

# U. S. Department of Housing & Urban Development

## San Francisco Office of Public Housing

March 2008

Service. Integrity. Respect

Quarterly Newsletter

### From the Director's Desk

**Stephen Schneller**  
Director  
San Francisco Office of Public Housing



### Doing More With Less

Our Fiscal Year is half over, and

I'm wondering where the time went. We in the HUD office agree that there seems to be more work than anyone can recall. And yet our staffing level has never been lower. And we recently said goodbye to two more coworkers, bringing us back up to nine vacancies. We are hopeful to see some relief, but there are very few opportunities for us to hire staff. Nevertheless, we are committed to serving your needs and strive to continue to improve our customer service to you. As you know, and as I remind you every chance I can, the Northern California and Nevada Public Housing Authorities (PHAs) are on the cutting edge of the industry. I am constantly amazed at the number of ideas and issues that you raise which have never been considered by HUD in the past. I hope that never changes. And in spite of the pressures this places on our workforce, it also keeps us on our toes and makes our jobs more interesting.

Thank you for your committed efforts and keep up the good work. We endeavor to do the same.

### More . . .

#### The Quarterly AM-plifier:

As I've stated in previous articles, the San Francisco Office of Public Housing is one of eight offices participating in the Asset Management Pilot Program, allowing us to make changes and test new models in advance of the rest of the nation. One of the major efforts we are involved with is a streamlining of local and internal processes that we call Clear the Decks. Our office has been a vocal proponent of task simplification, improved efficiency, and elimination of redundant work, among other things. Our activities parallel those being conducted by various players on the statutory and regulatory levels.

#### PHA Annual Plan Approvals

We have committed to taking a risk based approach for processing and approving PHA Annual Plans. Because of workload issues, we have a need to reduce the amount of time spent in the review process. Although each PHA is still required to submit its Plan and certifications in

conducting complete reviews of Plans only for Troubled and near-Troubled PHAs. Therefore, if your Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) scores (as applicable) are both at least 70 percent, you should receive only a streamlined review to ensure that you have met the regulatory requirements for your submission. There will be an additional caveat in the approval letters stating such. For all Low Rent PHAs, the review of your Capital Fund budgets will continue as before. And as I mentioned, the Plans of Troubled PHAs, which do not get automatically approved after 75 days, and near-Troubled PHAs will receive the same scrutiny as before. Your assigned Low Rent Program Revitalization Specialists or Section 8 Program Revitalization Specialists in the case of Section 8-only PHAs take the lead on the approval process. If you have any questions about the new pilot protocols, please do not hesitate to contact them or Gerard Windt. (Note: Please be aware that there is a separate effort underway in HQ to streamline the PHA Plan template for all PHAs.)

#### Congressional Relations

We have been making a concerted effort to make our interactions with the Congressional offices more responsive and efficient. To this end, we are encouraging the Congressional offices to use email and telephone communications with HUD and PHAs directly instead of written formal letters. HUD's protocol requires centralized tracking at HQ and formal written responses signed by the Regional Director, Richard Rainey whenever we receive written communications from constituents. In the past, we have received hundreds of written inquiries per year from the 29 Congressional districts in our NorCal-Nevada jurisdiction. Since the turn-around time can be as much as several weeks for a written inquiry, we believe the constituents will be better served through a more informal and less cumbersome means, such as telephone or email. Additionally, we have suggested to the Congressional offices, that they should contact PHAs directly to reduce the response time even more. And whether it is HUD or a Congressional office that is contacting you, you will be asked to provide a response or explanation of a PHA decision. In most cases the intent is not to question your decision but rather to provide information to the Congressional office that they in turn can provide to their constituent. If you have any questions about the Congressional response process, please contact Gerard Windt.

## IMPORTANT UPCOMING DATES

### DISCLAIMER:

ALL DATES ARE SUBJECT TO CHANGE. IT IS *YOUR* RESPONSIBILITY TO REFER TO PROGRAM AREA WEBSITES FOR THE MOST CURRENT INFORMATION AND COMPLETE LIST OF FORMS DUE!

