



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

Special Attention of: Regional and Field Office Directors of Public Housing; Financial Management Center; Public Housing Agencies Administering Housing Choice Voucher Programs; Regional Directors; State and Area Coordinators	Notice	PIH-2008-21 (HA)
	Issued:	April 16, 2008
	Expires:	April 30, 2009

Cross References:		
HUD Notice PIH 2007-26		
HUD Notice PIH 2007-31		

Subject: Disaster Housing Assistance Program (DHAP) Revisions to the Operating Requirements and Processing Guidance for Phase 3 Families; Suspension of the Incremental Rent Transition Requirement for Phase 2 and Phase 3 Families; Supplemental Guidance on Pre-Transition and Case Management Fees and Use of Disaster Information System (DIS) Information to Determine Family Unit Size under the PHA Subsidy Standards

1. Purpose.

This Notice revises the Disaster Housing Assistance Program (DHAP) Operating Requirements and provides guidance on the transition process for families that are relocating out of FEMA-provided temporary housing units (i.e., travel trailers) directly into the DHAP ("Phase 3 families"). The Notice further revises the Operating Requirements to suspend the incremental rent transition requirement for all Phase 2 and Phase 3 families through March 1, 2009.

In addition, the Notice provides guidance on determining the appropriate Fair Market Rent (FMR) and payment standard for purposes of the subsidy calculation if a DHAP family notifies the public housing agency (PHA) that the original family record in the Disaster Information System (DIS) is inaccurate or incomplete. The Notice also provides additional information on the case management fees that are paid to PHAs under the DHAP.

2. Background.

HUD Notice PIH 2007-26, Disaster Housing Assistance Payments Program (DHAP) Operating Requirements, was issued on August 16, 2007. PHAs administering DHAP began pre-transitional services for the first group of families transitioning to the DHAP on or after September 1, 2007. Rental assistance payments under DHAP for these

families (known as “Phase 1 families” throughout this Notice) first commenced no earlier than December 1, 2007.

At the time of their transition to the DHAP, the vast majority of the Phase 1 families were residing in privately owned rental units and were receiving rental assistance either by (1) payments made directly to the landlord on the family’s behalf through FEMA’s contractor, Corporate Lodging Consultants (CLC), or (2) FEMA providing assistance directly to the family, which the family then used to pay their rental costs.

In March 2008, HUD assigned approximately 8,750 additional families to DHAP participating PHAs. (These families are referred to as “Phase 2 families” throughout this Notice). While most of these families were at one time residing in FEMA-provided temporary housing units, Phase 2 families have vacated the temporary housing units and are receiving rental assistance from FEMA for an interim period prior to the transition to DHAP. FEMA will continue to make rental assistance payments on behalf of these families through April while the PHA conducts outreach to the families and owners and commences pre-transitional case management services. Rental assistance payments under DHAP for these initial Phase 2 families will commence on May 1, 2008.

In addition to the Phase 2 families, certain families currently residing in FEMA temporary housing units are being transitioned on an on-going basis to the DHAP by FEMA. (These families shall be referred to as “Phase 3 families” throughout this Notice). FEMA is expediting the relocation of residents from travel trailers to other housing following the preliminary results of the formaldehyde testing conducted by the Centers for Disease Control and Prevention (CDC) on travel trailers in Louisiana and Mississippi. Many of these Phase 3 families will immediately transition into the DHAP in their new rental units (as opposed to first receiving rental assistance for an interim period of time from either FEMA or CLC, as is the case with the Phase 2 families). There are significant changes in the normally applicable DHAP assignment and family intake process for these Phase 3 families. There are no DHAP pre-transitional fees associated with Phase 3 families since the families are transitioning directly into DHAP.

HUD has received a number of inquiries related to several DHAP programmatic issues. Therefore, the Notice also provides general DHAP guidance on case management fees for all families, as well as the determination of the appropriate family unit size under the PHA subsidy standards when the original DIS record provided for the family may be inaccurate or incomplete.

3. Transition Process to DHAP and Operational Guidance for Phase 3 families.

For Phase 3 families, the transition process to DHAP consists of the following:

- a. Family record added to DIS. Phase 3 family records are added to the DIS but the family is not initially assigned to a particular PHA. The DIS record will identify the family as a Phase 3 family. A Phase 3 family is identified in DIS as a “FEMA Phase 3 Family” in the Initial PHA Name Field.

