



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

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**SPECIAL ATTENTION OF:**

Public Housing Directors  
Public Housing Agencies  
HUD Field Offices

**NOTICE** PIH 2010-46 (HA)

Issued: November 10, 2010

Expired: November 30, 2011

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Cross References:  
24 CFR 968.315

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**Subject: Performance of Physical Needs Assessments by Public Housing Authorities**

**1. PURPOSE**

The Office of Public Housing Investments is developing a standard format for physical needs assessments that all Public Housing Authorities (PHAs) will be required to use. The new physical needs assessment (PNA) form will integrate utility management and capital planning, provide PHAs a project-based capital planning tool, and permit HUD to aggregate PNA data to derive a national needs number.

As a condition of accepting American Recovery and Reinvestment Act (ARRA) Capital Fund grants, recipients are required to complete a PNA. In addition, PHAs with 250 or more public housing units are required to complete PNAs pursuant to 24 CFR 968.315(e)(2).

HUD previously issued guidance to PHAs advising them to delay completion of ARRA-related PNAs until the new PNA form is ready. HUD conveyed this information in the document "Recovery Act Capital Fund Formula Grant Frequently Asked Questions #3," which was posted July 24, 2009 on HUD's website. In addition, HUD emailed a reminder about this guidance to all PHAs on December 18, 2009. This notice reiterates the existing guidance related to the ARRA PNA requirement. It also advises that PHAs may remain in compliance with 24 CFR 968.315(e)(2) by updating their existing PNAs if necessary. Thus this notice advises PHAs of acceptable means to maintain a current PNA. PHAs should be aware that it is HUD's intent to require all PHAs to submit PNA data via the new PNA form when it is ready. To the extent that an existing PNA does not contain all of the data required by the new PNA form, a PHA will be required to revise its PNA to provide the missing information.

## **2. APPLICABILITY**

This notice applies to all PHAs administering the public housing program for 250 public housing units or more and to all PHAs that have signed the American Recovery and Reinvestment Act Formula Grant Capital Fund Program Amendment to the Consolidated Annual Contributions Contract (ARRA ACC Amendment).

## **3. BACKGROUND**

All PHAs that own or operate 250 or more public housing units are required to perform a PNA of their properties pursuant to 24 CFR 968.315(e)(2). A PNA requirement was also incorporated into the ARRA ACC Amendment (HUD-52840-A) which applied to all PHAs regardless of size. Paragraph 7k of the ARRA ACC Amendment states: “The PHA will provide a physical needs assessment, as specified by HUD, using funds from this grant or other Capital Funds.” The ARRA requirement applies to all PHAs that received an ARRA grant and signed the ARRA ACC amendment. As noted above, HUD subsequently published guidance in 2009 that a new PNA form was being developed and that PHAs should not complete a new PNA prior to the publication of the new form. The purpose of the PNA requirement in the ARRA ACC Amendment was to provide a mechanism to measure the impact of the expenditure of Capital Funds; PHAs may not revise the obligation of ARRA funds for projects on the basis of the new PNA.

HUD is continuing work on the new PNA form. This effort incorporates the requirement of the 2005 Energy Policy Act to “integrate utility management and capital planning to maximize energy conservation and efficiency measures.” HUD intends to consult with PHAs and industry groups in the development of the PNA in a collaborative effort to devise a format that serves the needs of PHAs and HUD. This comprehensive effort will take a period of time to complete.

## **4 GUIDANCE FOR UPDATING CURRENT PHYSICAL NEEDS ASSESSMENTS OR PERFORMING NEW PHYSICAL NEEDS ASSESSMENTS**

It is important that each PHA maintain a current PNA as a management planning tool. This notice advises that the new PNA form remains in development and will not be available before fiscal year 2012. In the interim, in order to maintain current PNA data until the new PNA format is available, PHAs may either update existing PNAs or complete new ones.

Those PHAs that wish to update their existing PNA may do so based upon review of existing trends and documentation such as maintenance records, modernization plans, energy audits, Uniform Physical Condition Survey (UPCS) inspection results, plans to achieve compliance with Section 504 of the Rehabilitation Act and UFAS, property manager reports, and other data indicating the physical condition of the properties.

PHAs may also complete a new PNA before the new PNA form is available in cases where the PHA determines this action is advantageous from an asset management perspective. However, PHAs should be aware that the PNA form HUD is developing, when complete, may require data other than that collected by the PHA. In this case, the PHA will be required

to revise its PNA to provide the missing information and to submit all PNA data on the new HUD form when it becomes available.

PHAs are responsible for using qualified personnel to conduct their PNA or update. Whichever approach is selected, this notice reconfirms that the expense related to the preparation and updating of a PNA is an eligible Capital Fund Program expenditure.

## **5 PAPERWORK REDUCTION ACT**

The information collections mentioned in this notice have been approved by the Office of Management and Budget (OMB) under OMB control number 2577-0157. A federal agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

## **6 CONTACT INFORMATION**

Questions concerning this notice may be forwarded to Bruce Rieder, Office of Capital Improvements, 202-402-6330, [Bruce.D.Rieder@HUD.gov](mailto:Bruce.D.Rieder@HUD.gov).

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Sandra B. Henriquez, Assistant Secretary for  
Public and Indian Housing