



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

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**Special Attention of:**

Public Housing Agencies;  
Public Housing Hub Office Directors;  
Public Housing Program Center Directors;  
Public Housing Division Directors;  
Regional Directors;  
Field Office Directors;  
Resident Management Corporations

**NOTICE: PIH-2011-7 (HA)**

Issued: January 28, 2011

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**Cross References:**

PIH Notice 2010-2(HA)

PIH Notice 2010-6(HA)

PIH Notice 2010-25(HA)

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**Subject: Guidance on IMS/PIC Development Sub-Module Reporting and Validation**

**1. Applicability.** This notice applies to public housing agencies (PHAs) administering the Public Housing program, including PHAs that participate in the Moving to Work (MTW) Demonstration.

**2. Purpose.** This notice provides guidance to ensure that information submitted and maintained by PHAs in the Inventory Management System/PIH Information Center (IMS/PIC) Development Sub-Module is accurate, timely, and reliable. The Development Sub-Module collects and displays information about PHA developments, buildings, and units. Information entered by PHAs into the Development Sub-Module affects PHA funding, performance scores, and portfolio management; therefore, it must be accurate.

While this notice focuses on the IMS/PIC Development Sub-Module, the Department reminds PHAs that timely and accurate reporting is essential in all IMS/PIC modules and HUD's other information collection tools. Regular data updates by PHAs allow the Department to make better informed decisions.

**3. Background.** As part of its 2010-2015 Strategic Plan, the Department has set a goal to "Expand the supply of affordable rental homes where most needed." In support of this goal, HUD will collaborate with PHAs to increase the number of occupied public housing units in the portfolio. The strategy for achieving the goal includes developing new units, re-occupying modernized and vacant units, and reducing the number of HUD-approved vacancies and excessive non-dwelling units. An important step in the efforts to increase occupancy is to ensure that the data in the IMS/PIC Development Sub-Module is accurate. Once the Department has a more accurate inventory, HUD can provide targeted technical assistance to PHAs that have a significant number of vacancies or "offline" units. The Department will work with those PHAs to implement strategies to increase occupancy levels and improve overall portfolio management.

In addition, the Department intends to use IMS/PIC data to determine eligible unit months for Operating Fund calculations for the calendar year (CY) reporting period which begins July 1, 2011. It is essential that each PHA's Unit Tenant Status reporting is consistent with the information provided in this notice to ensure accurate calculations of Operating Fund eligibility. Additional guidance for determining Operating Fund eligibility is forthcoming.

**4. Unit Tenant Status Categories and Sub-Categories.** The IMS/PIC Development Sub-Module (sometimes referred to as the "Building and Unit" Sub-Module) categorizes units by Unit Tenant Status Categories and Unit Tenant Status Sub-Categories. **PHAs should be aware that some Categories and Sub-Categories require written approval from HUD and HUD approval in the IMS/PIC system.** Specific guidance appears below in the following sub-sections:

- 4.1 Presents an overview of the Categories and Sub-Categories;
- 4.2 Explains how this notice updates the unit status reporting notice that was published in 2010 (PIH Notice 2010-6 (HA));
- 4.3 Explains how to obtain a HUD-user approval in IMS/PIC;
- 4.4 Describes the contents and time-limits of Field Office Approval Letters;
- 4.5 Provides a detailed description of each Unit Tenant Status Category and Sub-Category.

**4.1 Overview.** The table below identifies the available Unit Tenant Status Categories and Sub-Categories, the types of approvals required for each Sub-Category, and whether units in a Sub-Category are eligible for full operating subsidy. Note that the column entitled "Maximum Term of Initial Approval" describes the maximum duration for which a Field Office may approve a unit tenant status. PHAs are reminded that units may only remain in a Sub-Category for as long as they satisfy the necessary criteria, even if that duration is shorter than the Field Office's approval period.

