



Housing Choice Voucher E-Newsletter

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<http://www.hud.gov/offices/pih/programs/hcv/>

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Cost-Savings Measures in the Housing Choice Voucher Programs

Earlier this year, HUD's Office of Public and Indian Housing published a notice providing public housing agencies (PHA) guidance on how to address financial shortfalls. The current Notice PIH 2011-28 extends and revises Notice PIH 2009-44. PHAs must manage and review their HUD program allocation to ensure that costs remain within the appropriated amount. Cost savings measures may be taken by the PHA, if it appears that the PHA will have insufficient funds to meet its housing assistance obligations through the end of the calendar year. HUD is available, through the local field office, to provide PHA specific support and guidance so the PHA will make sound cost-savings determinations.

Adopting cost-savings measures are optional for PHAs and how they affect program applicants and participant families can vary greatly. HUD strongly suggests that PHA implement cost-saving programs that have minimal affect on applicants and participant families before adopting high impact cost-savings measures. The following are a few cost-savings action suggestions, PHAs:

- Should review income matching and income verification efforts and enforce any underreported income findings. PHAs can determine if the under reporting should lead to termination or a repayment agreement.
- Can review owner rents to ensure reasonable rents and reduce rents if justified. If the rent is reasonable, the PHA can request the owner to temporarily reduce rent or defer rent increases. If the owner does not agree to the rent reduction or reasonable rent increase deferment, the PHA may not freeze rents or deny reasonable rent increases.
- May immediately stop absorbing new portable families and choose to bill the initial PHA. Before a PHA can deny a move because of insufficient funding, the PHA must notify their local HUD field office. More information on portability procedures can be found in Notice PIH 2011-3.
- May stop issuing turnover vouchers to new applicants. PHAs, with applicants that have been issued a voucher and are searching for housing but where the PHA has not entered in to a Housing Assistance Payment (HAP) contract, may also pull back those vouchers and reinstate the applicant to their previous wait list position.
- Can terminate HAP contracts if the PHA determines that funding is insufficient to support continued assistance for the families in the program. Before HAP contract termination can occur the PHA must notify the HUD field office and its financial analyst at the Financial Management Center. The notice must be in writing and state all measures taken to reduce the shortfall and minimize terminations.

As PHAs implement various cost-savings measures, the PHA must determine if any of the cost-savings measures are a significant amendment or modification to the agency's PHA plan. If the PHA determines a significant amendment is required then the cost-savings measure is subject to public hearing and comment period PHA plan requirements.

Notice PIH 2011-28 can be found at:

<http://portal.hud.gov/hudportal/documents/huddoc?id=pih2011-28.pdf>



Tenant Provided Third-Party Written Verification is Now Acceptable



HUD issued the final rule on the refinement of income and rent determinations for Public Housing, Section 8 Moderate Rehabilitation, Project-based Voucher, Project-based Certificate, and the Housing Choice Voucher Program. The rule significantly changes verification requirements and introduced effective methods to reduce errors in unreported or underreported income. The regulation was further clarified through the issuance of PIH 2010-19 on May 17, 2010 that was effective immediately.

The notice revises the verification hierarchy that now includes six levels. PHAs are required to access the EIV system and obtain an income report for each household and further required to maintain the income report in the tenant file along with the HUD-50058. If the Income Report does not contain any employment and income information for the family, the PHA should attempt the next lower level verification technique.

| Level | Verification Technique | Ranking |
|-------|--------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6 | Upfront Income Verification (UIV) using HUD's Enterprise Income Verification (EIV) system | Highest (Mandatory) |
| 5 | Upfront Income Verification (UIV) non-HUD | Highest (Optional) |
| 4 | Written third Party Verification | High (Mandatory to supplement EIV-reported income sources and when EIV has no data; Mandatory for non-EIV reported income sources; Mandatory when tenant disputes EIV-reported employment and income information and is unable to provide acceptable documentation to support dispute) |
| 3 | Written Third Party Verification Form | Medium-Low (Mandatory if written third party verification documents are not available or rejected by the PHA; and when the applicant or tenant is unable to provide acceptable documentation) |
| 2 | Oral Third Party Verification | Low (Mandatory if written third party verification is not available) |
| 1 | Tenant Declaration | Low (Use as a last resort when unable to obtain third party verification) |

Significant Changes in the Level and Acceptability of Certain Tenant Provided Documents:

Directly under the tiers of the most preferred forms of verification (EIV and UIV) is Written Third Party Verification. It includes an original or authentic document generated by a third party source dated either within the 60-day period preceding the reexamination or PHA request date. Such documentation may be in the possession of the tenant (or applicant), and in the past was commonly referred to as tenant-provided documents. It is the Department's position **that such tenant-provided documents are now considered written third party verification** since these documents originated from a third party source. Previously tenant supplied documents that came from a third party were not considered third-party written documentation- but were a lesser tier in the hierarchy that would have required additional third party written verification, whenever possible. Third party written documents now includes, but is not limited to, acceptable tenant-provided documentation (generated by a third party source) such as pay stubs, a payroll summary report, employer notice/letter of hire/termination, SSA benefit verification letter, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices, etc. The PHA **may**, at its discretion, reject any tenant-provided documents and follow up directly with the source to obtain necessary verification of information.

