



Office of the Executive Officer

ACTION CALENDAR

October 18, 2005

To: Honorable Chairperson and
Members of the Housing Authority

From: *PK* Phil Kamlarz, Executive Officer

Submitted by: Stephen Barton, Housing Director

Subject: Improvement Plan for Berkeley Housing Authority Section 8 Program

RECOMMENDATION

Adopt a Resolution approving the proposed Berkeley Housing Authority (BHA) FY2006 Section 8 Program Improvement Plan to raise the Section 8 Voucher Program to standard performance.

SUMMARY

This report presents the Improvement Plan for BHA, designed to move the agency from its current status of troubled, to a standard performing housing authority. The Improvement Plan is designed as a corrective action plan (CAP), which outlines the corrective strategies BHA will implement to resolve any deficiencies.

BHA has made substantial progress in improving the management of its programs and the physical condition of its 75 public housing units. As a result HUD has informed us that the Public Housing program will be removed from troubled status, but has given the agency until the end of this fiscal year to do the same for the Section 8 Voucher program. Failure to move quickly to improve BHA scoring under HUDs Section 8 Management Assessment Program (SEMAP) could result in loss of local control over the Agency.

BHA has made progress towards bringing the agency's Section 8 Voucher program out of its troubled status and now presents a plan to complete this process by the end of the current fiscal year. This accelerated improvement timeline will require additional staffing at a cost of \$104,000 for the remainder of the current fiscal year. At present the BHA does not have the additional funding necessary to cover this cost, but we have received verbal notice that HUD accepted our appeal and will provide a higher level of administrative funding for calendar year 2005. In addition, in order to maintain standard performance, the BHA is likely to need to sustain at least part of this higher level of staffing in the future. Staff will bring a further report to the BHA board by December with financial projections to examine the possible need for ongoing subsidy to the agency.

FISCAL IMPACTS OF RECOMMENDATION

We have received a verbal notification from HUD that they have accepted our appeal regarding administrative funding and will increase our CalendarYear 2005 funding by \$104,000. The improvement plan proposes additional costs in the amount of \$104,000

BACKGROUND

Over the past several years the Berkeley Housing Authority has been classified as troubled under HUD management indicators in both the Public Housing and Section 8 Voucher programs. During this time, the BHA made significant changes in its internal organization and procedures in order to meet HUD requirements. The Housing Authority has put in place a new internal management team consisting of the Housing Authority Manager, the Senior Housing Assistant Supervisor and the Senior Accountant who have a total of over 60 years of experience at other Housing Authorities, including several that were high performers by HUD standards. They have made substantial improvements at the Berkeley Housing Authority as outlined in a Corrective Action Plan (CAP) and Memorandum of Agreement (MOA) with HUD and are currently engaged in upgrading the BHA computer software from the old DOS-based system to a Windows-based system.

HUD's performance scores generally measure the agencies quality of reporting to HUD and do not capture BHA's progress in correction of its underlying problems until the process is complete, so it bears mention that restructuring the administrative and financial systems, initiating changes in personnel, procurement and other policy revisions were essential to removing the troubled designation in public housing and laying the groundwork for this in the Section 8 Voucher program. At this point the BHA is delivering the services that it is supposed to deliver in the Section 8 program. Its problems are primarily in documentation, procedural mistakes and the timeliness and accuracy of reporting to HUD.

Accomplishments under the new management team include:

Public Housing

- The removal of the troubled status for the Public Housing program, for which we have received verbal notice from HUD, pending written confirmation;
- Rehabilitation and modernization of all 75 public housing units with the final phase to be concluded by June 30, 2006;
- Approval of HUD Capital Fund allocation;
- Transfer of day-to-day property management from BHA to Affordable Housing Associates.