| <b>Category</b>            | <b>Sub-Category</b>                             | <b>Requires HUD Approval in IMS/PIC – Y/N</b> | <b>Requires HUD Approval Outside of IMS/PIC? If so, what type of approval is necessary?</b> | <b>Maximum Term of Initial Approval.</b> | <b>Eligible for Full Operating Subsidy?</b>         |
|----------------------------|---|---|---|--|---|
| <i>Occupied</i>            | <i>Assisted Tenant</i>                          | <i>No</i>                                     | <i>No- Automatically populated when Form HUD 50058 is submitted</i>                         | <i>Not applicable</i>                    | <i>Yes</i>  |
|                            | <i>Employee</i>                                 | <i>No</i>                                     | <i>Yes- Approval Letter</i>   | <i>3 years</i>                           | <i>No</i>   |
|                            | <i>Non-Assisted Tenant Over-Income</i>          | <i>No</i>                                     | <i>Yes- PHA Plan and Approval Letter</i>  | <i>3 years</i>                           | <i>No</i>   |
|                            | <i>Police Officer</i>                           | <i>No</i>                                     | <i>Yes- PHA Plan and Approval Letter</i>  | <i>3 years</i>                           | <i>No</i>   |
|                            | <i>Unauthorized*</i>                            | <i>No</i>                                     | <i>Yes – Approval Letter</i>  | <i>Case-by-Case</i>                      | <i>No</i>   |
| <i>Vacant</i>              | <i>Vacant</i>                                   | <i>No</i>                                     | <i>No- Automatically populated when Form HUD 50058 is submitted.</i>                        | <i>Not applicable</i>                    | <i>Yes, for a limited number per 24 CFR 990.150</i> |
| <i>Vacant HUD Approved</i> | <i>Undergoing Modernization</i>                 | <i>Yes</i>                                    | <i>Yes- PHA Plan and Approval Letter</i>  | <i>3 years</i>                           | <i>Yes</i>  |
|                            | <i>Court Litigation</i>                         | <i>Yes</i>                                    | <i>Yes- Approval Letter</i>   | <i>3 years</i>                           | <i>Yes</i>  |
|                            | <i>Natural Disaster</i>                         | <i>Yes</i>                                    | <i>Yes- Approval Letter</i>   | <i>3 years</i>                           | <i>Yes</i>  |
|                            | <i>Casualty Loss</i>                            | <i>Yes</i>                                    | <i>Yes- Approval Letter</i>   | <i>3 years</i>                           | <i>Yes</i>  |
|                            | <i>Market Conditions</i>                        | <i>Yes</i>                                    | <i>Yes- Appeal per 24 CFR 990 Subpart G and 24 CFR 990.245(d)</i>                           | <i>1 year</i>                            | <i>Yes</i>  |
|                            | <i>Demo-Dispo Approved**</i>                    | <i>Yes</i>                                    | <i>Yes- Inventory Removal Application</i>   | <i>Not applicable</i>                    | <i>May be eligible for asset repositioning fee</i>  |
| <i>Non-Dwelling</i>        | <i>Special Use: Anti Drug/Crime</i>             | <i>Yes</i>                                    | <i>Yes- Approval Letter</i>   | <i>3 years</i>                           | <i>Yes</i>  |
|                            | <i>Special Use: Self Sufficiency Activities</i> | <i>Yes</i>                                    | <i>Yes- Approval Letter</i>   | <i>3 years</i>                           | <i>Yes</i>  |
|                            | <i>Special Use: Other Resident Activities</i>   | <i>Yes</i>                                    | <i>Yes- Approval Letter</i>   | <i>3 years</i>                           | <i>Yes</i>  |
|                            | <i>MTW Neighborhood Services</i>                | <i>Yes</i>                                    | <i>Yes- Approval Letter</i>   | <i>3 years</i>                           | <i>Yes</i>  |
|                            | <i>Administrative Uses</i>                      | <i>Yes</i>                                    | <i>Yes- Approval Letter</i>   | <i>3 years</i>                           | <i>No</i>   |
|                            | <i>Resident Amenities</i>                       | <i>Yes</i>                                    | <i>Yes- Approval Letter</i>   | <i>3 years</i>                           | <i>No</i>   |
|                            | <i>Unauthorized*</i>                            | <i>Yes</i>                                    | <i>Yes- Approval Letter</i>   | <i>Case-by-Case</i>                      | <i>No</i>   |

*\*Occupied – Unauthorized and Non-Dwelling-Unauthorized:* These Sub-Categories only exist to reflect how units are actually being used by PHAs. Both Sub-Categories capture unit uses that do not fit in one of the above authorized categories. However, PHAs and Field Offices must examine each unit in these sub-categories, determine a timeline for when the unit will be brought online for occupancy by an eligible family or for an otherwise authorized use, and then adhere to that timeline.

*\*\* Demo-Dispo Approved:* This Sub-Category does not display in IMS/PIC as a selectable option for PHAs, and is only populated by the Special Application Center (SAC) upon the approval of a Removal From Inventory application.