### FYE 3-31 PHAs

- 05-30-2008 SEMAP Submission due in PIC (60 days after Fiscal Year End)
- 05-31-2008 Unaudited Financial Assessment Sub System (FASS) for FYE 3-31-07 submission due to Real Estate Assessment Center (REAC)

### FYE 6-30 PHAs

- 03-31-2008 Audited FASS for FYE 6-30-07 submission due to REAC
- 03-31-2008 One Copy of Independent Public Accountant (IPA) Audit due to Field Office with Management letter, Corrective Action Plan (CAP) and other relevant written communications See PIH Notice 2006-15
- 04-17-2008 PHA Plan Submission Capital Fund Program (CFP) Performance and Evaluation Reports must be included in PHA Plan)

### FYE 9-30 PHAs

- 06-30-2008 Audited FASS for FYE 9-30-07 submission due to REAC
- 06-30-2008 One Copy of IPA Audit due to Field Office with Management letter, Corrective Action Plan, and other relevant written communications See PIH Notice 2006-15
- 07-18-2008 PHA Plan submission. (CFP Performance Evaluation Reports must be included in PHA Plan)

### FYE 12-31 PHAs

- 10-18-2008 PHA Plan submission. (CFP Performance Evaluation Reports must be included in PHA Plan)

### All PHAs

- 07-31-2008 Resident Opportunity & Self Sufficiency (ROSS) Financial Status Report (HUD-269A) and Semi-Annual Program Report submitted to Field Office
- Every Month CFP obligated-expended data is submitted through Electronic Line of Credit Control System (eLOCCS). CFP work completion activities where pre-audit is required, are reminded to submit AMCC to Field Office
- Every Month Send complete copy of renewal Moderate Rehabilitation (Mod Rehab) program Housing Assistance Payment (HAP) contracts with owners to Financial Management Center (FMC) representative. Please include Attachment A. Contracts needed to request renewal funds and to release payments
- Quarterly Voucher Management System (VMS) data collection HUD 52681B submitted electronically

### Ensure data is submitted timely and accurately.

Failure to report timely could result in loss of Administrative fees. *Check VMS website for exact submission dates*  
[www.hud.gov/offices/pih/centers/fmc/](http://www.hud.gov/offices/pih/centers/fmc/)

**Reminder:** Please continue to submit Year-End Settlement Statement (HUD-52681) for Section 8 Mod Rehab, Single Room Occupancy (SROs), and Mainstream Disabled Veterans (DV) vouchers **ONLY**. Submit to FMC (45 calendar days after FYE)

90 days prior to Fiscal Year Beginning (FYB), submit complete budget (HUD-52673, 52672, 52663) for Mod Rehab, (Single Room Occupancy (SRO), HOPE VI, Mainstream Disabled Veteran (DV code-5 year increments), to FMC representative.



## 2007 Recognition Awards

Presented by the  
HUD San Francisco Office of Public Housing  
At the  
NorCal-Nevada Chapter of NAHRO Conference  
February 3, 2008  
Seaside, California



**2007 Housing Choice Voucher Program of the Year - Larger Division**  
Housing Authority of the County of Santa Cruz

**2007 Low Rent Public Housing Program of the Year - Larger Division**  
Housing Authority of the County of Tulare

**2007 Housing Choice Voucher Program of the Year - Smaller Division**  
Housing Authority of the City of Hollister &  
Housing Authority of the City of San Juan Bautista

**2007 Low Rent Public Housing Program of the Year – Smaller Division**  
Housing Authority of the City of South San Francisco

**2007 Special Achievement in PHA Administration – Individual**  
Tia Ingram  
(Berkeley Housing Authority)

**2007 Special Achievement in PHA Administration – PHA**  
Yolo County Housing

**2007 Director's Recognition for Support of HUD**  
James Nakashima & Housing Authority of the County of Monterey

**Housing Choice Voucher Program Most Improved SEMAP 2006 to 2007**  
Consolidated Area Housing Authority of Sutter County

**Low Rent Public Housing Program Most Improved PHAS 2005 to 2006**  
Housing Authority of the County of Clark, Nevada

**High Performer**  
**Section 8 Housing Choice Voucher Programs**  
(Dates differ because of agency fiscal years.)

**High Performer**  
**2006 Housing Choice Voucher Program**

Housing Authority of the City of Fresno  
Housing Authority of the County of Fresno  
Marin Housing Authority