Agency Infrastructure

- Maintained financial stability in a changing funding climate;
- Conversion of existing computer software which will provide more ease in performing the daily work and will improve some areas with weak internal controls; (scheduled to "go live" November 2005);
- Updated all policies and procedures;
- Developed plan for staff training to ensure independent function and reduce management time lost to addressing less technical issues;
- Extensive formal and informal staff training;
- Internal restructuring that reorganized staff and reallocated staff resources;

- Fair housing compliance under a Voluntary Compliance Agreement resolved a dispute with HUD over the status of the Berkeley resident preference.

Section 8 Voucher Program

- Increased Section 8 lease up by 40%;
- Cut unnecessary expenditures and streamlined operation by renegotiating improved services with vendors at reduced costs; by reducing office supply and printing costs; and by reducing mileage costs with internal restructuring of field work functions.
- Implemented two full check runs per month for landlord HAP payments.
- Ongoing implementation of quality control review of all client files.

CURRENT SITUATION AND ITS EFFECTS

It is imperative for the future of the Agency that the troubled status is removed. HUD has warned the BHA that it needs to reach Standard performance in the Section 8 Voucher program by the end of this fiscal year (July 2006) or HUD may feel compelled to exercise its statutory authority to take over control of the agency. Under such circumstances HUD has extensive powers to eliminate local preferences, lay off and replace staff and potentially to merge the agency with another. In addition, under troubled status, HUD requires a substantial amount of additional reporting from the housing authority, above and beyond that required of a standard performing agency. This takes away from the resources available to carry out the required day-to-day activities of a well functioning agency. The BHA must move quickly to resolve the issues creating the troubled status. Fortunately, much of the groundwork has been done, but some internal restructuring is again necessary as well as additional staff resources.

BHA's designation of troubled status for the Section 8 program is directly related to the Section 8 Management Assessment Program (SEMAP) scores derived primarily from the on-line reporting percentages. Housing Authorities are rated based on accurate and complete reporting of family information and program operations. BHA's scores declined due to the data entry errors submitted through HUD's database, and BHA has been unable to correct these errors quickly and resubmit them to HUD due to staffing limitations. It is therefore critical that BHA designate additional staff effort toward the monthly correction of errors as well as correction of past errors and omissions in the database to improve the percentage of correct submissions. HUD requires housing authorities to maintain a 95% submission rating on all households in the program. This effort requires coordination of database corrections between our agency and other housing authorities due to portability, correction of internal errors generated by staff data entry problems when issuing Section 8 Vouchers, making rent changes, income changes, household changes, submitting client end of participation in the program, or any other change relating to or impacting the clients and their subsidy.

The Section 8 Management Assessment Program (SEMAP) measures the performance of housing authorities that administer the Housing Choice Voucher program in 14 key areas. High Performers are those receiving 90% or above in the ratings, Standard Performers receive 60-89% in the ratings and Troubled Performers receive 60% or less in the ratings. Nine indicators are

based on BHA's self-certification to HUD and scores may be modified by a HUD on-site confirmatory review. 5 are rated through the on-line MTCS/PIC reporting.

Attachment 3 shows the SEMAP scoring system. Attachment 4 shows the BHA SEMAP scores for FY2004 and attachment 5 is the HUD Notice which mandates requirements for accurate and timely reporting and sanctions for failing to submit 100 % of family records with a 5% or less error rate. Attachment 2 is the Improvement Plan covering the 14 SEMAP indicators and corrective strategies BHA will implement to come into compliance for a Standard rating. The Improvement Plan also outlines accountability with monthly reports to the City Manager and status reports to the BHA Board. BHA will be working directly with HUD' Public Housing Revitalization Specialist Andrew Nguyen, to monitor and assess progress on the plan, including monthly meetings to review activities or to determine a need for HUD to provide technical assistance. BHA staff will work hand in hand with the HUD representative on the agency's progress to ensure compliance.