**4.2 Updates to PIH Notice 2010-6.** PIH Notice 2010-6 was published in March 2010, and provided guidance on changes to unit reporting in IMS/PIC. The following is a list of updates and clarifications to that notice:

- a. In April 2010 the *Vacant or Otherwise Occupied* and *Exception Unit* Tenant Status Types were eliminated. The categories are now *Occupied*, *Vacant*, *Vacant HUD Approved*, and *Non-Dwelling*. The *Otherwise Occupied* Sub-Categories were placed under the *Occupied* Unit Tenant Status Type.
  
- b. *Occupied by Non-Assisted Person Providing Tenant or Neighborhood-Oriented Services* – This Sub-Category was referenced in PIH Notice 2010-6, however, as of April 2010, this is no longer a separate Unit Tenant Status Sub-Category in IMS/PIC. All units that were previously in this category were automatically placed into the *Employee* category. As a result, PHAs should review *Employee* units to confirm that they are, in fact, being used according to the requirements outlined in the *Employee* unit guidance in section 4.5.1(b) of this notice. As with any unit category, if a unit does not belong in that Sub-Category, or does not have appropriate authorization from HUD, it should be re-classified into the appropriate Sub-Category.

**4.3 How to obtain a HUD-user approval in IMS/PIC.** To change the status of a unit to a Unit Tenant Status Sub-Category that requires HUD-user approval in IMS/PIC, the PHA should follow the protocol below:

- a. The PHA should call or email the designated Point-of-Contact (POC) at the HUD Field Office and inform them that the PHA would like to make a Unit Tenant Status change. Briefly explain the reason why the PHA is requesting the change. The PHA should also be prepared to discuss their schedule for placing units back online into *Occupied-Assisted Tenant*, if appropriate, as well as how the proposed change contributes to their ability to maximize affordable housing resources.
  
- b. The POC will discuss with the PHA whether the PHA's requested change is a permitted use for public housing units and whether the proposed category is appropriate.

c. After contacting the Field Office POC, the PHA must request the change to the new Unit Tenant Status Sub-Category in IMS/PIC. The IMS/PIC system automatically generates an email to the HUD Field Office once the request is submitted in IMS/PIC. At the same time, the PHA should provide the POC with all required documentation for the Unit Tenant Status Sub-Category being requested. For convenience, transparency, and in order to expedite the review, the PHA is encouraged to scan and email documents to their POC. If a PHA proposes in IMS/PIC the placement of units into *Non-Dwelling* or *HUD-Approved Vacancy* Sub-Categories without first contacting the POC, the Field Office should reject the request and allow the PHA to re-submit the request using the procedures outlined herein.

d. If the HUD Field Office determines that appropriate documentation has been provided, and the criteria for the Unit Tenant Status Sub-Category has been met, the Field Office will take action to approve the change. In cases where an Approval Letter is required, the Field Office will draft, sign, and send the letter to the PHA. (Approval Letters are discussed below in Section 4.4). The Field Office will also keep a file copy of the Approval letter. Only after the Approval Letter has been signed by the designated HUD Field Office official will the Field Office staff-person approve the Unit Tenant Status change in IMS/PIC. In instances where an Approval Letter is not necessary, a Field Office staff person will approve the change in IMS/PIC after the Field Office determines the criteria for the category has been met

e. The PHA should expect a response that the request has been either accepted or denied within 30 days from the date that all required documentation is received by the POC.

**4.4 HUD Approval Letters.** Most Categories and Sub-Categories require the PHA to receive a signed HUD Approval Letter as part of the approval process. Approval Letters should identify the units affected and the duration of the approval. **Each letter provided to the PHA must have an expiration date of no later than three (3) years from the date the approval becomes effective.** It is the PHA's responsibility to supply supporting documentation to the HUD Field Office that provides sufficient evidence that a unit belongs in a Unit Tenant Status Sub-Category. PHAs are reminded that even though an Approval Letter may be for up to 3 years, a unit may only remain in a Sub-Category as long as it satisfies the conditions of that Sub-Category.

Approval Letters may also contain milestones for PHAs to meet in order to be considered for a renewal of an approved vacancy. "Milestones" are steps that a PHA, acting on sound portfolio management practices, should be taking to move a unit back into an occupied unit tenant status category. Because a PHA may request a HUD-approved vacancy or non-dwelling use for a variety of reasons, the HUD Field Office will determine appropriate milestones on a case-by-case basis. The HUD Field Office will

review progress against milestones with the PHA at least annually, and provide feedback to the PHA to ensure steps are being taken to move a unit back into the public housing portfolio. If the PHA does not meet the milestones, or does not have sufficient cause for missing the milestones, the HUD Field Office will not approve the PHA's request to renew at the end of the initial approval period.