**High Performer**  
**2007 Housing Choice Voucher Program**

Housing Authority of the County of Alameda  
Housing Authority of the County of Butte  
Housing Authority of the County of Clark, Nevada  
Crescent City Housing Authority  
Fairfield Housing Authority  
Housing Authority of the City of Hollister  
Housing Authority of Kings County  
Lake County Housing Commission  
Housing Authority of the City of Las Vegas  
Housing Authority of the City of Livermore  
Madera Housing Authority  
Housing Authority of the County of Merced  
Housing Authority of the County of Monterey  
Nevada County Housing Authority  
Nevada Rural Housing Authority  
Housing Authority of the City of Pittsburg  
Plumas County Community Development Commission  
and Housing Authority  
Redding Housing Authority  
Housing Authority of the City of Reno  
Roseville Housing Authority  
Housing Authority of the City of San Jose  
Housing Authority of the City of San Juan Bautista  
Housing Authority of the County of Santa Clara  
Housing Authority of the County of Santa Cruz  
City of Santa Rosa  
Shasta County Housing Authority

Solano County Housing Authority  
Sonoma County Housing Authority  
Housing Authority of the County of Stanislaus  
Housing Authority of Suisun City  
City of Vacaville Housing Authority  
Yuba County Housing Authority

**High Performer**  
**Low Rent Public Housing Programs**  
(Dates differ because of agency fiscal years.)

**High Performer**  
**2005-2006 Low Rent Public Housing Program**

Housing Authority of the County of Santa Cruz  
Plumas County Community Development Commission  
and Housing Authority  
Housing Authority of the City of Riverbank

**High Performer**  
**2006 Low Rent Public Housing Program Housing**

Authority of the County of Merced  
Housing Authority of the County of Fresno  
Housing Authority of the County of Clark, Nevada  
Housing Authority of the County of Tulare  
Marin Housing Authority  
Madera Housing Authority

**High Performer**  
**2007 Low Rent Public Housing Program**

Housing Authority of the City of South San Francisco



## Oakland Housing Authority Adds Four to List of Successful Family Self-Sufficiency Program Graduates

### *Section 8 Tenants Use Escrow Fund to Buy Homes, Pay Off Bills, Start New Life*

The number of successful graduates of the Oakland Housing Authority's (OHA) Family Self-Sufficiency (FSS) Program keeps growing as four more Section 8 clients were recently added to the list, with escrow accounts in the tens of thousands of dollars.

A 32-year old single mother of three, living in West Oakland joined the program in January 2003. Already working as a legal secretary, she had higher aspirations to become a paralegal. She studied hard, taking paralegal and real estate classes, and is now firmly established in a good-paying job as a legal assistant. She is planning on using her escrow account valued at more than \$16,488 to clean up her credit, and is pursuing her dream of owning a home.

A 52-year old married father of two living in Northwest Oakland joined the program in January 2003, and with the support of his loving wife, has worked to clean up his credit, and to stay employed with a good-paying job. The escrow fund of \$8,848.74 will be used as a down payment for their new home, which they plan to purchase in the near future.

Joining the program in January 2002, a 42-year old single mother of two from East Oakland had just recently graduated from Mills College with a degree in Computer Science. Determined to land a good full-time job in the computer industry, and armed with her degree, she took a part-time job and quickly climbed the ranks in the technology industry. She is currently working as a LAN support technician and help desk coordinator, while all this time cleaning up her credit, and building an escrow fund of more than \$28,000.

A 53-year old single mother of two is OHA's most prosperous FSS graduate, amassing \$46,338.57 in her escrow account. After recovering from a disability, she returned to her job, and patiently accumulated her funds. During her time on the FSS program, she also managed to purchase her first home. The near \$50,000 account is the biggest payout since the program's inception.

"The FSS program participants are motivated to improve their lives, and the lives of their families," said Linda Stone, FSS program coordinator. "Each participant has a big support group comprised of family, friends, and OHA staff cheering them on as they approach and reach their goals."