As BHA's failure to meet the error free reporting requirements have been a main contributing factor to the agency's troubled status, primary focus will be on completing, performing and submitting data and reports on time and correctly. This is a crucial part of the SEMAP process and will contribute to favorable SEMAP scores in the future. Therefore, great effort must be placed on ensuring improvements in these areas. BHA's plan for accomplishing this task is as follows:

- Create a full-time staff position dedicated solely to improving BHA's on-line reporting percentages to HUD and improve performance scores under SEMAP by reassigning a Housing Authority Representative (HAR) to these duties. Staff in this classification are experienced with these regulations and are required to know the reporting requirements. In order to free up the HAR, the BHA will add 1 FTE Customer Service Specialist III position to replace work currently performed by a Housing Authority Representative. The HAR will then be reassigned to the needed functions. (Cost: \$65,000 for 9 months/\$87,000 annually)
- Continue the existing Office Specialist II position scheduled to be cut the end of the fiscal year. This position is currently funded only through December 2005. Loss of this position would require other staff to rotate into the reception and public information role, as well as reducing overall clerical support at the agency. (Cost: \$35,000 for 6 months/\$70,000 annually)
- Allow the Agency to pay for some overtime when there are peaks in demand for services, such as the need to process people from the waiting list when vouchers become available and to do initial inspections quickly in order to allow them to move into their new homes. (Cost: \$6,000)

This staffing structure will allow BHA to focus on Section 8 SEMAP issues through our revised MOA and CAP compliance deadline of June 30, 2006. It will have a total one-time cost of

\$104,000, however Council should be aware that in order to maintain appropriate performance levels in the future the BHA is likely to need to keep at least part of the additional staffing proposed here. BHA has successfully argued to HUD that it was under funded by approximately \$104,000 in this calendar year, enough to cover these costs for this fiscal year. The BHA cost structure will increase over at least the next two years as staffing costs increase. Staff will return to the Board by December with financial projections of future costs and what is known about potential revenue from HUD.

Using the additional staff, BHA with the help of its computer system will monitor the SEMAP Indicators through at-will reports on BHA progress and status, which will provide management an opportunity to implement correction of compliance deficiencies at the time of occurrence. Management will put in place quality control methods for assessing staff performance on SEMAP indicators and error rates and provide further training and guidance to ensure error free reporting.

Finally, overall improvement activities needed to focus on removing the “troubled” status for the Section 8 program through improvement of our SEMAP scores include:

- Institute a quality control process for BHA management, to ensure effective monitoring of all SEMAP indicators, reduce errors and maintain program integrity;
- Assess the errors being made by staff for frequency and type and re-train staff to eliminate errors;
- Correct deficiencies identified in the quality control process;
- Train staff on utilization of HUD’s on-line systems for required income verification;
- Complete work tasks required under SEMAP;
- Implement computer upgrades to assess errors and monitor compliance prior to submission of SEMAP certification;
- Submit FORM-50058 records on time into database;
- Maintain a 95% or above, error free submission each month;
- Complete and submit certifications in the SEMAP sub-module before the deadline.

RATIONALE FOR RECOMMENDATION

BHA staff is working at maximum capacity doing direct service related activities and there is no staff available to focus on the critical need to improve reporting to HUD. BHA staffing has been reduced from 19 FTE five years ago to 13 FTE today and is at the bare minimum necessary to carry out the daily administration of the program. There is a great need to take action now to bring in additional staff resources to address the reporting requirements. Redirecting existing staff to this task will leave other critical functions undone. Therefore, unless we are able to direct additional staff energy to this critical function and obtain financial support from the City, BHA will not meet the deadlines imposed under SEMAP, the Improvement Plan CAP and MOA, and will have an insecure future as a City run agency.

ALTERNATIVE ACTIONS CONSIDERED

Work with HUD to transition BHA operations to a HUD-sponsored management team, which would take over all housing authority functions. HUD would likely want to simplify operations by eliminating preferences for Berkeley residents as well as reduce the salary structure of the agency. This would result in the likely loss of all preferences for Berkeley residents, and the likely need to absorb current BHA staff into other City positions through bumping or flexible placement. It would also reduce program cooperation between BHA and the City for programs such as Shelter Plus Care. While it would save some City General Funds, it would reduce the nearly \$20,000,000 annually in Housing Assistance Payments going to properties in Berkeley, particularly in South and West Berkeley and increase demands on other housing assistance and social service programs.