Approval Letters may be renewed by the HUD Field Office for additional periods of up to 3 years. However, all renewals require the PHA to provide documentation and updates (if applicable) supporting the claim for the specified Sub-Category.

**4.5 Unit Tenant Status Categories and Sub-Categories.** PHAs are required to ensure that a unit meets the substantive qualifications of a Unit Tenant Status Sub-Category for the entire period that it is in that Sub-Category in IMS/PIC. Each Sub-Category corresponds to one of four Categories; *Occupied, Vacant, Vacant HUD Approved, Non-Dwelling.*

**4.5.1 Occupied:** All leased units must be included in one of the Sub-Categories below.

*a. Assisted Tenant:* This Sub-Category is for units housing families eligible for the Public Housing program. Each PHA must strive to increase their percentage of units in this category. The Sub-Category is populated and updated automatically when PHAs submit HUD-50058 or HUD-50058 MTW forms. PHAs are reminded that reports must be submitted no later than 60 calendar days from the effective date of any action recorded on line 2b of the form HUD-50058 or form HUD-50058 MTW (See PIH Notice 2010-25).

If a PHA has a family who, at the time of initial occupancy, met income requirements and subsequently becomes over-income, the PHA has discretion under 24 CFR § 960.261 to permit that family to remain in the unit. If the family remains in the unit, the unit must remain in the *Assisted Tenant* Sub-Category, and the PHA must continue to submit a form HUD-50058 or form HUD-50058 MTW for that family.

*b. Employee:* This Sub-Category is for units occupied by full-time, non-assisted PHA employees that are required to live on-site as a condition of their employment, and the employee's work duties require him/her to live on-site. The PHA must obtain an Approval Letter from the Field Office that indicates the unit number occupied by the employee, as well as the terms and conditions of his/her tenancy before they are permitted to select this Sub-Category in IMS/PIC. If the PHA no longer requires the employee to live in the designated unit, or the employee no longer needs to live in the unit to perform his/her work duties, the PHA must reclassify the unit and place it back into the public housing inventory for eligible families. PHAs may contact their HUD Field Office to renew Approval

Letters for this Sub-Category if the unit continues to meet the substantive requirements of the Sub-Category at the end of the approved term.

*c. Non-Assisted Tenant Over-Income:* This Sub-Category is for units occupied by a family whose annual income exceeds the limit for a low-income family **at the time of initial occupancy** and meets all conditions described in 24 CFR § 960.503. Only PHAs with less than 250 units may admit over-income families at initial occupancy; therefore, this Sub-Category **may not** be used by PHAs with 250 or more units. *Non-Assisted Tenant Over-Income* units must be leased in accordance with terms outlined in the PHA plan. PHAs should note that while “qualified PHAs” under section 2702 of HERA are exempted from reporting PHA plans annually, those PHAs must still obtain Approval Letters from the HUD Field Office in order to place units in this category. In addition, as qualified PHAs voluntarily update their plans, they should follow the requirements stated in this section.

PHAs that have units categorized as *Non-Assisted Tenant Over-Income* should continue to market their housing stock to eligible, low-income families so that these units can return to income-eligible program participants.

If a family in one of these units becomes income eligible at some point after move-in, the family may apply for public housing assistance. If the family is determined eligible, the PHA and the family can execute a public housing lease, and the family would become a Public Housing program participant. At that point, the unit would be properly categorized as *Occupied – Assisted Tenant*.

PHAs must receive an Approval Letter for all *Non-Assisted Tenant Over-Income* units before they are permitted to select the Sub-Category in IMS/PIC. PHAs may contact their HUD Field Office to renew Approval Letters for this Sub-Category if the unit meets the substantive requirements of the Sub-Category at the end of the approved term.

*d. Police Officer:* This Sub-Category may only be used for units housing Police Officers who would not otherwise be eligible for public housing occupancy. In their PHA Plan, the PHA must indicate the unit numbers to be occupied, as well as the terms and conditions of the Police Officers’ tenancies. Under 24 CFR § 960.505, PHAs are also required to provide the HUD Field Office with a statement indicating that occupancy by Police Officers is necessary to increase security for public housing residents. PHAs are also required to obtain HUD Approval Letters for each unit occupied by a police officer before the PHA is permitted to select this Sub-Category in IMS/PIC. The unit must be used as a full-time dwelling unit, and a written lease must be executed for the unit.

If the community conditions that created the need to house Police Officers in the development cease to exist, the PHA must make these units available to eligible program participants.