- b. FEMA briefs the family on the DHAP and the family signs the certification of family obligations. The FEMA specialist working with the family will brief the family on the DHAP and the process by which the family may transition to the DHAP. The FEMA specialist will inform the family that, as a condition of participation, the family must agree to receive on-going case management services and must comply with the family obligations of the DHAP.

The FEMA specialist will require the family to sign a certification of the family obligations under the DHAP. If a family refuses to sign the certification, the FEMA specialist informs the family that they will not be able to participate in the DHAP. Once the family signs the certification, the FEMA specialist provides the family with a DHAP briefing packet, which includes a copy of the Disaster Rent Subsidy Contract (DRSC) and the lease addendum.

- c. The unit to which the family will relocate with DHAP assistance is located and owner signs the DRSC. The unit must meet the DHAP Operating Requirements concerning the eligibility of units and the prohibition against other subsidy (see HUD Notice PIH 2007-26, section 4.i). If the owner is willing to participate in the DHAP, the owner and family may execute a lease and the DHAP lease addendum. The FEMA specialist advises the owner that the rental payment will not be paid until the DHAP administering PHA executes the DRSC.

The owner signs the DRSC. The FEMA specialist will then take the DRSC, a copy of the lease addendum, the signed certification of the family obligations, and the family and owner's information to the HUD representative assigned to the applicable local FEMA Office.¹

In certain circumstances, such as if the family has relocated out of the area, the FEMA specialist may determine that in the interest of expediting the processing of the unit, the family may send the DRSC and the copy of the lease addendum to the local FEMA Office designated by FEMA as the point-of-contact location for this purpose instead of returning it to the FEMA specialist. FEMA will provide the family with a pre-addressed envelope for this purpose.

- d. HUD assigns the family in DIS to the PHA with jurisdiction over the area in which the unit is located. The HUD representative assigned to the local FEMA Office to which the family's documentation is returned will assign the family in DIS to the DHAP participating PHA with jurisdiction over the unit and forward the DRSC, the copy of the lease addendum, the signed certification of the family obligations, and the family and owner's contact information to the PHA.

¹ If the FEMA specialist is not with the family at the time the lease is executed and the owner signs the DRSC, the family will return the DRSC and the copy of the lease addendum to the FEMA specialist, and the FEMA specialist will in turn provide the documents to the HUD representative.

- e. PHA contacts the family and owner and executes the DRSC. The PHA contacts the family and the owner. The PHA promptly executes the DRSC² and provides a copy of the executed DRSC to the owner. **The effective date of the DRSC is the effective date of the lease and lease addendum.**

The family and the owner may also contact the PHA directly. The family and the owner may call the HUD DHAP Call Center for information on the DHAP PHA with jurisdiction over the area in which the family's unit is located. The DHAP Call Center telephone number is 866-373-9509.

Under the DHAP Operating Requirements, the PHA does not determine if the initial rent charged for the FEMA-identified unit is reasonable. Under these circumstances the family is considered to be relocating from a FEMA provided temporary housing unit to the private market unit that FEMA has located for the family. However, if the owner subsequently wishes to increase the rent while the unit is under the DRSC, the PHA must determine that the proposed new rent is reasonable. (See section 4.k of HUD Notice PIH 2007-26.)

- f. PHA conducts a limited inspection on the unit. The PHA does not conduct a full Housing Quality Standards (HQS) inspection on the unit. However, the PHA must conduct a limited inspection in a reasonable time (as determined by the PHA) after the effective date of the DRSC is executed to ensure the unit's current condition does not contain any life-threatening deficiencies.

In accordance with section 4.l. of HUD Notice PIH 2007-26, if the unit fails the limited inspection, the owner must correct the life-threatening deficiencies within 48 hours. The PHA must verify that the deficiencies have been corrected. If the corrections have not been made within the required 48 hour cure period, the PHA must immediately abate the monthly rental subsidy payment and provide housing search assistance to assist the family in leasing another unit as soon as possible.³

- g. Calculation of the DHAP Monthly Rent Subsidy for a FEMA-Identified Unit.

