Homeownership

**Task:** “Explore ways to streamline/expedite administrative processes for the conversion of public housing to homeownership in the asset management structure.”

**Current programs/processes:**
- Section 32
- Middle-Income
- Section 8(y)
- Section 24/9
- Section 5(h)*
- Turnkey III *
- HOPE I *

(*) Programs have been replaced or have become obsolete

**Comment:** Housing authorities have extraordinary local flexibility to structure their programs.

**Major recommendations:**
- Centralize homeownership functions in HUD for administrative processing and outreach to assist HAs in building buyers and sellers.
- Consolidate rulemaking for all programs in 24 CFR Part 906.
- Create incentives to establish homeownership programs.
- Provide guidance on the use of proceeds of sale, or gains from appreciation.
- Implement a Section 32 Marketing Strategy.
- Phase-out Turnkey III and HOPE I programs.

**Homeownership Study Group Members**

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Development and Asset Repositioning

Task: “Examine ways to streamline approval process related to, or otherwise facilitate, development and financing programs.”

Current processing requirements

Existing rulemaking efforts:

- Affiliates notice
- New Part 904 (to be published early 2008)
- Proposed 941

Recommendations:

- Train Field Office staff on processing development requirements.
- Create cadre of Field Office staff to mentor less experienced staff and assist other Field Offices as necessary.
- Post new information on the web and send an email blast notification to PHAs and HUD Field Office management staff.
- Include elderly elevator buildings to 2008 TDCs.
- Consolidate processing of CFFP/DOFF/development proposals (one-stop shop).
- Changes to Section 8 Project-Based Voucher Program, including selection procedures, site/neighborhood standards, 15-year HAP contract term, and subsidy-layering process.
- CFFP safe harbor standards.
Development and Asset Repositioning Study Group

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Annual Plan/Capital Fund

**Task:** “Examine ways to streamline the PHA Plan and Capital Fund processes/programs.”

**Concerns:**

- Statutory – Can’t ignore
- Long, cumbersome, check the box, rote
- Useful for residents

**Short-term:**

- HUD issues New Annual Plan template

**Long-Term (need to modify systems/regulations):**

- Convert to “narrative description” of capital needs of each project in PHA Plan.
- Eliminate HUD review of CF budgets (consistent with Operating Fund).
- Convert CF to GAAP accounting and single chart of accounts for FDS.
- Simplify draw-down procedures (reduce number of BLIs in LOCCS).
- On-line PHA Plan and CF reporting.
  ✓ Similar to MASS/FASS.
  ✓ Single portal.
  ✓ Submissions sequenced to PHAS.
- Greater use of statutory authorities:
  ✓ After initial submission, only updates.
  ✓ HUD review only if challenged, except civil rights, deconcentration, demo/dispo.

**Annual Plan/Capital Fund Study Group Members**

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General Monitoring

Task: “Review basic system of PHA monitoring, especially the Public Housing Assessment System (PHAS).”

Discussion/Context:

- Section 6(j) of Housing Act of 1937
- 24 CFR 902 – Public Housing Assessment System
- Tier I/II “Comprehensive” Reviews

Recurring Themes:

- Consistent with Multifamily
- Minimize number of reviews
- “Entity-wide” scoring
- Performance vs. Compliance

Structure of “New” PHAS:

- Project scores (other than CF) aggregate into score for public housing program.
- Score only public housing activity (not entity-wide).
- Replace MASS self-certification/submission with on-site management reviews, consistent with Multifamily, that would also, to the maximum extent possible, replace other PIH reviews (e.g., Tier I/I reviews, RIM reviews, procurement reviews, etc.)
- Resident participation/self-sufficiency reviewed as part of on-site management review
- Transition score for first year of implementation.
- Primary vs. secondary indicators (e.g., vacancy rate vs. turnaround time).
- Simplify data needed.
- More clearly distinguish between performance and compliance.

Additional Recommendations:

- Physical/management inspections every three years.
- Opportunity to correct physical deficiencies for scores between 31-60.
- Timeliness of results (physical, management).
- Score only financial viability.
- Field Office discretion for corrective action.
- Provide PHAs with review checklist.
- Inspection protocol.
- AMP-level intervention.
- Fungibility across projects.
- Why assess in 2007/2008?
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General Management

**Task:** “Examine requirements for general management of public housing (exclusive of lease and grievance, admissions, financial reporting, etc.)”

**Expected Outcomes:**
Streamline business practices to
- Reduce operational costs,
- Improve operational performance, and
- Provide better quality of services and housing to residents

**Regulatory Context:**
- 24 CFR 135.3(3) (Sec3) – Economic Business Opportunities
- 24 CFR 85.36 (Procurement)
- 24 CFR 965 (General Provisions)
- 24 CFR 990 (Energy Incentives)

**Recommendations:**
- Section 3 Threshold – Raise dollar threshold to $100,000, consistent with Federal small purchase procedures.
- HUD determine wages for maintenance – Raise dollar threshold to $100,000.
- Micro-purchases – Raise from $2,000 to $25,000.
- Lead-based paint certifications – Populate PASS inspection to reflect PHAs that have certified in previous inspections.
- Energy audits – Combine energy audits with 5-year physical needs assessment.
- Annual PHA Unit Inspections (Section 6(f)(3) of ’37 Act) – PHA should be given flexibility to determine if annual inspections are required.
- Air conditioning in PH (two-tier recommendation)
  - Allow PHAs to pay for A/C with own funds.
  - Include AC as part of UEL.
- **Energy Performance Contracting**
  - Consolidate review process into regional centers.
  - Adopt successful DOE model for Qualified Vendors List for Energy Services Companies to streamline procurement.
  - Standardize processes/contract templates.
  - Provide incentives for aggregating contracts for small PHAs.
  - Fund add-on incentives at 100% (no proration).
- Resident outreach/training/help desk
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Occupancy

Task: “Review current lease and occupancy requirements/processes.”