PHAs should note that while “qualified PHAs” under section 2702 of HERA are exempted from reporting PHA plans annually, those PHAs must still obtain Approval Letters from the HUD Field Office. In addition, as qualified PHAs voluntarily update their plans, they should follow the requirements stated in this section.

*e. Unauthorized:* These are units that house families that are ineligible for public housing. PHAs and Field Offices must examine each unit in this Sub-Category, determine how to use the unit for an authorized public housing purpose, and then immediately do so. If a PHA must place a unit into the *Unauthorized* Sub-Category temporarily, the PHA is required to obtain an Approval Letter prior to changing the unit tenant status in IMS/PIC. The request should state the justification for the status change, such as; the unit is being occupied by an unauthorized “squatter” and eviction proceedings are ongoing. Approval Letters for this Sub-Category will be issued for only enough time to permit the PHA to return the unit to an authorized public housing purpose. The approval time period will be determined on a case-by-case basis in the HUD Field Office.

**4.5.2 *Vacant:*** These are all unoccupied dwelling units that do not house families participating in the public housing program and do not fit into any of the HUD-approved vacancy Sub-Categories.

*a. Vacant:* These units present the greatest opportunity to house eligible, low-income families, and PHAs should prioritize returning these units to habitable condition and re-occupying them as soon as possible.

The *Vacant* status can only be initiated by the submission of a form HUD-50058 or form HUD-50058 MTW End of Participation action when the unit was previously occupied by an assisted tenant. If the unit was in any other Sub-Category, a PHA may place a unit into *Vacant* manually in IMS/PIC. When a unit no longer satisfies the necessary conditions for an *Occupied, Non-Dwelling, or Vacant HUD Approved Unit Tenant Status* as detailed within this notice, the PHA must manually move the unit into *Vacant*.

**4.5.3 *Vacant HUD Approved:*** Under 24 CFR 990.145, PHAs are eligible to receive operating subsidy for certain vacant public housing units that are under ACC. **Each of these approved vacancies requires that the PHA request an**

**Approval Letter from the HUD Field Office and request a change in IMS/PIC. Only after the Approval Letter is signed will the HUD Field Office approve the request in IMS/PIC.** PHAs may contact their HUD Field Office to renew Approval Letters for this Sub-Category if the unit meets the substantive requirements of the Sub-Category at the end of the approved term and any agreed-upon milestones have been met. If the PHA chooses to request an extension, the PHA must submit supporting documentation outlining why the extended time period is appropriate. If the time period specified in the Approval Letter expires, and the unit remains unoccupied, the proper Sub-Category for each of these units is *Vacant*.

Note: PHAs that placed units in *Vacant HUD Approved* Sub-Categories prior to May 2009 should evaluate these units to ensure that they meet the current qualifications for that Sub-Category. Prior to May 2009, PHAs were able to manually enter units in IMS/PIC into *Vacant HUD Approved* Sub-Categories. While PHAs were required to obtain HUD approval for any such changes, some units may have been changed in the IMS/PIC system without requisite HUD approval. The current version of IMS/PIC has been updated to prevent this error from occurring in the future. Units that are in the *Vacant HUD Approved* Sub-Categories and do not meet the Sub-Category's qualifications may be receiving HUD subsidy improperly, and should immediately be reclassified into the appropriate Sub-Category.

*a. Undergoing Modernization:* Per 24 CFR § 990.145, all units in this Sub-Category must first be identified, and the work scheduled, in an approved PHA plan. This Sub-Category is only intended for a unit undergoing modernization improvements that require the unit to become or remain vacant to accomplish the improvements. Once the work requiring the unit to be vacant has been completed, the unit must be either re-occupied by an eligible family or placed in *Vacant* status, even if additional modernization work continues on the unit.

Units properly categorized as *Undergoing Modernization* are ones which are under contract for work and the work is on schedule, or is scheduled in the PHA plan to be funded in the current fiscal year. PHAs are reminded that a PHA has two Federal Fiscal Years (FFY) after Capital funds are approved to place the *Undergoing Modernization* unit under construction. If the PHA subsequently removes the work item from the Capital Fund budget, the two-year timeframe can be suspended but does not start anew once the work item is reinstated. Although the two-year timeframe may be suspended, the PHA must remove the unit from *Undergoing Modernization* and place it in *Vacant* in order to preserve the timeframe.

To obtain an Approval Letter, the PHA must provide the HUD Field Office with sufficient documentation that the unit belongs in this Sub-Category as described in the two paragraphs above.

PHAs should note that while “qualified PHAs” under Section 2702 of HERA are exempted from reporting PHA plans annually, those PHAs must still obtain Approval Letters from the HUD Field Office. In addition, as qualified PHAs voluntarily update their plans, they should follow the requirements stated in this section.