- (1) Initial DHAP Monthly Rent Subsidy. **The initial DHAP monthly rent subsidy for a FEMA-identified unit equals the initial monthly rent specified in the lease.** The monthly rent specified in the lease is the total monthly rent payable to the owner under the lease for the unit. The monthly rent specified in the lease covers payment for any housing services, maintenance, and utilities that the owner is required to provide and pay for. The owner shall not charge, and the family shall

² Note that the PHA does not execute the DRSC if the unit is ineligible housing. In such a case the PHA will assist FEMA in helping the family to locate an eligible unit.

³ If the unit fails the initial inspection and the family must be relocated because the owner will not make the repairs, the PHA will receive an additional \$500 as part of the placement fee (for a total placement fee of \$1500, as opposed to \$1000), to reflect the additional responsibilities of the PHA to help the family and FEMA locate alternative housing for the family.

not pay, any additional amounts for leasing the unit other than the monthly rent specified in the lease.

- (2) Subsequent Increases in Rent. If the owner subsequently increases the rent (assuming the owner can do so in accordance with the terms of the lease and state and local law and the PHA determines that the new rent is reasonable), the DHAP monthly rent subsidy is calculated by determining the greater of:

- a. the initial rent charged by the owner on the effective date of the DRSC.
- b. the applicable FMR published for the area where the unit is located.
- c. the applicable payment standard for the PHA's housing choice voucher program.

The new DHAP rent subsidy is the lesser of the amount determined above or the new rent under the lease.

The applicable FMR/payment standard is determined in accordance with the guidance provided in HUD Notice PIH 2007-26, HUD Notice PIH 2007-31, and section 5 of this notice. If, as a result of the rent increase, the new rent charged by the owner exceeds the DHAP monthly rental subsidy as determined above, the family is responsible for the difference between the owner's new rent and the DHAP rent subsidy.

- (3) Impact of the lease rent on DHAP rent subsidy and inapplicability of PHA utility allowances. The DHAP monthly rent subsidy may never exceed the monthly rent currently charged for the unit by the owner under the lease. Note also that the DHAP monthly rent subsidy is not reduced or otherwise impacted by the fact that the costs of some or all of the utilities are included in the rent and are the owner's responsibility to pay for under the lease. However, unlike the Housing Choice Voucher program, the DHAP does not subsidize any utility costs that are the family's responsibility. The PHA's housing choice voucher program utility allowances are never applicable to or used in the DHAP monthly rent subsidy calculation.

- h. Subsequent Moves. As is the case for all DHAP families, if the Phase 3 family moves from the unit with continued DHAP rental assistance, the monthly rent subsidy equals the lesser of:

(1) the monthly rent specified in the lease of the new unit;

or

(2) the greater of :

- a. the applicable FMR published for the area where the unit is located, or
- b. the applicable payment standard for the PHA's Housing Choice Voucher program.

In accordance with HUD Notice PIH 2007-26, the PHA must determine that the rent is reasonable before approving the new unit for lease under the DHAP. In addition, the new unit must be initially inspected by the PHA and must meet the HQS before the PHA and owner may enter into the DRSC.

- i. Case Management Services for Phase 3 families. The PHA will commence DHAP case management services for the Phase 3 family as soon as is reasonably possible once the family is assigned to the PHA in DIS.

As part of the effort to expedite the relocation of families from travel trailers, DHAP case management services in some instances may need to commence for Phase 3 families before a unit has been found for the family and the family is assigned to a PHA.

In rare instances, case management services may continue to be provided to the family by an entity other than the DHAP PHA during the time the family is receiving the DHAP rental assistance. Regardless of the entity providing case management, the family is required to participate in DHAP case management services.

When the family is first assigned to the PHA, HUD will inform the PHA if it is not required to provide DHAP case management services for a particular Phase 3 family. In such a case, the assigned DHAP PHA has no case management responsibilities for that family and no case management services fees are provided to the PHA for that family.

4. Suspension of the Incremental Rent Transition Requirement for Phase 2 and Phase 3 Families. The incremental rent transition requirement (section 4.h of HUD Notice PIH 2007-26) is suspended through March 1, 2009 (the termination date of the DHAP), for all Phase 2 and Phase 3 families.

