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Physical Needs Assessments of Public Housing

Each year, more than \$2 billion of Capital Funds are provided to public housing agencies (PHAs) to modernize or develop public housing, but currently HUD has no assessment tool to measure the impact of these funds on the public housing portfolio. Instead, approximately once a decade, as directed by Congress, HUD has been conducting a statistical sampling of PHAs to estimate the accrual and backlog needs of PHAs.

As an alternative to a capital needs study, the Office of Public and Indian Housing (PIH), in collaboration with a number of PHAs and representative trade associations, is designing a Physical Needs Assessment (PNA) instrument, which will determine the extent and cost of current physical and long-term capital needs for each public housing project. Aggregate PNA data will also enable HUD to determine national needs at any point in time, which will include every project in the public housing portfolio. The national needs will be updated annually as PHAs complete work with Capital Funds or other funding sources and identify new needs as PNAs are periodically updated.

Today's capital planning requirements are aimed at only short- or moderate-term needs. They do not provide PHAs with the means to conduct long-term capital planning. The new PNA tool will allow PHAs to assess the life-cycle needs of their public housing portfolio for a term of 20 years. Project-based PNAs, combined with HUD's focus on Asset Management, and project-based budgeting, funding, management, and accounting, will align PHAs with standard industry practices for effective capital planning.

The 2005 Energy Policy Act amended the Capital Fund section of the public housing law to specify that HUD "integrate utility management and capital planning to maximize energy conservation and efficiency measures." Also, HUD's High Priority Performance Goals include a commitment to create energy efficient housing through the implementation of energy conservation measures and green retrofits. To that end HUD intends to require synchronization of Energy Audits and PNAs and to require measurement of the cost effectiveness of energy conservation measures. The PNA, therefore, will integrate green improvements into public housing capital planning. The PNA tool will aggregate this information to provide HUD with data with which to measure the cost effectiveness of replacing building systems with green components at the end of their useful life. Another important PNA objective is to encourage PHAs to engage in effective project-based strategic planning. The PNA will give PHAs the necessary information to take advantage of a variety of public and private financing opportunities.

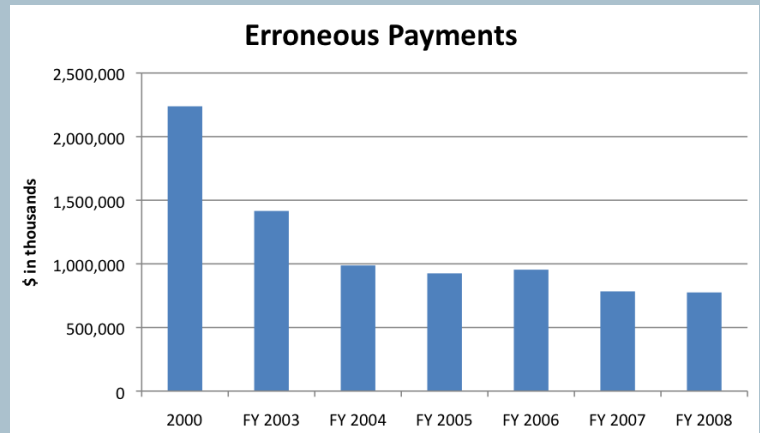
After the collaborative development of the PNA tool is completed, a proposed rule will be published in 2011, providing notice of PNA requirements, and further opportunity for comment from interested parties. Prior to national implementation, the tool will be pilot tested at both large and small PHAs. HUD anticipates having the PNA tool fully available in 2012.



Report Shows Rent Subsidy Errors and Gross Dollars in Erroneous Payments Hold Steady

The most recent report from the HUD Quality Control for Rental Assistance Subsidy Determinations studies has found that the percent of errors and the gross erroneous payments in tenant subsidies continued to remain stable since 2004. The total percent reduction in gross dollars in erroneous payments from 2000 to FY 2008 is 63.48 percent and the FY 2008 study demonstrates the lowest level of these error payments in study history. The decrease from FY 2007 to FY 2008 is not statistically significant. Also, the gross dollars in erroneous payments has remained statistically the same since the FY 2004 study. (See graph.)

These reports began in 2000. Reports were also issued for FYs 2003 through 2008. These reports provide national estimates of the extent, severity, costs, and sources of rent errors in tenant subsidies for the PHA-administered Public Housing, Section 8 Housing Choice Voucher (HCV), and Moderate Rehabilitation programs; and the owner-administered Section 8, and Section 202 and Section 811 programs with Project Rental Assistance Contracts (PRAC) or Project Assistance Contracts (PAC). These programs account for nearly all of HUD's current housing assistance outlays administered by the Offices of Housing and PIH, as well as the large majority of units assisted by HUD. This current study was designed to measure the extent of administrator income and rent determination error by housing providers. This study does not involve an audit of individual PHAs or projects; nor does it monitor the implementation of housing programs. Its focus is on identifying households where an error was made when calculating the amount of the household's rent; and providing nationally representative findings related to those errors.