CONTACT PERSON

Sharon Jackson, BHA Manager, (510) 981-5470

Attachments:

- 1 Resolution
- 2 Improvement Plan
- 3 SEMAP Ratings
- 4 BHA SEMAP Scores FY 2004
- 5 HUD Notice PIH 2005-17

RESOLUTION NO. ##,###-N.S.

APPROVING BERKELEY HOUSING AUTHORITY SECTION 8 PROGRAM
IMPROVEMENT PLAN

WHEREAS, the BHA Board has reviewed the proposed Improvement Plan for the Berkeley Housing Authority Section 8 Program; and

WHEREAS, the BHA Board finds that the proposed Improvement Plan is necessary to raise and maintain the Section 8 Voucher Program to standard performance.

NOW THEREFORE, BE IT RESOLVED by the Housing Authority of the City of Berkeley that the Berkeley Housing Authority Section 8 Program Improvement Plan is hereby approved.

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator 1 | |
| Selection From Waiting List | |
| <p>This indicator requires that the PHA must have written policies in its administrative plan for selecting applicants from the waiting list and follows these policies when selecting applicants for admission from the waiting list. The PHA's quality control samples of applicants reaching the top of the waiting list and admissions show that a least 98% of the families in the samples were selected in accordance with the PHA's policies and met the selection criteria that determined their places on the waiting list and their order of selection. (24 CFR 982.54(d) (1) and 982.204(a).</p> | |
| | <p>SUMMARY OF PROBLEMS The BHA has written policies in its Administrative Plan for selecting applicants from the waiting list but is not currently following the policy of documenting selections from the waiting list. Files do not contain wait list selection information retrieved from the computer database for each applicant being served.</p> |
| <ol style="list-style-type: none"> 1. 2. 3. 4. 5. | <p>REMEDIAL ACTIONS PROPOSED</p> <ol style="list-style-type: none"> 1. Staff should be provided with the most recently approved administrative plan and clearly instructed to manage the waiting list in accordance with the Board approved policy. 2. Staff should be trained on the use and retrieval of data from the computer database. 3. Operating procedures need to be developed to accomplish waiting list management consistent with the Administrative Plan. This procedure should be disseminated to the appropriate staff with instruction and evidence of dissemination. 4. Staff must be required to transfer the documentation of waiting list selection from the applicant file to the tenant folder. 5. Quality control procedures and sampling for 98% compliance must be performed. |
| | <p>RESPONSIBILITY OF Housing Manager Office Specialist III</p> |
| | <p>PLANNED START DATE – December 1, 2005</p> |
| | <p>PLANNED END DATE – December 31, 2005</p> |
| | <p>RESOURCES REQUIRED Administrative Plan Assistance from computer vendor in the development and training on processes and procedures governing waiting list management utilizing new computer upgrades.</p> |
| | <p>POSSIBLE BARRIERS TO PLANNED ACTION None</p> |
| | <p>ACTIVITIES COMPLETED</p> |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator 2 | |
| Reasonable Rent | |
| <p>The PHA has and implements a reasonable written method to determine and document for each unit leased that the rent to owner is reasonable based on current rents for comparable unassisted units at the time of initial leasing, before any increase in the rent to owner, and at the HAP contract anniversary if there is a 5% decrease in the published FMR in effect 60 days before the HAP contract anniversary. The PHA's method takes into consideration the location, size, type, quality, and age of the program unit and of similar unassisted units and any amenities, housing services, maintenance or utilities provided by the owner under the lease in determining comparability and the reasonable rent. (24 CFR 982.4, 982.54(d)(15) and 982.503)</p> | |
| SUMMARY OF PROBLEMS | |
| <p>The BHA has a described written methodology for determining reasonableness of the owner's initial rent, or rent increase, however, this methodology is not being followed by the staff.</p> <p>Rent reasonableness tests are not being conducted in the manner prescribed by the HUD regulations. The city's rent control board supplies rent reasonableness data to BHA, however, staff is not always applying the method in accordance with the described methodology in the Administrative Plan and there is inconsistency between staff in determining rent reasonableness.</p> <p>A review of files indicated that some subsidized rents were approved at a higher level than the unsubsidized rent used for the comparable and the factors for comparison were not considered.</p> | |
| REMEDIAL ACTIONS PROPOSED | |
| <ol style="list-style-type: none"> 1. Conduct staff training on the application of factors in determining rent reasonableness and educate staff and landlords on rent reasonableness. 2. Expand data collection efforts to include other sources for rent reasonableness determination. (i.e. information provided by landlords on the Request For Tenancy Approval, conducting market surveys, classified ads for rentals or utilization of web based systems such as Craig's list). 3. Develop quality control procedures to ensure that units are approved only at reasonable rents. | |
| RESPONSIBILITY OF | |
| Senior Housing Assistance Supervisor Housing Authority Representative | |
| PLANNED START DATE - November 1, 2005 | |
| PLANNED END DATE – November 30, 2005 | |
| RESOURCES REQUIRED | |
| Administrative Plan | |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator 2 | |
| Reasonable Rent | |
| | Housing Choice Voucher Guidebook –7420.10 Administrative Plan Rent Stabilization Board Rental Data |
| | POSSIBLE BARRIERS TO PLANNED ACTION None |
| | ACTIVITIES COMPLETED |