*b. Court Litigation:* Per § 24 CFR 990.145(b)(1), this Sub-Category is intended for units that must be vacant either as a result of litigation or to prevent future litigation. Each of these events is unique and infrequent.

To obtain an Approval Letter, the PHA must provide sufficient documentation that the unit meets the qualifications described immediately above. Acceptable examples may include: copies of court orders, settlement agreements, or other litigation-related documents.

PHAs must be aware that end-dates to litigation, settlement agreements, and compliance agreements are often difficult to anticipate. Therefore, Field Office Approval Letters may provide an expiration date that is beyond the end-date of the actual case or agreement. In those instances, units may only remain in this Sub-Category until the end of the actual case or agreement.

*c. Natural Disaster:* Per 24 CFR § 990.145(b)(2), this Sub-Category is for units that are “vacant due to a federally declared, state-declared, or other declared disaster.” This Sub-Category is applicable for all units that are vacant due to any type of declared disaster, including disasters that are not caused by natural occurrences.

In order to move a unit into this Sub-Category, the unit must be uninhabitable. To obtain an Approval Letter, it is the PHA’s responsibility to provide the Field Office with copies of proclamations or official statements by the President, Governor or relevant official. Supporting documentation should also state what area was affected, the effective date, and the cause of the disaster.

For units that have suffered damage as a result of a disaster, PHAs must file insurance claims with their carriers and complete the rehabilitation work to bring the units back online as soon as possible. The unit may only remain in this Sub-Category for as long as it should reasonably take to rehabilitate the unit. If the PHA determines that it will not rebuild the unit, it must inform the Field Office as soon as this determination is made. At this point, the unit no longer qualifies for this Sub-Category. Because each disaster is different, the severity of the disaster and the damage to the particular unit and building will dictate the specific time-frame that a unit may remain in this Sub-Category. The Approval Letter from the HUD

Field Office will specify the duration the unit is eligible for the Sub-Category.

*d. Casualty Loss:* Per 24 CFR § 990.145, these are “[d]amaged units that remain vacant due to delays in settling insurance claims.” The *Casualty Loss* Sub-Category covers a period between the date a unit becomes uninhabitable due to damage (such as a fire or water pipe break or other type of accidental damage covered under a property insurance policy) until the date the claim is settled. In no case shall a unit remain in this category longer than 3 years.

To obtain an Approval Letter, it is the PHA’s responsibility to provide the Field Office with documentation indicating that an insurance claim has been filed in a timely manner and that there has been some delay in adjusting the claim. Supporting documentation should also state what units are affected.

*e. Market Conditions:* Per 24 CFR § 990.145, “a PHA may appeal to HUD to receive operating subsidy for units that are vacant due to changing market conditions.” Requirements for appeals are described in more detail at Subpart G of Part 990 and PIH Notice 2010-2, including successor guidance. 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. PHAs are encouraged to consult with their HUD Field Office for additional information on required documentation to support *Market Conditions* appeals.

Field Office approval of *Market Conditions* appeals are limited to **one-year periods**. A PHA’s supporting documentation and data supplied for initial approvals may be used to support three one-year periods; however, Field Offices may require updated market data. As soon as a unit ceases to meet the criteria of this Sub-Category, it is the PHA’s responsibility to ensure that the unit is re-classified in the appropriate Sub-Category. **A unit is only eligible to be considered for *Market Conditions* appeals for up to 5 total years.** Even though the maximum duration for a unit to remain in the *Market Conditions* Sub-Category is 5 years, there is no entitlement to all 5 years. Each appeal is considered separately. The PHAs that are unable to occupy units due to changing market conditions should evaluate the unit’s condition and status (e.g., family or elderly) and determine what can be done to maximize potential resident pools.

The HUD Field Office will only approve a PHA’s request to place units in this Sub-Category in IMS/PIC after a successful appeal.