The Section 8 Family Self-Sufficiency Program offers eligible participants the ability to build a savings account over a five-year period. Because rent in the Housing Choice Voucher (or Section 8) Program is income-based, as a tenant's income increases, so does the rent. But participating in the FSS Program allows OHA to match a portion of that rent increase into an escrow account, building what can amount to a substantial amount of money. Participants must set and meet several interim goals during the 5-year contract (perhaps work to clean up a credit score), and complete one final work-related goal.

The Family Self-Sufficiency Program was started in 1990 by the Department of Housing and Urban Development (HUD). OHA's FSS program began in 1994, and currently has 250 OHA clients enrolled, with 128 successful graduates.

The Oakland Housing Authority (OHA) is the City of Oakland's state-chartered and federally funded agency to promote the availability of quality housing for low-income persons. OHA works to promote the civic involvement and economic self-sufficiency of its residents and to further the expansion of affordable housing within Oakland. The Authority is currently helping to house 14,000 of the city's lowest income families. ([www.oakha.org](http://www.oakha.org))

## FINANCIAL REPORTING UNDER THE NEW OPERATING FUND RULE

*The Treatment of Certain **Capital Fund** Proceeds in Operating Budgets*

The following brief discusses how public housing agencies (PHAs) should treat four types of Capital Fund proceeds in project Operating Budgets, specifically: Management Fees, Transfer to Operations, Management Improvements, and Construction Supervisory costs. The discussion is limited to these Capital Fund transactions only (i.e., it is not a complete operating budget discussion).

### Overview

PHAs are required to prepare Operating Budgets for each Asset Management Project (AMP); however, budgeting methods and the format of project budgets are generally the discretion of the PHA. HUD requires only that project budgets be easily reconcilable to the FDS. PHAs are not required at this time to include with these Operating Budgets capital activities that are funded through the Capital Fund program. However, activities funded from the Capital Fund that are of an operating nature should be included in project operating budgets.

### Guidance

Capital Fund Management Fees

The Capital Fund Management Fee is generally not expected to appear in a project's operating budget, although, at year-end, the PHA would record the Capital Fund Management Fee in the Capital Fund column of the AMP (based on the PHA's reasonable allocation of Capital Fund Management Fees across AMPs).

### Transfer to Operations

Transfers to Operations from the Capital Fund should be included in a project's operating budget as a funding source. For purposes of budgeting, the PHA could include the transfer at the "top" of the operating budget (with other revenue sources) or at the bottom of the operating budget (similar to how it is handled on the FDS). Capital Fund transfers lose their identity once transferred. In other words, if a PHA transferred \$30,000 to a project from the Capital Fund, the operating budget would show the amount of the transfer but the PHA would not identify the specific expenses associated with those transferred funds (indistinguishable from other

operating expenses). 😊

## Check the PHECC



As energy costs rise, superior energy management is just good business. Need tips on evaluating your PHA's energy performance? Creating a comprehensive energy action plan? Need energy savings informational materials for residents? HUD's **Public Housing Energy Conservation Clearinghouse (PHECC)** offers a cost reduction toolbox, educational materials for residents in English and Spanish, and the latest available information on upcoming training sessions around the country 😊

## 2008 Notices, Rules and Regulations & More

For a list of PIH notices that provide guidance, extensions, instructions, clarifications, announcements and other policy information, please click [here](#). 😊

## PIC

By Joyce Prado, SFOPH PIC Coach

## Field Office Approvals

Whenever you submit an action in the Public & Indian Information Center System (PIC) that requires Field Office approval, such as Building and Unit Changes/Additions or Demo/Dispo Unit Removal, you should send an email to: [Joyce.J.Prado@hud.gov](mailto:Joyce.J.Prado@hud.gov)

## Conversion Units

According to notice PIH 2006-36 there should be no units classified as Conversion Units. *It is the responsibility of the housing authority to advise the field office of the correct classification.* The field office will be changing these units to "not reported" starting on April 1, 2008 unless otherwise advised by the housing authority. **Be advised that a "not reported" status will affect your 50058 reporting rate.**

Reference: [HUD Notice 2006-36](#)

## EXIGENT HEALTH & SAFETY (EHS) DEFICIENCIES

By Baljit Khosa, Engineer

### What is EHS Deficiency?

An EHS deficiency is a defect in a component of property that could be a threat the life, health and safety of the residents. An EHS deficiency is found in the five areas of property during conduct of a UPCS inspection. A general description of EHS deficiencies in these five areas of a property are listed below.