Regulatory Framework:

- 24 CFR Part 5 (General HUD Program Requirements)
- 24 CFR Part 945 (Designated Housing)
- 24 CFR Part 960 (Admission/Occupancy of Public Housing)
- 24 CFR Part 966 (Lease and Grievance)

Comment:

- Statutory basis of many occupancy requirements
- Relative comparability with multifamily housing programs
- HUD Occupancy Guidebook
- HUD approvals vs. policy requirements

Recommendations:

- **Group 1**
  - EIV and 3rd party verifications
  - Formal grievance procedures
  - Deconcentration

- **Group 2**
  - Term limits
  - Bi-annual recertifications
  - Rent Structure (including minimum rents and utility allowances)

- **Group 3**
  - Site-based waiting lists
  - Community service
  - Pets in public housing
  - Designated housing

- **Group 4**
  - Admissions policies
  - Lease
  - Annual and Adjusted Income
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Financial Reporting

Task: “Review basic financial reporting of PHAs under asset management.”

Related References/Rulemaking:

- OMB Circular A-87
- OMB Circular A-133
- PIH Notice 2007-9
- 24 CFR 990
- GAAP/GASB

Recommendations:

- HUD/Industry Financial Reporting Committee and user-testing
- Fees
- Formula elements/components
- Reporting structure
- Permitted uses of funds
- Capital Fund reporting
- Annual appropriations
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Resident Participation/Self Sufficiency

Task: “Examine resident participation/self-sufficiency as it relates to asset management.”

Regulatory Context:

- 24 CFR 902 – Public Housing Assessment System.
- 24 CFR 964 – Tenant Participation and Tenant Opportunities in Public Housing.
- 24 CFR 984 – Section 8 and Public Housing Family Self-Sufficiency Program.

Study Group Representation/Make-Up:

- Mix of residents/resident advisory groups, including statewide resident organizations, community-based advocacy groups, and public housing residents.
- Representative from CLHPA.
- Resident co-chairs.

Overarching Principles/Concerns:

- Promote effective resident participation.
- Preserve and strengthen resident rights provided under 964.
- Freeze any further waivers of 964 regulations.

Related Recommendations:

- More information about asset management (through annual meetings with PHA on asset management, information regarding regulatory and guidance process).
- Involvement in the PHA Plan (inform residents of major decisions, seek resident council recommendations, make proposed Annual Plan and attachments available for inspection by residents, etc.)
- Involvement in HOPE VI process (selection, relocation, re-occupancy, site-specific requirements).
- Priority in contracting with resident businesses/groups issues related to asset management.
- Maintain role of jurisdiction-wide Resident Councils.
- Revise 964.150 to reflect HUD tenant participation funding - $25 per occupied unit.
- Expand scope of 964 to ensure that resident councils affected by demolition, disposition and redevelopment are participants in decision-making.

Discussion of Other Areas:

- 24 CFR 902 – Public Housing Assessment System.
- 24 CFR 984 – Section 8 and Public Housing Family Self-Sufficiency Program.
- 24 CFR 990 – Operating Fund Program (Resident Management Corporations).
Resident Participation/Self Sufficiency Study Group Members

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Systems

Task: “Examine ways to improve the automated flow of information between HUD and PHAs.”

Current Systems: PIC, NASS, MASS, PASS, RASS, FASS, WASS, VMS, ELOCCS, SAGIS, EIV

- Implement a Systems Advisory Group: 15 PHA representatives to meet regularly and oversee testing.
- Improve the quality and quantity of training: Use online conferencing software, train with software releases.
- Improve the quality of communications: Improve help desk, keep Field Offices in the loop, improve guidance.

System Fixes:
- Default to vacant make ready after uploading a 50058 end of participation (EOP)
- Unmask social security numbers to facilitate 50058 troubleshooting
- Provide more help with correction of name mismatches with the Social Security Administration (SSA) database
- Facilitate batch uploads for Financial Data Schedule and Subsidy Award/Grant Administration System (SAGIS)
- Provide a report for history of unit changes
- Provide more information on 50058 error reports (not just PHA code but PHA name, ED, phone number)
- Limit major updates to once a year
- Facilitate use of alternate IDs when dealing with foster children
- Improve PIC capacity to download data
- Increase the ability to create ad hoc reports throughout PIH systems

Systems Report:
- 80 pages long.
- Nearly 60 specific prioritized recommendations.
- Report backed up by results of lengthy survey.
Systems Study Group Members

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Structure

Task: “Examine basic legal documents and arrangements between HUD and PHAs.”

General Depository Agreement (GDA) and Consortia:
- Consistent with asset management?
- Master ACC for consortia?

Declaration of Trust:
- Order of liens
- Closer alignment with private industry use agreements
- Include with asset management checklist
- Remove use restrictions

Annual Contributions Contract (ACC):
- Duplicative/selective statements of applicable law
- Oversight/auditing standards
- Due process in resolving contract disputes
- Mutuality
- Separate ACC for each project

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