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| Indicator 3 | |
| ADJUSTED INCOME | |
| | The PHA’s quality control sample of tenant files show that at the time of admission and reexamination, the PHA properly obtained third party verification of adjusted income or documented why third party verification was not available; used the verified information in determining adjusted income; properly attributed allowances for expenses; and, where the family is responsible for utilities under the lease, the PHA used the appropriate utility allowances for the unit leased in determining the gross rent. (24 CFR part 5, subpart F and 24 CFR 982.516) |
| | <p>SUMMARY OF PROBLEMS</p> <p>BHA staff does not always follow the Administrative Plan to properly verify all income and assets or document exclusions. In addition, the levels of verification outlined in the Administrative Plan are not followed and files are not being documented when lower levels of verification are used.</p> <p>When requesting the family to provide information from Social Security, TANF, and Child Support staff do not always send a follow-up third-party written request when the family provides the information as required.</p> <p>Although the computer system calculates deductions, staff needs more training to understand the system, learn how medical expenses are used and calculated for deductions and how assets are determined and calculated.</p> <p>BHA has a policy for interim review of tenants claiming zero income, but there is no follow-up on these families by staff who perform this function.</p> |
| | <p>REMEDIAL ACTIONS PROPOSED</p> <p>1. Mandatory training should be provided to staff on determining proper income, assets, deductions and rent determinations and data entry requirements.</p> |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator 3 | |
| ADJUSTED INCOME | |
| 2. | All BHA staff involved in the calculation must follow the BHA's Administrative Plan when determining adjusted income. |
| 3. | The Berkeley Housing Authority must follow the tiered system for verifying income and require all staff members to send third-party written requests for information provided by the family as required in the Administrative Plan. |
| 4. | Zero income families must have their incomes reviewed routinely in accordance with the Administrative Plan |
| 5. | Quality Control reviews of the files must be routinely performed to ensure staff is obtaining the required level of verification. |
| | RESPONSIBILITY OF Senior Housing Assistance Supervisor Housing Authority Representative Office Specialist III Customer Service III Community Service Specialist II |
| | PLANNED START DATE – November 1, 2005 |
| | PLANNED END DATE – June 1, 2006 |
| | RESOURCES REQUIRED Accessibility for all staff to HUD's on-line REAC system for retrieval of Social Security income information. |
| | POSSIBLE BARRIERS TO PLANNED ACTION None |
| | ACTIVITIES COMPLETED |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator 4 |
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| Utility Allowance Schedule |
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The PHA maintains an up-to-date utility schedule. The PHA reviewed utility rate data that it obtained within the last 12 months, and adjusted its utility allowance schedule if there has been a change of 10% or more in a utility rate since the last time the utility allowance schedule was revised. (24 CFR 982.517)