### Regulatory Requirements Applicable to EHS.

The Real Estate Assessment Center (REAC) inspectors conduct annual inspections of the low income properties in accordance with the Public Housing Assessment System (PHAS) regulation at 24 CFR 902 and REAC policies in compliance with the Uniform Physical Condition Standards (UPCS) at HUD regulation at 24 CFR Part 5, Subpart G) to make sure that the Housing Authorities (HA) developments stock is in safe, sanitary and good repairs.

#### 1. Site

Air Quality – Propane/Natural Gas/Methane Gas Detected.

Electrical Hazards – Exposed Wires/Open Panels. Water Leaks on/near Electrical Equipment.

#### 2. Building exteriors

Electrical Hazards – Exposed Wires/Open Panels. Water Leaks on/near Electrical Equipment.

Emergency Fire Exits – Emergency/Fire Exits Blocked/Unusable.

Fire Escapes – Blocked Egress/Ladders.

#### 3. Building Systems

Air Quality – Propane/Natural Gas/Methane Gas Detected. Sewer Odor Detected.  
Domestic Hot Water – Carbon Monoxide Hazard. Misaligned Chimney/Ventilation System Inoperable.

Electrical Systems – Missing Breakers/Fuses/Covers Plates.

Electrical Hazards – Exposed Wires/Open Panels. Water Leaks on/near Electrical Equipment.

Emergency Fire Exits – Emergency/Fire Exits Blocked/Unusable.

Fire Protection – Missing/Damaged/Expired Fire Extinguishers Expired.

Smoke Detectors – Missing/Inoperable Smoke Detectors.

HVAC – Misaligned Chimney/Ventilation System Inoperable. Carbon Monoxide Hazard.

#### 4. Common Areas

Air Quality – Propane/natural Gas/Methane Gas Detected. Sewer Odor Detected.

Electrical – Missing Breakers and Missing Covers.

Electrical Hazards – Exposed Wires/Open Panels. Water Leaks on/near Electrical Equipment

Emergency Fire Exits – Emergency/Fire Exits Blocked/Unusable.

HVAC – Misaligned/Chimney/Ventilation System.

Outlets/Switches/Cover Plates – Missing/Broken Cover Plates.

Smoke Detectors – Missing/Inoperable.

Windows – Security Bars Prevent Egress.

Elevators – Inspection Certificate Current.

## 5. Units

Air Quality – Propane/Natural Gas/Methane Gas Detected.

Electrical hazards – Exposed Wires/Open Panels. Water Leaks on/near Electrical Equipment.

Electrical Systems – Missing Breaker/Fuses. Missing Covers.

Emergency Fire Exits – Emergency/Fire Exits Blocked /Unusable.

Hot Water Heater – Misaligned Chimney/Ventilation System Inoperable.

HVAC – Misaligned Chimney/Ventilation System Inoperable.

Outlets/Switches – Missing/Broken Cover Plates on Electrical Outlet.

Smoke Detectors – Missing/Inoperable.

Windows – Security Bars Prevent Egress.

Infestation – Rats/Mice/Insects.

## Access to Inspection Reports

After the inspection is reviewed and scored, the HA is notified electronically that it may access the inspection summary report listing the score and deficiencies observed during the inspection. The HAs use online application to report EHS deficiency correction/ abatement activities to HUD. The on line application will allow the HA to enter correction and abatement activities for each EHS deficiency.

## Impact of EHS on Pass Score

HA's Physical Inspection Assessment Subsystem (PASS) score under Public Housing Assessment Program (PHAS) is adversely impacted due to EHS deficiencies because they have high penalty.

## Suggested Measures to Reduce EHS Deficiencies and Improve Pass

If the PHA takes a little proactive initiative, they can improve their PASS scores easily. We offer our Housing Authorities (HA) a few simple techniques to follow as listed below in order to improve their PASS scores.

Most prevalent deficiencies with high penalty found in the units are: (a) Missing smoke detectors; and (b) Blocked safety egress from the units. These two deficiencies take little effort and expense to mitigate as stated below.

1. Initially, property managers (PM) should begin educating residents repeatedly during meetings to refrain from removing

batteries from the smoke detectors, and not to block with furniture egress through emergency fire exits for their own safety.