For Phase 2 and Phase 3 families only, any reference in HUD Notice PIH 2007-26 to the incremental rent transition is superseded by this Notice through March 1, 2009.

For Phase 2 families, the DHAP monthly rent subsidy is calculated in accordance with HUD Notice PIH 2007-26, section 4.g, until March 1, 2009, as opposed to March 1, 2008.

For Phase 3 families, the DHAP monthly rent subsidy is calculated in accordance with section 3.g and 3.h of this notice.

A Phase 2 family is identified in DIS as “FT” in the Pre-Disaster Program Type Field and in the New Program Type Field. As noted above, a Phase 3 family is identified in DIS as a “FEMA Phase 3 Family” in the Initial PHA Name Field.

5. DHAP Case Management Fees (March 2008 - February 2009).

Phase 1 Families

For Phase 1 families currently assigned to PHAs, case management fees were provided for March 2008 if both the “Family Contacted” and “Family Agreed to Case Management” fields in the DIS were checked by the PHA. By checking these fields, the PHA reported that it had succeeded in contacting the family and that the family has been briefed on the DHAP, the family agreed to participate in the required case management services provided by the PHA, and the family signed the DHAP family obligations certification.

Originally, the March 2008 case management fee (\$92 per family) was only to be paid for those families actually under a DHAP lease (i.e., families for whom the PHA has executed a DRSC with the owner of the family’s unit).⁴ However, case management fees were still paid for the month of March for those families not yet under a DRSC, provided the PHA contacted the family, the family agreed to case management services, and the PHA was actively providing case management services to the family.

With the exception of DHAP eligible families residing in real estate owned (REO) properties, for the following three month period (April – June 2008) and each three month period⁵ thereafter, the case management services fees for these families will only be provided if the family is under a DRSC. The PHA must ensure the “Landlord Signed HAP Contract” box in the DIS is checked in order to receive the case management fee on behalf of the family.

HUD will continue to pay case management fees on behalf of families residing in REO properties, provided the PHA continues to provide case management services to the families while they remain in the REO properties. In order to receive case management fees for REO families in such cases, the PHA must ensure that the “Family Contacted” and “Family Agreed to Case Management” boxes in DIS are checked.

Phase 2 Families

For Phase 2 families assigned to the PHA in March 2008, the case management services fee for the first 4 months that case management services are provided (March - June 2008) shall be calculated as follows:

\$92 x number of families initially referred to the PHA x 4 months.

For the following three month period (July 2008 – September 2008) and each three month period⁶ thereafter, the case management services fee is based on the number of families under DHAP lease/DRSC as reported by the PHA in the DIS).

⁴ The Case Management Services Fee calculation was discussed in detail in the DHAP Frequently Asked Questions Set 1, issued August 20, 2007 (see item 1-10).

⁵ Due to the sunset date of the DHAP, the final period will be only two months: January – February 2009.

⁶ As is the case for Phase 1 families, the final period is only two months: January – February 2009.

The case management services fee shall equal \$92 multiplied by the number of families under DHAP lease multiplied by three months. HUD uses the family data recorded in DIS as of the middle of the month preceding the three month funding period to calculate the case management services fee.

Phase 3 Families

As noted above, in most cases the PHA has case management services responsibilities for Phase 3 families, and consequently will receive case management fees.

Unless HUD advises that the PHA is not responsible for case management services for a Phase 3 family, case management fees will be paid for the month the family is first assigned to the PHA and for each month thereafter through June 2008. Commencing with the three month period July - September 2008, and each three month period thereafter, the case management services fee shall be determined in the exact same manner as the Phase 2 families for the time period in question (i.e., based on the actual number of families reported under lease/DRSC in DIS).

For Phase 3, FEMA may subsequently adjust the required minimum ratio of families per case manager if FEMA determines more intensive case services are required for Phase 3 families. In such event the PHA case management fee will be increased accordingly.

Impact on Case Management Fees When the Number of Families under a DRSC Subsequently Increases and Decreases.

HUD shall provide supplemental case management services fee funding if a family is subsequently placed under a DRSC during the time period that the case management services fee is based on the actual number of families reported under a DRSC. The supplemental fee shall cover any additional families that are placed under a DRSC and reported in DIS during the time period in question. The fee is paid for that particular month and any other months remaining in the three month period.