*f. Demo-Dispo Approved:* Once a PHA has submitted an inventory removal application (other than Homeownership), and has had the approval date entered by the Special Applications Center (SAC), and the unit is vacant or becomes vacant with an end of participation (EOP) action, a unit is automatically put into this Sub-Category by the IMS/PIC system. Units cannot be placed into this status manually in IMS/PIC. Units approved for Homeownership that are not occupied by an assisted tenant should be classified in the *Vacant* unit tenant status. PHAs must direct all requests to place units in this category through HUD's SAC. The SAC's website includes detailed procedural guidance, and is located here:

[http://www.hud.gov/offices/pih/centers/sac/demo\\_dispo/](http://www.hud.gov/offices/pih/centers/sac/demo_dispo/)

**4.5.4 *Non-Dwelling:*** *Non-Dwelling* units are public housing dwelling units that a PHA has decided to use for a purpose other than housing an eligible, low-income family. Dwelling units that are vacant, demolished, or sold should not be placed into these categories. **Prior to using any of these Sub-Categories, a PHA must request an Approval Letter from the HUD Field Office and request a change in IMS/PIC. Only after the Approval Letter is signed will the HUD Field Office approve the request in IMS/PIC.** PHAs may contact their HUD Field Office to renew Approval Letters for this Sub-Category if the unit meets the substantive requirements of the Sub-Category at the end of the approved term. If the PHA chooses to request an extension, the PHA must submit supporting documentation outlining why the extended time period is appropriate. If the time period specified in the Approval Letter expires, and the unit remains unoccupied, the proper Sub-Category for each of these units is *Vacant*. The PHA should then take necessary steps to either re-occupy the unit or establish another approved use.

**PHAs may receive approval for up to two (2) *Non-Dwelling or Non-Dwelling –Special Use* units for every 100 public housing units.** The two (2) units per 100 rule is based on total units under ACC. PHAs that currently have more than 2 *Non-Dwelling or Non-Dwelling-Special Use* units per 100 public housing units should work to return those units to the public housing portfolio. Each of those units presents an opportunity to house an eligible, low-income family. *MTW Neighborhood Services* units are exempted from the 2 per 100 limitation, but the number of *MTW Neighborhood Services* units must be within limits set forth in the approved Annual MTW Plan.

PHAs, Resident Councils, and Resident Advisory Boards (RABs) may appeal to their local HUD Field Office to receive approval for additional *Non-Dwelling-Special Use* units above the 2 per 100 public housing units. The PHA, Resident Council, or RAB must demonstrate that the additional unit is necessary to provide sufficient public housing resident services to meet the need of the development.

a. *Special Use: Anti-Drug/Crime*: To convert a dwelling unit to this status, a PHA must submit documentation demonstrating its plan to use the unit on a regular, on-going basis to provide drug or crime prevention assistance or services to the residents and the surrounding neighborhood. Permissible uses include: on-site drug counselor, police sub-stations, on-site security office, or an office for a tenant organization with the mission of eliminating drug use in the community. PHAs **may not** house Police Officers in these units as full-time residents. **If a PHA wishes to house a Police Officer full time for drug or crime deterrent purposes, they must lease the unit under the *Police Officer* category.** The regulatory citation for this Sub-Category is found at 24 CFR § 990.145(a)(2).

b. *Special Use: Self Sufficiency Activities*: To convert a dwelling unit to this status, a PHA must submit documentation demonstrating its plan to use the unit on a regular, on-going basis to provide services or assistance to residents in becoming self-sufficient. The unit may be used as a job-training center or similar tenant-focused service center and may be operated by PHA staff or a partner organization. The regulatory citation for this Sub-Category is found at 24 CFR § 990.145(a)(2).

c. *Special Use: Other Resident Activities*: To convert a dwelling unit to this status, a PHA must submit documentation demonstrating its plan to use the unit on a regular, on-going basis as part of a program for public housing resident services that are not otherwise covered in the other “Special Use” categories. For example, in buildings with a large elderly population, a PHA might wish to place a unit in this category so that it can have a medical practitioner or other service provider on-site. This Sub-Category must not be used for units that should be categorized in *Resident Amenities*, as described below. The regulatory citation for this Sub-Category is found at 24 CFR § 990.145(a)(2).

d. *MTW Neighborhood Services*: This Unit Tenant Status Sub-Category is reserved for MTW agencies. These are public housing units that an MTW agency has decided to use for a non-public housing purpose. *MTW Neighborhood Services* units may be used to offer onsite supportive services to families via a third-party service provider; to house families being assisted via local, non-traditional MTW programs (i.e., assisted outside of Sections 8 and 9 of the U.S. Housing Act); or for other uses as approved in the Annual MTW Plan.

