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Questions and Answers on Use of Fiscal Year 2015 Funds for Physical Needs Assessment (PNA)

The 2015 Appropriation included a provision that “None of the funds made available by this Act may be used to require or enforce the Physical Needs Assessment.” A number of stakeholders have requested clarification of this provision. After consulting with the Congressional staff, HUD provides the following clarification:

Question: What does the language in the 2015 Appropriation mean: “None of the funds made available by this Act may be used to require or enforce the Physical Needs Assessment”?

Answer: Congress provides statements of intent for provisions of the Appropriation in reports that it makes available with the Appropriation. The provision prevents HUD from requiring the PNA it has proposed and prevents HUD from enforcing a requirement for performance of a PNA, including the existing requirement in the Capital Fund rule (24 CFR 905.300 (a)). The text of the Congressional statements is available for review at: <http://rules.house.gov/sites/republicans.rules.house.gov/files/113-1/PDF/113-HR83sa-ES-K.pdf> (page 42) and at: <http://www.gpo.gov/fdsys/pkg/CRPT-113srpt182/pdf/CRPT-113srpt182.pdf> (pages 114-115). Those reports recognize the need for capital planning for PHAs and ask that HUD further evaluate the information being collected and the burden placed on PHAs to provide it.

Question: Does the language of the FY 2015 Appropriation prohibit PHAs from performing PNAs?

Answer: No, PHAs may still elect to perform a PNA. They may choose to perform a PNA for any number of capital planning purposes, such as for a financial transaction the PHA may be considering, in support of a Rental Assistance Demonstration (RAD) transaction, or in recognition of the requirement at 24 CFR 905.300 to perform a PNA which continues the current requirement for large PHAs (those with 250 or more public housing units under management).

Question: May a PHA use FY 2015 funds from a Capital or Operating Fund grant to pay for a PNA?

Answer: Yes, regardless of the status of HUD’s proposed requirement for the performance of a PNA, a PNA is a capital planning activity that continues to be an eligible expense.

Question: Does this prohibition on requiring or enforcing the PNA requirement extend beyond FY 2015?

Answer: This provision only applies to the 2015 fiscal year.