If using pay stubs as a form of verification, the PHA is required to obtain at a minimum, two current and consecutive pay stubs for determining annual income from wages. For new income sources or when two pay stubs are not available, the PHA should project income based on the information from a traditional written third party verification form or the best available information. Unless there is a dispute in the information or verification, the PHA can now use these tenant supplied documents that are now considered written third party verification, coupled with using EIV to streamline and expedite the verification process for determining income from these sources.

Other Major Changes:

In addition to accessing the information, each new admission the PHA is required to confirm and validate the EIV Income Report within 120 days of the PIC submission date and maintain a copy in the file. For each historical adjustment (reexamination or changes), the PHA is required to review the EIV Income Report to confirm/validate family-reported income within 120 days of the PIC submission date and maintain a copy in the file. For each interim reexamination of the family income and composition, the PHA is required to verify that there is no household income discrepancies and maintain verification in the tenant file. HUD emphasized additional reporting requirements that must be maintained by the PHA in order to maintain program compliance.

In addition to procedural changes for the PHAs, they must make revisions to the Admissions and Continued Occupancy Policy (ACOP) or Administrative Plans. PHAs are strongly encouraged to provide notice to applicants and participants through the HUD supplied document, *What You Should Know About EIV*.

The full text of Notice PIH 2010-19 can be found at: http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_8999.pdf

PIH Notices

PIH 2011-44, "Guidance on EPA's Lead-Based Paint Renovation, Repair and Painting (RRP) Rule, HUD's Lead Safe Housing Rule, and the EPA-HUD Lead Disclosure Rule" issued July 29, 2011. This Notice provides guidance to public housing agencies (PHAs) and Housing Choice Voucher (HCV) property owners and summarizes the regulations pertaining to lead-based paint under the Environmental Protection Agency's (EPA's) Renovation, Repair and Painting (RRP) Rule at 40 CFR Part 745, and HUD's regulations at 24 CFR Part 35, commonly known as the Lead Safe Housing Rule (LSHR) and the Lead Disclosure Rule (LDR). It also includes a description of EPA enforcement and fines, and provides PHAs with examples of possible compliance issues that PHAs should work to avoid. Additionally, PHAs must incorporate ongoing lead-based paint maintenance and reevaluation activities into regular building operations.

PIH 2011-36, "Guidance on Energy Performance Contracts" issued July 8, 2011. This notice serves to reinstate and update the content of PIH Notice 2009-16 and provide supplementary guidance on financial incentives to promote energy conservation. Energy Performance Contracting is a financing technique that uses energy/utility cost savings from reduced energy consumption to repay the cost of installing ECMs. HUD encourages PHAs to employ innovative approaches such as EPCs to achieve programmatic efficiency and reduce utility costs, particularly as PHAs transition to asset management.

PIH 2011-35, "Extension: Consolidated Guidance on Disaster Housing Assistance Program – Ike (DHAP-Ike) and Extension Operating Requirements" issued June 30, 2011. This Notice serves to extend PIH 2010-22 (HA) which was set to expire on June 30, 2011. Please note that most deadlines mentioned in the three Notices have elapsed (PIH 2008-38, PIH 2008-45, and PIH 2010-22). The DHAP-Ike is a FEMA-HUD initiative administered by HUD's network of public housing agencies (PHAs) to provide monthly rental assistance, case management services, security and utility deposit assistance for certain families displaced from their homes by Hurricanes Gustav or Ike. The program has been extended until September 30, 2011.

PIH 2011-34, "Extension - Continuation of Disaster Voucher Program (DVP) Housing Assistance Payments" issued June 28, 2011. This notice extends for another year Notice PIH 2010-43, same subject, which was set to expire October 31, 2011. This notice does not supersede the previous guidance. Instead, it updates specific sections in the previous guidance with the new end date and informs public housing authorities (PHAs) administering DVP to continue to provide monthly housing assistance payment for current DVP families past June 30, 2011. The Department has projected that there is sufficient DVP funding remaining to continue providing monthly HAP on behalf of current DVP families through December 31, 2011.

PIH 2011- 32, "Policies and Procedures for Special Purpose Housing Choice Vouchers for Non-Elderly Disabled Families and Other Special Populations" issued June 14, 2011. The purpose of this notice is to establish policies and procedures for issuing, tracking and monitoring Housing Choice Vouchers (HCV) that were awarded under a Notice of Funding Availability (NOFA) to provide rental assistance specifically for non-elderly disabled (NED) families. Policies and procedures will address initial issuance, re- issuance and maintenance of these NED HCVs, tracking them in the Public and Indian Housing Information Center (PIC) and the Voucher Management System (VMS) and issues related to reasonable accommodation.

PIH 2011-31, "Guidance on non-discrimination and equal opportunity requirements for PHAs" issued June 13, 2011. The purpose of this notice is to remind public housing agencies (PHAs), including those in the Moving to Work (MTW) demonstration, of their obligation to comply with key non-discrimination and equal opportunity laws and implementing regulations, including those in 24 CFR § 5.105(a). Specific laws and regulations must be viewed in their entirety for full compliance, as the notice does not incorporate a complete discussion of all legal authorities.

To view the Notices: <http://www.hud.gov/offices/pih/publications/notices/>

Upcoming Events

PHADA 2011 Legislative Forum

September 11-13, 2011

Washington, DC

<http://www.phada.org/conferences/2011forum/index.php>

Solutions for Sustainable Communities: 2011 Learning Conference on State and Local Housing Policy

September 26-28, 2011

Washington, DC

<http://www.nhc.org/2011-Learning-Conference.html>

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