When requesting to classify a unit in this Sub-Category, the PHA should provide the HUD Field Office with appropriate documentation from the current approved Annual MTW Plan that describes the PHA’s intent to use the unit for an eligible MTW purpose. It is likely that the Annual MTW Plan will not list the specific units to be placed under the *MTW Neighborhood Service* Sub-Category, therefore, the Approval Letter must

list the specific unit number. Renewals for *MTW Neighborhood Services* units should be granted as long as the activity in the unit remains a part of the current year's approved Annual MTW Plan.

e. *Administrative Uses*: To convert a dwelling unit to this status, a PHA must submit documentation demonstrating its plan to use the unit on a regular, on-going basis for PHA business activities, such as office space, maintenance facilities and storage. The PHA must demonstrate that the administrative use is necessary to its operations and that it has considered alternatives that would not reduce units available for occupancy.

f. *Resident Amenities*: To convert a dwelling unit to this status, a PHA must submit documentation demonstrating its plan to use the unit on a regular, on-going basis to provide resident amenities. Permissible uses include, but are not limited to: laundry rooms, vending machine areas, resident storage, or recreation rooms.

g. *Unauthorized*: In September 2009, units in the temporary category *Conversion* were automatically placed into the *Non-Dwelling – Unauthorized* Sub-Category. As a first priority, PHAs should examine any *Unauthorized* units and determine whether they are being used for an unauthorized non-dwelling purpose. If so, the PHA must return the units to an authorized public housing purpose. An authorized use must be related to public housing residents and the operation of public housing.

Approval Letters for this Sub-Category will be issued for only enough time to permit the PHA to return the unit to an authorized public housing purpose. The approval time period will be determined on a case-by-case basis by the HUD Field Office.

**5. Importance of Timely and Accurate Submissions.** PHAs must update their IMS/PIC Development Sub-Module data when the status of a unit changes. It is the PHA's responsibility to submit data no later than **60 calendar days** from the effective date of unit tenant status change to ensure accurate calculation of the Operating Fund and Capital Fund formulas. PHAs are also responsible for submitting accurate *Effective Dates* for Unit Tenant Status changes. If a Field Office determines that a PHA's proposed *Effective Date* is incorrect, the Field Office will reject the proposal so that a new transaction with the proper *Effective Date* can be created.

PHAs are reminded that the determination of whether a public housing unit satisfies the requirements of 24 CFR §§ 990.140, 990.145 or 990.150 is based on the unit's status as of either the first or last day of the month, as selected by the PHA. **PHAs are permitted once annually to elect whether Unit Tenant Status data will be determined as of the first or last day of each month.** PHAs must indicate their election in the "Comments" field form HUD-52723

Because of the interdependencies between the PIC Development Sub-module and the form HUD-50058 Module, PHAs should also be aware of PIH Notice 2010-25. The Department has determined that reports must be submitted no later than **60 calendar days** from the effective date of any action recorded on line 2b of the form HUD-50058 or form HUD-50058 MTW.

The Department also recommends that all PHAs submit all form HUD-50058 and form HUD-50058 MTW records with effective dates of June 30 (or earlier) that impact a unit's status in the Development Sub-module (for example, a New Admission record that when transmitted will designate a unit as "Unit Occupied by Assisted Tenant") by June 30, so that the most up-to-date data is reflected in the Development Sub-module prior to the time when HUD uses the data to determine next fiscal-year funding.

**6. Re-Occupying Vacant and Non-Dwelling Units.** The intent of the Public Housing Program is to serve as many eligible, low-income families in decent, safe, and sanitary housing as possible. While PHAs receive full Operating and Capital Fund subsidies for several types of vacancies and *Non-Dwelling- Special Use* units, PHAs are reminded to maximize available public housing units by increasing the number of families served and reducing overall vacancy rates. PHAs are encouraged to frequently review best practices for turning-over vacant units in a timely manner, establish plans for units that have remained vacant for extended periods of time, and carefully examine whether non-dwelling units may be better used to house eligible families. The link below provides information on improving portfolio management, and several other topics critical to public housing managers:

[http://www.nls.gov/offices/pih/programs/ph/mtw/housingmanpro\\_pha.pdf](http://www.nls.gov/offices/pih/programs/ph/mtw/housingmanpro_pha.pdf)

The Department strongly encourages PHAs to engage in regular portfolio management discussions with their local HUD Field Office. The PHA should discuss their long term plans to renovate units, remove units from inventory, or use units for purposes other than housing low-income families.

**7. Technical Guidance – Job Aids.** The Job Aids found at the web address below provide IMS/PIC users with additional support to navigate through the IMS/PIC sub-modules. They are intended as informal, technical guidance to help users successfully complete the activities specified for the Job Aid.

IMS/PIC Technical Support Home Page:

<http://www.hud.gov/offices/pih/systems/pic/ts/>

**8. Further Information.** For further information about this notice, contact the nearest HUD Office of Public Housing within your state. Locations of these offices are available on HUD's website at <http://www.hud.gov>.

/s/

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