The case management services fee funding provided for a three month period is never reduced, regardless of whether the number of families under a DRSC decreases during that time period. Any reduction in the number of families assisted will be reflected in the case management services fee provided for the following three month period.

6. DHAP Subsidy Calculations: Family Unit Size Determinations in Cases where the Family Composition Does Not Match the Original DIS Record. The original DIS record for a family lists the head-of-household and other members of the eligible family as determined by FEMA. HUD Notice PIH 2007-31 provides that when determining the family unit size under the PHA subsidy standards (to identify the applicable FMR/payment standard for calculating the family's DHAP rent subsidy payment under a DRSC), the PHA always uses the smaller of:

- (1) the family unit size for which the original composition of the family qualifies under the PHA subsidy standards⁷, or
- (2) the family unit size for which the current composition of the family now qualifies under the PHA subsidy standards.

If there are concerns that the original DIS record does not accurately reflect the family composition at the time FEMA first determined the family eligible for disaster assistance, the PHA should not apply its subsidy standards to the listed family members in the DIS record. Instead, the PHA shall use the Actual Bedroom Size indicated in the original DIS record.

As a result, the family unit size for purposes of determining the applicable FMR/payment standard in such a case is the smaller of:

- (1) the Actual Bedroom Size in the original DIS record, or
- (2) the family unit size for which the current composition of the family now qualifies under the PHA subsidy standards.

For example, assume a PHA is working with the Smith family. The original DIS record lists the Head-of-Household, John Smith, as the only member of the family. However, Mr. Smith informs the PHA that his wife and two children resided with him both at the time of the disaster and when FEMA first determined the family to be eligible for FEMA assistance. Although John Smith is the only listed household member, the original DIS record indicates “2 bedroom” as the Actual Bedroom Size for the Smith family. As a result, the PHA uses a 2 bedroom family unit size for the original family record. The PHA compares the 2 bedroom listing to the family unit size for which the current composition of the Smith family now qualifies under the PHA subsidy standards. The smaller bedroom size is used when determining the applicable FMR/payment standard for purposes of calculating the DHAP rent subsidy payment for the Smith family.

Actual Bedroom Size Field is Empty or Inaccurate.

If the family is disputing the accuracy of the original DIS record regarding the composition of the family at the time of the disaster and the Actual Bedroom Size field in the original DIS record is empty, the PHA determines the family unit size for the original family composition in the following manner:

1. In cases where the family was assisted by CLC, the PHA inputs the bedroom size of the CLC assisted unit as the Actual Bedroom Size, provided it is possible to verify the information (e.g., family is still residing in the CLC assisted unit or documentation is available). The PHA uses that value as the bedroom size of the original family composition at the time of the disaster.

⁷ Note that when the PHA makes this determination, the PHA takes the current ages of the family members into account. For example, the PHA subsidy standards may provide for a larger unit size where necessary to ensure that children of the opposite sex of a certain age do not share a bedroom. In determining if that circumstance is applicable to the family, the PHA uses the current age of the children, not the age at the time of the disaster.

2. If the family was receiving assistance directly from FEMA or the PHA cannot verify the CLC unit size (the family is no longer in the CLC assisted unit) the PHA uses the value in the Requested Bedroom Size field and inputs that value for Actual Bedroom Size. If the Requested Bedroom size field is blank as well, the PHA uses the Prior Bedroom size field.
3. If all three fields are blank, the PHA uses lease information or other documentation and requires the head-of-household to identify those members of the household that were also members of the household immediately prior to the disaster and sign a certification. The PHA retains the certification and documentation.
7. Other Matters. The information collection requirements imposed by HUD in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2577-0169 and 2577-0252. In accordance with the PRA, HUD may not conduct or sponsor, and a person is not required to respond to a collection of information unless the collection displays a currently valid OMB control number.
8. Additional Information. Any questions related to this notice may be submitted by email to DHAP@hud.gov. Alternatively, questions may be addressed to the Housing Voucher Management and Operations Division at (202) 708-0477.

/s/

Paula O. Blunt, General Deputy Assistant Secretary
for Public and Indian Housing