2. Noncompliant residents should be penalized, because REAC in turn penalizes the PHA for these deficiencies in terms of their PASS scores.
3. Occasionally, PM should spot check units to make sure that the residents are keeping their units free of these deficiencies. Eventually, it will become routine for the residents to ensure that their units are in compliance.

## Corrective Action for Remaining EHS Deficiencies

There are additional EH&S deficiencies listed below that adversely impact the HAs PASS scores. In order to further improve its PASS score, the PHA may wish to spend time and effort to keep the units free of above-noted deficiencies. A crew consisting of at least one maintenance mechanic and a helper, depending on the total number of units and their age, could be assigned to walk through all units on quarterly basis. They should locate and correct on the spot all the EH&S discovered during the inspection before moving to the next unit. The cyclical abatement of the EH&S deficiencies will keep the units safe, sound and in good repairs. The PHA will realize the pay-off in terms of improvement of their PASS score after the REAC's annual inspection.







## Reasonable Accommodations for Persons with Disabilities

(Part 2 of 3)

What are the requester's obligations in asking for a reasonable accommodation?

(It should be noted that applicants as well as current tenants may make requests for accommodation based upon their special needs, so for the purpose of this article we will use the term "requester" when referring to the disabled applicant or tenant who is making such a request of a PHA) Experts agree that a disabled person making a request for accommodation has an obligation to demonstrate four elements in order to justify his or her request to the PHA:

1. The requester is **disabled** by having a significant impairment of a major life activity. State fair housing laws also have reasonable accommodation provisions, and these do not always require the impairment to be "substantial" in nature. Examples of major life activities include functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, working, or others.
2. The requester has made a specific, written or oral **request** for an exception to a standard policy, practice or procedure of the PHA. The requester must state in some detail what the accommodation is that is being requested. For example, if a person with sight limitations in low-light situations were to ask a PHA to "improve safety in the complex," this request would be too vague to permit appropriate response by PHA. A more-appropriate request might be made to replace low-wattage bulbs along the exterior route from parking lot to the requester's door with higher-wattage bulbs, to permit safer passage in low-light-level areas.
3. There is a connection, or **nexus**, between the impairment and the accommodation being requested. If a resident with an autistic child in the family asked for permission to pay his rent ten days late, a PHA would be well within his rights to deny such request because there was no apparent connection to the impairment and the accommodation being requested. A PHA should analyze the link between the impairment and the accommodation, and if unclear ask for clarification from the requester.
4. The PHA has either **denied** the request, or has indefinitely delayed or otherwise refused to **respond to it**. It is good practice to acknowledge receipt of a written accommodation request, and to give the requester some idea when a decision will be made on the request. Delaying a response – particularly if the need is urgent – may be considered tantamount to denial.

If you have questions about analyzing a request for reasonable accommodation, or responding appropriately to such a request, you should call or e-mail your Public Housing Specialist, or an FHEO representative at 1(800) 347-3739. 😊

### Editors Corner . . . or *Changes, Updates, and Oh my gosh I goofed!*

**Oh my gosh I goofed!:** In the last edition, I inadvertently published HUD's MF EIV website. For the correct Enterprise Income Verification website for Public Housing, please click here [PIH website](#)

**Update:** To date, Sue Platania and Mamie Dunn have retired. The San Francisco Office of Public Housing will greatly miss these two invaluable employees. Have a marvelous retirement! You deserve it!

**Changes:** The Redding Housing Authority has a new Executive Director, Barry Tippin. Mr. Tippin previously served as Redding's Assistant City Manager. Mr. Tippin can be reached at: (530) 225-4067 or by email: [btippin@ci.redding.ca.us](mailto:btippin@ci.redding.ca.us)

## Leased Up in a Slow Economy

By  
Martha Ruiz

HUD defines perfect utilization as 100 % of vouchers contracted in the PHA's ACC or 100% the PHA's budget authority used. Utilization or lease up rate, as it is commonly referred to, is a critical element of managing a successful Housing Choice Voucher Program. Many unpredictable variables, such as a natural disaster, can impact the program's lease up rate. Hurricane Katrina is an example of how a natural disaster can destroy a significant portion of the housing stock leaving many victims homeless. Imagine the total chaos Katrina had on utilization? Other external conditions such as the economy are, if not predictable, certainly understandable. PHAs can prepare for the potential impact of a slow economic may have on their utilization rate.