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| | <p>SUMMARY OF PROBLEMS</p> <p>The BHA has not conducted its annual review of the utility allowance schedule and have not determined new utility rates for all tenant-paid utilities (except telephone & cable), including the cost of tenant-supplied ranges and refrigerators, waste and refuse.</p> |
| <p>1.</p> <p>2.</p> | <p>REMEDIAL ACTIONS PROPOSED</p> <p>The HA needs to review its utility allowance schedule in accordance with HUD regulations and their administrative plan.</p> <p>The HA needs to conduct a utility allowance study or survey using the methodology and recommendations prescribed by HUD regulations.</p> |
| | <p>RESPONSIBILITY OF Housing Manager</p> |
| | <p>PLANNED START DATE – January 1, 2005</p> |
| | <p>PLANNED END DATE – June 30, 2006</p> |
| | <p>RESOURCES REQUIRED</p> <p>Time and funds for a Utility Allowance Study by independent vendor. RFP and approval of vendor for Utility Allowance Study.</p> |
| | <p>POSSIBLE BARRIERS TO PLANNED ACTION</p> <p>Current demands of a limited staff and money</p> |
| | <p>ACTIVITIES COMPLETED</p> |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator 5 | |
| HQS Quality Control Inspections | |
| <p>The PHA supervisor (or other qualified person) re-inspects a sample of units during the PHA fiscal year, which meet the minimum sample size required by HUD, for quality control of HQS inspections. The PHA supervisor's re-inspected sample is drawn from recently completed HQS inspections and represents a cross section of neighborhoods and the work of a cross section of inspectors. (24 CFR 982.405(b)).</p> | |
| | <p>SUMMARY OF PROBLEMS BHA is not consistently conducting HQS Quality Control inspections as prescribed by HUD. Based on the 1841 baseline of housing choice vouchers, the BHA should conduct 16 + 1 for each 100 over 600, for an annual total of 28 units annually to inspect.</p> |
| | <p>REMEDIAL ACTIONS PROPOSED</p> <ol style="list-style-type: none"> 1. BHA's management should schedule and inspect a minimum of 2 inspections per Housing Rep each month. This will ensure that the minimum of number of inspections is met and surpassed. 2. A quality control file must be maintained to document Quality Control inspections performed. 3. A new "Inspections" computer module will be installed by Emphasys Computer Software to draw and document Quality Control inspections. |
| | <p>RESPONSIBILITY OF Senior Housing Assistant Supervisor</p> |
| | <p>PLANNED START DATE – November 1, 2005</p> |
| | <p>PLANNED END DATE – June 1, 2006</p> |
| | <p>RESOURCES REQUIRED Installation of Emphasys Computer Software "Inspections" module.</p> |
| | <p>POSSIBLE BARRIERS TO PLANNED ACTION Management staff time for field inspection work.</p> |
| | <p>ACTIVITIES COMPLETED</p> |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator # 6 |
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| HQS ENFORCEMENT |
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The PHA’s quality control sample of case files with failed HQS inspections shows that, for all cases sampled, any cited life-threatening HQS deficiencies were corrected within 24 hours from the inspection and, all other cited HQS deficiencies were corrected within no more than 30 calendar days from the inspection or any PHA-approved extension, or, if HQS deficiencies were not corrected within the required time frame, the PHA stopped (abated) housing assistance payments beginning no later than the first of the month following the correction period, or took prompt and vigorous action to enforce the family obligations. (24 CFR 982.404)

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| | SUMMARY OF PROBLEM |
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BHA is not taking prompt action within the prescribed timeframe to enforce owner repair obligations and notices of failed HQS inspections are not being sent to owners in a timely fashion. This results in tenants occupying failed units beyond the period prescribed for an owner to correct deficiencies. In addition, inspection reports fail to note tenant caused HQS violations and frequently sanction landlords for repairs tenants are responsible for.

