
| PEL Inflation factor                           | No                        | No                    |
| Utilities expense level (UEL) inflation factor | No                        | No                    |
| Payment in lieu of taxes (PILOT)               | Yes                       | Yes                   |
| Cost of independent audit                      | Yes                       | Yes                   |
| PUM formula income                             | Yes                       | Yes                   |
| Transition funding                             | No                        | No                    |

**NOTE:** As indicated in the above chart, pre-populated unit status data for the categorization of unit months will be editable for CY 2011. PIC is the data source for the unit status category data. A variance of more than 10% in Total Unit Months, Section 2, Column B, Line 15, of the form HUD-52723 will require an explanation in the Tool and the attachment of any appropriate supporting documentation, e.g., a PIH-REAC Technical Assistance Center (TAC) ticket number regarding a data discrepancy correction needed that impacts the variance. REAC-IT may request the PHA to submit a plan of PHA actions to correct data problems in PIC.

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If any of the editable entries as listed above cannot be corrected by the PHA or field office, an email describing the problem and requesting assistance must be sent to [Reac\\_OpSub@hud.gov](mailto:Reac_OpSub@hud.gov). HUD also recommends that PHAs copy the appropriate field office Financial Analyst on the email.

The Notice also provides information to PHAs on additional elements used in calculating the Operating subsidy and procedures for correcting the data. Those elements include:

- Market conditions
- Project Expense Levels (PELs)
- Formula Income
- Cost of Independent Audit
- Payment in Lieu of Taxes (PILOT)
- Asset Management Fee
- UEL and Central Office Cost Center (COCC)
- Elderly/Disabled Service Coordinator Program
- Moving to Work (MTW) PHAs
- New Projects/Units
- Mutual Help and Turnkey III Projects

HUD will post on the Asset Management website (<http://www.hud.gov/offices/pih/programs/ph/am>) an explanation of its funding methodology and obligation letters for each set of interim months funded. Based on submitted documentation and funding adjustments, HUD will determine final operating subsidy levels for CY 2011. HUD will then approve operating subsidy calculations at that level. Final subsidy levels for PHAs will be posted on the Asset Management Project-Based Funding web page.

This notice is available at: <http://www.hud.gov/offices/pih/publications/notices/11/pih2011-16.pdf>

Note that all revisions are due by July 15, 2011 to the appropriate field office.

If PHAs have additional PHA level questions after reading the Notice, HUD recommends that they contact the appropriate field office.

## Contact us:

Public and Indian Housing Information  
Resource Center (PIH IRC)  
2614 Chapel Lake Drive  
Gambrills, MD 21054  
Toll free number: 1-800-955-2232  
Fax number: 1-443-302-2084  
E-mail: [pihirc@firstpic.org](mailto:pihirc@firstpic.org)  
(Put "HUD Asset Management Newsletter"  
in the subject line)

## Upcoming Dates

### HUD's Fathers Day 2011

June 18, 2011

*Coming to a PHA near you.*

<http://www.hud.gov/fathersday2011/>

### HUD's National Healthy Homes Conference

June 20-23, 2011

*Denver, CO*

<http://www.healthyhomesconference.org/>

### Revisions to Operating Subsidy Eligibility:

Submit to the appropriate field office by July 15, 2011. See PIH notice 2011-16 (<http://1.usa.gov/hYn3t8>) for additional information.