The nationally representative sample consisted of 600 projects in the United States and Puerto Rico. A random sample of four households was selected for most projects. More tenants were selected from larger projects. The final study data set includes responses from 2,401 households with data collected in FY 2008.

Data collection included review of tenant files and tenant interviews using computer-assisted personal interviewing software by more than 60 field interviewers. A quality control (QC) rent was calculated for each household in the sample using the information reported by the PHA/project household. Rent error was calculated by subtracting the QC rent from the actual tenant rent (the rent from HUD forms 50058 and 50059 that had been calculated by the project staff).

The analysis of FY 2008 tenant files, tenant interview, and income verification data indicates that:

- Sixty-three percent of all households paid the correct amount of rent within \$5. (Fifty percent paid exactly the right amount.)
- Eighteen percent of all households paid in excess of \$5 less than they should have (with an average error of \$49 per month).
- Nineteen percent of all households paid in excess of \$5 more than they should (with an average error of \$37 a month).

The report recommendations include:

- Use of the Department of Health and Human Service's new New Hires income matching database.
- Continued training for PHAs and owners and timely reporting of policy changes with training for PHAs and owners.
- Simplification of Federal laws, regulations, and HUD requirements where possible.
- Policy that allows reexaminations, for selected populations, to be completed less often than annually.

The report also suggested changes to future reports to allow for:

- Increased collection of data on PHA/project level policies and practice to determine possible error impact.
- Documentation of the outcome of the HUD quality control studies related to tenant behavior.
- Contractor access to third party verification databases.
- Continued investigation of PIH Information Center/Tenant Rental Assistance Certification System (PIC/TRACS) data for sampling and other purposes.
- Further automation of data collection, processing and reporting for report.

To see the full report:

http://www.huduser.org/portal/publications/pubasst/QC_fy08.html



PIH Notices

PIH Notice 2010-39, "Process for Public Housing Agency Voluntary Transfers of Housing Choice Vouchers, Project-Based Vouchers and Project-Based Certificates," issued September 28, 2010. This Notice clarifies the circumstances under which HUD will consider a voluntary transfer of budget authority and corresponding baseline units for the HCV program, including Project-Based Vouchers (PBVs) and Project-Based Certificates (PBCs), from the divesting PHA's Consolidated Annual Contributions Contract (CACC) to the receiving PHA(s)' CACC. It also explains the process and procedures associated with such a transfer. Sections 3-12 address the HCV program. Special provisions for transfers of PBVs and PBCs are addressed in separate sections of this Notice.

PIH Notice 2010-40, "Set Aside Funding Availability for Project-Basing Veterans Affairs Supportive Housing Vouchers," issued September 28, 2010. This Notice informs PHAs that have already received an allocation of HUD-Veterans Affairs Supportive (VASH) vouchers in 2008, 2009 or 2010, of a set-aside of approximately 500 PBVs through this notice of competitive funding. Any PBVs awarded from this set-aside will not count against the 50 percent of a PHA's total allocation of HUD-VASH vouchers that can be project-based as noted in section 1 of Notice PIH 2010-23, Project-Basing HUD-Veterans Affairs Supportive Housing Vouchers. However, the number of vouchers requested must be within the 20 percent maximum budget authority that may be allocated to PBV assistance in accordance with 24 CFR § 983.5(a).

PIH Notice 2010-41, "Using ENERGY STAR to Promote Energy Efficiency in Public Housing," Issued October 12, 2010. This Notice updated guidance encouraging ENERGY STAR for PHAs. HUD is interested in promoting and expanding the use of energy-efficient equipment, appliances, and standards in public housing in order to reduce energy consumption and control operating costs. PHAs are encouraged to purchase ENERGY STAR equipment (if available) as replacement needs occur, adopt Home Performance with ENERGY STAR as part of any rehabilitation or modernization initiative, and construct ENERGY STAR qualified homes as part of any new construction project, if economically feasible.

PIH Notice 2010-42, "Certification of Accuracy of Data in the Inventory Management/Public Housing Information Center System Used to Calculate the Capital Fund Formula Allocation," issued October 13, 2010. This Notice advises executive directors of PHAs that the Department is requiring them (or an authorized subordinate staff person) to certify to the accuracy of the data PHAs have submitted to HUD in the Inventory Management System/Public Housing Information Center (IMS/PIC) system that the Department will use to calculate the formula for allocating Capital Fund grants.

To view the Notices:

http://portal.hud.gov/portal/page/portal/HUD/program_offices/administration/hudclips/notices/pih



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(Put "HUD Asset Management Newsletter" in the subject line)

UPCOMING DATES

November 18, 2010
Continuum of Care applications due
<http://bit.ly/9b8Pog>