Nationwide, we are facing a mortgage crisis with record high foreclosures. The full impact of this crisis is still ahead of us. Homeowners struggling to make their house payment may become renters again if their home is foreclosed. This may increase the demand for rentals. On the supply side, investors are losing their rental properties to foreclosure. How will these national trends affect your community and the usage of your program? Will your participants have fewer rental properties to select from and will the shortage of rental and higher demand for rentals increase your lease up period. Will the demand for rental increase the cost of renting and how will you react. Will you respond by increasing your payment standards which will cause the PHA to use more of its budget authority to house fewer families? Perhaps your participants will decide to remain in their current unit and postpone moving from one unit to other. If your community has historically had a soft rental market, then a tighter rental market may have a positive affect on your program by decreasing moves; resulting in a more stable monthly utilization rate. Ports have an impact on the program's administrative budget and on utilization. Some communities will experience an increase in port-ins and other port-outs. Knowing your housing market conditions and how it impacts your program usage is essential to a perfect utilization rate.

America is experiencing an economic slow down. Some economists say we are in a recession and others warn we are headed into one. Unemployment is on the rise and so is the cost of living, including housing. How will the economic conditions of your community impact lease up? Some of the commonly know impacts are:

- PHA's are more likely to see an increase in interim if your community suffers an increase in unemployment; which may require an increase in staff time; staff time
- that otherwise could be used to maintain lease up. Without more staff time allocated to leasing, utilization could decline.
- As tenant's income and rent portion declines, HAP payments and usage of budget authority will increase.
- The number of families facing eviction for non payment of rent may increase; possibly increasing the Housing Authority's administrative burden and potentially increasing PHA's payment standards to address the rent burden. The net result would be an increase in the budget authority utilization.
- Depending on the housing authority's policies, termination of assistance may increase due to violations of the family obligations (non payment of rent); which potentially could increase administrative burden and decrease the number of leases under contract. Utilization rate would decline in both units under contract and budget authority used.
- PHAs may experience an increase in the demand for housing assistance and in the number of eligible families on the waiting list; which may decrease the number of applicants selected from the waiting in order to achieve the desired lease up level.
- Applicants may experience more difficulties in finding owners willing to rent to a family with little or no income; which could result in a prolong lease up period and underutilization of budget authority and unites leased.

Understanding your community's unique economic challenges prepares your agency to respond quickly to making adjustments to the HCV program in order to maintain or achieve a perfect utilization rate. It is a balancing act to maintain a perfect utilization rate. Once an analysis to identify the key economic variables that impact utilization is completed, PHAs need a strategy to address the challenges. The HUD Housing Choice Voucher Guide Chapter 24: Utilization has a comprehensive approach to analyzing utilization and how to develop a strategy **CHAPTER 24: UTILIZATION** It is a step by step guide through the process of determining your utilization to determining the amount of staffing hours needed to achieve and maintaining 100%

utilization. Finally, your Public Housing Revitalization Specialist (PHRS) is available for technical assistance.

## The Financial Reporting Corner: Independent Public Accountant Audits



### Rejected Financial and Management Operations Submissions:

How to avoid a Late Presumptive Failure (LPF) score of zero.

#### Rejected Submissions:

A common reason for receiving an LPF is failing to correct Rejection issues by the submission due date. The Unaudited Financial and Management Operations Certification submissions are due two months after the fiscal year end (FYE), without penalty points, and up to five months after the FYE, with penalty points. The audited financial submission is due nine months after the FYE. The audited financial statement does not incur late penalties for being late, failure to submit results in LPF.

Before the submission due date, a HA may submit corrected information as many times as necessary. So, it is in the HA's best interest to submit its data well before the due date in order to resolve rejection issues. A HA that submits within 15 days of the due date and is rejected, will only receive one opportunity to correct the submission. The correction must be submitted within 15 days of the rejection, and may be subject to penalty points. If you have any questions, please contact your FASS-PH Analyst or a Management Operations Assessment Sub System (MASS) staff member.

