



**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing**

Special Attention:

Public Housing Agencies; Public
Housing Directors; Section 8
Financial Management Center

NOTICE: PIH-2007-29 (HA)

Issued: October 10, 2007

Expires: October 31, 2008

Cross References:

Notice PIH 2006-24 (HA);

Notice PIH 2006-03 (HA)

Subject: Reporting Requirements and Sanctions Policy under the Housing Choice Voucher Program for the Family Report (Form HUD-50058) into the Public and Indian Housing Information Center

1. **Purpose.** This Notice renews with significant changes the Form HUD-50058 assessment and sanctions process implemented under Notice PIH 2006-24 for the Housing Choice Voucher (HCV) program only as the assessment process is not applicable to the public housing program. The Department continues to place great importance on the data it receives from PHAs in its Public and Indian Housing Information Center (PIC). The Department relies on PHAs to submit accurate, complete and timely data in order to administer, monitor and report on the management of the HCV program. In order to fully justify its budget requests to Congress, the Department needs full cooperation from all PHAs in meeting their reporting requirements. The Form HUD-50058 data will also assist the Department in responding to future natural disasters and emergencies.
2. **Applicability.** This Notice applies to PHAs administering HCV programs (including the project-based certificate, project-based voucher and homeownership programs). For PHAs that participate partially in the Moving to Work (MTW) program, this Notice applies to those households that are not part of the MTW program. This Notice does not apply to a PHA's Moderate Rehabilitation Program, PHAs that participate fully in the MTW program, or Tribally Designated Housing Entities.
3. **Background.** The Department implemented the Form HUD-50058 assessment and sanctions process to improve Form HUD-50058 reporting rates. It is critical to improve reporting rates so the Department has complete Form HUD-50058 data from PHAs in order to conduct performance assessments, evaluate PHA compliance with regulations, and analyze the impact of proposed program changes.
4. **Minimum Reporting Rate.** PHAs that administer HCV programs must submit 100 percent of family records to the Department's PIC Form-50058 module. Form HUD-50058 records must be transmitted electronically to PIC as set forth by 24 CFR Part 908. The PIC Form-50058 module is the Department's official system to track and account for

HCV family characteristics, income, rent portions and other occupancy factors. PHAs must submit accurate records with no fatal edits (edits that cause PIC to reject records) in order to maintain the integrity of the PIC data and for the Department to consider the records successfully submitted. PHAs must have a minimum 95 percent reporting rate (or 94.5 percent before rounding) or be subject to sanctions for each month the PHA is non-compliant. For additional information pertaining to the reporting rate calculation, see the Delinquency Report Guide that will be posted on the HUD Website. For additional information pertaining to the PIC Form-50058 fatal edits, see the Form-50058 Technical Reference Guide available at:

<http://www.hud.gov/offices/pih/systems/pic/50058/pubs/trg/index.cfm>. PHAs are encouraged to monitor their own reporting rates available on the Form-50058 Delinquency Report in PIC.

5. **Sanctions.** Pursuant to 24 CFR 982.152(d), HUD may reduce or offset any administrative fee to a PHA in an amount determined by HUD if the PHA fails to perform PHA administrative responsibilities. PHAs subject to sanctions because their reporting rates fell below 95 percent may have their monthly administrative fee reduced or offset in an amount determined appropriate by HUD. In determining whether, and to what extent, HUD will reduce or offset the administrative fees, HUD will consider such factors as the magnitude of the deficient reporting rate and the number of months that the reporting deficiency persists. All HCV sanctioned funds will be **permanently recaptured** and will not be returned to the PHA once its reporting rate is in compliance.
6. **New Assessment Process.** The Department will assess all PHAs administering HCV programs quarterly effective with the submission of the March 31, 2008 Voucher Management System (VMS) data. This submission contains leasing data for the months of January, February and March 2008. This leasing data, once validated, will be compared to the PIC Delinquency Reports VMS data for the same months (which is generally the VMS data from the last month of the previous quarter). The same assessment process will ensue for future VMS submissions.
7. **Compliance Review.** The Department will use the validated monthly VMS data rather than the VMS data used in the Delinquency Report for the applicable month to determine the actual reporting rate.
8. **HUD Notification.** After the compliance review, if a PHA is found to be delinquent in its reporting rate on the PIC Delinquency Report for any month covered by the VMS quarterly submission, the Department will notify the PHA of that delinquency within 40 days of the VMS submission deadline. PHAs will have 10 days to demonstrate compliance for any month in which delinquency occurs in order to avoid sanctions.
9. **Demonstration of Compliance.** A PHA may demonstrate compliance with the 95 percent reporting requirements if, under portability, receiving PHAs are not properly submitting Form HUD-50058 records on families for which they are billing the initial PHA or have not correctly completed line 12f (PHA code billed). Consequently, these families will not be recorded on the PIC PHA Billed Portability Billing Report. This would affect the denominator of the PHA's reporting rate.
10. **Review of Demonstration of Compliance.** The Department will review submitted data to determine whether the lack of reporting on portable families by the receiving PHA or

PHAs would increase the initial PHA's reporting rate to 95 percent or above for the month/months that the PHA was found to be delinquent in its reporting. Once these reviews are complete, the Department will notify each PHA of the outcome of the assessment process and any applicable sanctions.

11. PIC Reporting and the Section Eight Management Assessment Program (SEMAP).

The Department verifies five of the SEMAP indicators with data PHAs provide to PIC on the Form HUD-50058. To assign a rating other than zero for any of the five indicators, the Department requires a reporting rate to PIC of at least 95 percent. The 95 percent reporting rate went into effect with the December 31, 2005, submissions. Any SEMAP rating appeals based on reporting rate deficiencies will follow the SEMAP regulations in 24 CFR Part 985. However, PHAs may provide data under section 8 of this Notice to their Field Office prior to SEMAP scoring so that the PIC related indicators may be scored if the documentation regarding the PHA's reporting rate is approved. Field Offices will address other PIC reporting appeals related to SEMAP on a case-by-case basis.

12. Cumulative Sanctions. A PHA sanctioned under this Notice that is also sanctioned for delinquent VMS and/or Financial Assessment Subsystem (FASS) reporting may be sanctioned up to 30 percent of its administrative fees at one time. **A PHA that fails to submit its VMS quarterly submission by the deadline will be automatically sanctioned under this Notice for all of the three months of the applicable quarter.**

13. Paperwork Reduction Act. The information collection requirements contained in this Notice have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C 3520). In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number. The following active information collection contained in this Notice has been approved under OMB Control Number 2577-0083.

14. Information Contact. For inquiries about this Notice, please contact Phyllis Smelkinson, Housing Program Specialist, Housing Voucher Management and Operations Division, at (202) 402-4138 or your local FMC representative.

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Orlando J. Cabrera, Assistant Secretary
for Public and Indian Housing