

Field Office Review General Guidance for Calendar Year 2008:

- **Appeal of formula income for economic hardship.** A PHA may appeal to have its formula income adjusted from the level frozen in 2004 (in accordance with § 990.195(c) of the final rule) in order to reflect a severe local economic hardship that is impacting the PHA's ability to maintain rental and other revenue. An example of an appeal of formula income for economic hardship would be the closure of a major local employer that has affected tenant incomes and therefore tenant contribution to rent. FOs may approve the appeal for a period of up to three years at a time (e.g., if approved on January 1, 2008, the three-year approval period would end on December 31, 2010).
- PHA's submission must include documentation to support and identify the severe local economic hardship(s). Note that changes in tenant rent due to a change in PHA-paid utilities to tenant-paid utilities or vice-versa is not considered an economic hardship and, therefore, does not qualify for an appeal under 990.195 (c). Supporting documentation includes:
 - Documentation describing the cause of the severe local economic hardship.
 - Documentation showing the level of rental or other revenue in FY 2004 before the event and in FY 2006/2007 after the event.
 - i. The level of rental or other revenue is based on the PHA's fiscal year:
 1. April 1 – March 31
 2. July 1 – June 30
 3. October 1 – September 30
 4. January 1 – December 31
 - Documentation that clearly shows a decline between the impacted years and its association with the economic hardship identified as the cause.
 - Documentation can not be for events that occurred prior to the PHA's FY 2004
 - Documentation must identify the portfolio's total number of vacancies including the number of vacancies per Asset Management Project (AMP), caused by the economic hardship.
 - Source and analysis of documentation.
 - Documentation must cover the PHA's entire portfolio, not single projects. As a result, appeal must be the result of something that affects the entire portfolio, not an event that is particular to a single project or set of projects. Note: the A/S for PIH has the discretion to accept appeals of less than an entire portfolio for PHAs with greater than 5,000 PH units. If an appeal is approved to be submitted for less than an entire portfolio, documentation must demonstrate why the condition affects just one project and not the entire portfolio.
- The field office must review and analyze the supporting documentation submitted by the PHA. Information listed in the below websites should also be considered during the review process. After a thorough analysis of all information, the field office will make a determination of approval/disapproval.

United States Department of Labor Bureau of Labor Statistics (BLS)

- Changes in job growth during the years in question:
 - Non-farm employment: <http://www.bls.gov/sae/home.htm>
 - Resident employment - Local Area Unemployment Statistics (LAUS data): <http://www.bls.gov/lau/home.htm>
- Quarterly Census of Employment and Wages (QCEW) - Changes in average annual wages, including Local Area Unemployment Statistics (LAUS) data:
 - <http://www.bls.gov/cew/home.htm>
 - Resident employment - Local Area Unemployment Statistics (LAUS data): <http://www.bls.gov/lau/home.htm>
- Census Bureau's American Community Survey (ACS) on changing rent levels during the years in question:
 - http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=ACS&_submenuId=&_lang=en&_ts=
- **Appeal for changing market conditions.** A PHA may appeal to receive operating subsidy for vacant units due to changing market conditions after the PHA has taken aggressive marketing and outreach measures to rent these units. The vacancies cannot be the result of action or inaction by PHA management. For example, a PHA that is located in an area experiencing rapid population loss or economic dislocation may face a decrease in demand for its units, even after the PHA has taken aggressive marketing and outreach measures. FOs may approve the appeal for a period of up to three years at a time (e.g., if approved on January 1, 2008, the three-year approval period would end on December 31, 2010).
- A PHA's submission must demonstrate how the local market conditions have impacted vacancies and what marketing and outreach measures have been undertaken by the PHA to date. Additionally, if a PHA is requesting an appeal for changing market conditions for a particular project, but not others, it must indicate why the condition affects just one project and not the entire portfolio. Supporting documentation includes:
 - Documentation describing the cause of the changing market condition and decrease in demand of units that contributed to vacancies, which may include
 - Increases in competitive housing stock (202's, Section 8, Farmer's Home, Low Income Housing Tax Credit Units, etc.)
 - Lack of job growth in recent years which may discourage people from moving into the PHA's area
 - Job losses in the PHA's area that encouraged people to leave

- Census population estimates during the reporting period (July 1 – June 30) that show population losses
 - A slowdown in the absorption of new units and/or vacant units in existing developments which are remaining on the market longer
 - Widespread use of concessions and/or short-term leases for both newer and existing units
 - Rental vacancy rate of ten (10) percent or more overall for a period of 12 months or more
 - A trend of flat or stable rents in existing projects
 - An excessive number of vacant rental units of a particular size, age, or other common characteristic
 - Overall, there is generally a lower demand for efficiency units. *Note- this is not a market condition issue, but something to be aware of if the majority of vacant units are efficiency units. This is an issue with preferences rather than the overall market for housing. There is a demand for the units, but people would prefer not to have an efficiency. So, the lower demand is not related to a reduced number of one or two person households, who would primarily make up the demand for efficiencies. It is because these households prefer a one or two-bedroom apartment. Generally, efficiencies do not fill as well as other units with one or more bedrooms.
This becomes a marketability issue. There may be a demand for 100 units, but if you build 100 efficiencies, they all might not fill because it is not what people want.
- Documentation should identify a trend, for like housing, in increasing rental vacancy rates (particularly in existing developments that previously had a history of high occupancy). If there is no like housing to compare, the PHA must show when the vacancies occurred and its impact on their waiting lists.
 - Documentation must identify the portfolio's total number of vacancies including the number of vacancies per Asset Management Project (AMP), caused by the changing market conditions.
 - Documentation must show the Eligible Unit Months in question for the reporting period of July 1, 2006 to July 1, 2007. The EUMs in question can not be for unit make-ready time.
 - Documentation showing “aggressive marketing outreach”, to include
 - S.W.O.T. analysis (**S**trengths **W**eaknesses **O**pportunities **T**hreats)
 - Description of marketing campaign, including details of activities, progress, and successfulness/unsuccessfulness
 - Length of marketing campaign
 - Cost of marketing campaign
 - Samples of marketing materials used in campaign
 - Source and analysis of documentation must be provided.
 - Documentation must cover the PHA's entire portfolio, not single projects. As a result, appeal must be the result of something that affects the entire portfolio, not an event that is particular to a single project or set of projects.
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entire portfolio for PHAs with greater than 5,000 PH units. If an appeal is approved to be submitted for less than an entire portfolio, documentation must demonstrate why the condition affects just one project and not the entire portfolio.

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