## Financial Reporting FAQ

### 1. Do PHAs have to continue submitting the Form HUD 52595 and 52599?

Beginning with Fiscal Year 9/30/99, the submission of Forms HUD - 52595 (Balance Sheet) and 52596 (Roll forward of Surplus) are no longer required for Low Rent and Section 8. However, the submission of Form HUD - 52599 (Statement of Operating Receipts & Expenditures) and Form HUD 52681 (year-end Settlement) continues to be a PIH requirement. Therefore, PHAs must submit these forms to the Office of Public Housing as they have done in the past.

### 2. Do PHAs have to submit a hard copy of their unaudited financial data to their local HUD Office?

Although REAC does not require PHAs to submit a hard copy of their annual financial statements, the PHA should continue to comply with the reporting requirements of the Office of Public Housing. Please keep in mind that the local HUD offices have access to all electronically submitted financial data to REAC via FASS.

### 3. Is a PHA required to forward a hard copy of its audit report to REAC?

No. However, the PHA should maintain a hard copy of the audited report in the event REAC or HUD needs it as part of a Quality Assurance Review.

### 4. What are the steps a PHA needs to take in order to complete an audited submission?

As a recipient of HUD funds, PHAs are responsible for ensuring that audited financial statements are electronically submitted to REAC within 9 months after its fiscal year end. Since HUD's contractual relationship is with the PHA, HUD cannot hold the auditor responsible for late electronic submissions of this data.

### 5. Which Generally Accepted Accounting Principles (GAAP) model does HUD suggest that PHAs use, Governmental or Enterprise?

HUD prefers the Enterprise Model. Please see GAAP Flyer No. 1 posted on the aforementioned website.

### 6. Are PHAs still required to submit the Management Letter (prepared by the auditor) to HUD?

Yes, HUD requires the submission of the Management Letter to the local Field Office having jurisdiction over the PHA.

**7. Is a PHA required to transmit an unaudited submission if its audited data is prepared at the time that its unaudited submission is due?**

Technically, yes. However, you need to create an unaudited submission and then the data can be submitted as the audited submission. (You should first forward your data as an unaudited submission and then submit the same data again as an audited submission). You do not need to re-enter the data. Please note however, that the Unaudited Financial Data Schedule (FDS) takes precedence in the review process.

**8. My housing authority has several different programs with different year-ends. What period should my financial statements cover?**

While it is true that programs can have different reporting requirements based on different year-ends, the housing authority itself has only one fiscal year end. The financial statements should be based on the fiscal year end of the housing authority.

**The American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide "Audits of State and Local Governmental Units"** addresses this issue specifically in the Statement of Position 98-3 (SOP 98-3). SOP 98-3 states that an audit performed in accordance with Circular A-133 should cover the auditee's financial transactions for its fiscal year, which is not necessarily the same period of some of the programs being funded. Thus, the audit might include only a part of the transactions of a federal award, because some transactions may not occur within the period of the audit.

Component units of the housing authority might be the only exception to the rule. Both GAAP Flyer 3 and GASB 14 address this issue.

## *Late Breaking News!*

### **HUD Secretary Alphonso Jackson Resigns**

On April 18th, I will step down as Secretary of the United States Department of Housing and Urban Development.

There comes a time when one must attend more diligently to personal and family matters. Now is such a time for me.

I have devoted more than 30 years of my life to improving housing opportunities for all Americans regardless of income, skin color or spoken accent. My life's work has been to build better communities that families are proud to call home. Seven years ago, President Bush gave me an extraordinary opportunity to serve HUD and the nation. As the son of a lead smelter and nurse-midwife, and as the last of 12 children, never did I imagine I'd serve America in such a way. I am truly grateful for the opportunity.

During my time here, I have sought to make America a better place to live, work and raise a family. We have helped families keep their homes. We have transformed public housing. We have reduced chronic homelessness. And, we have preserved affordable housing and increased minority homeownership.

We have done this together. I take great pride in working alongside some of the most dedicated civil servants in America. The hardworking people at HUD make a difference in the lives of thousands of Americans daily. Marcia and I want to thank you for the many acts of kindness we have received over the last seven years.

May God bless you and may God continue to bless America.

Monday, March 31, 2008