BHA’s Administrative Plan outlines procedures for abatement and enforcement and list items which would cause units to fail, however, when abatements are enacted, they are often for non-HQS violations or for tenant-caused HQS violations, which should be enforced under tenant obligations.

Staff is unclear on abatement and enforcement procedures and BHA management has not evaluated or documented practices by staff conducting inspections through the quality control procedure, to ensure staff follows regulatory guidelines.

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| | REMEDIAL ACTIONS PROPOSED |
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| <ol style="list-style-type: none"> 1. 2. 3. 4. 5. | <p>The PHA must take the necessary actions to enforce the Owners obligation to make timely corrections to deficiencies of units having failed HQS inspection.</p> <p>The PHA must provide training on HQS compliance for landlords and tenants, to staff involved in the process of abatements and HQS enforcement.</p> <p>The PHA must maintain a monthly quality control log of failed HQS inspections and conduct quality control samples to ensure corrections within the mandated timeframe.</p> <p>BHA must develop a procedure to coordinate enforcement of tenant-caused HQS violations between inspection staff and caseworkers.</p> <p>Inspection module must be installed to monitor and track compliance.</p> |
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BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator # 6 | |
| HQS ENFORCEMENT | |
| | RESPONSIBILITY OF Housing Manager Senior Housing Assistant Supervisor Housing Authority Representatives Customer Service Specialist III Community Service Specialist II |
| | PLANNED START DATE – November 1, 2005 |
| | PLANNED END DATE – June 1, 2006 |
| | RESOURCES REQUIRED Installation of Inspection module by Emphasys Computer Software. Management staff time to conduct quality control. |
| | POSSIBLE BARRIERS TO PLANNED ACTION None |
| | ACTIVITIES COMPLETED |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator 7 |
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| Expanding Housing Opportunities |
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To meet this indicator, the PHA must have a written policy to encourage participation by owners of units outside areas of poverty and minority concentration which clearly delineates areas in its jurisdiction that the PHA considers areas of poverty or minority concentration, and which includes actions the PHA will take to encourage owner participation. (24 CFR 982.54(d) (5), 982.153(b) (3) and (b) (4), 982.301(a) and 983.301(b) (4) and (b) (12)).

SUMMARY OF PROBLEMS

Landlord and tenant education related to expanding housing opportunities are lacking and information on fair housing, and contiguous metropolitan statistical areas are included in the briefing packets, but are not expanded on verbally.

BHA needs to be consistent in following its policy to encourage participation by owners outside areas of poverty and minority concentration.

REMEDIAL ACTIONS PROPOSED

1. Develop a comprehensive plan to encourage the expansion of housing opportunities. Plan should include outreach meetings and brochures and maps for landlords and tenants showing job opportunities, schools and services outside of poverty or minority concentrated areas.
2. Conduct landlord workshops outside of poverty or minority concentrated areas.
3. Staff to include fair housing and rental listings in briefing discussions.
4. Train staff on fair housing.

RESPONSIBILITY OF

Housing Manager
Office Specialist III
Office Specialist II

PLANNED START DATE – November 1, 2005

PLANNED END DATE – February 1, 2006

RESOURCES REQUIRED

Funds for staff training on Fair Housing and/or technical assistance from HUD for Fair Housing training.

POSSIBLE BARRIERS TO PLANNED ACTION

Cost of formal training. HUD inability to provide technical assistance.

ACTIVITIES COMPLETED

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator 8 | |
| FMR Limits and Payment Standards | |
| To meet this indicator the PHA has adopted current payment standards for the voucher program by unit size for each FMR area in the PHA jurisdiction and, if applicable, for each HUD-approved exception rent area, which do not exceed 110 percent of the current applicable FMR or HUD-approved exception rent limits and which are not less than 90% of the current FMR (unless a lower percent is approved by HUD). (24 CFR 982.503) | |
| | SUMMARY OF PROBLEMS No problems cited. Payment Standards must be revised to comply with FMR |
| 1. | REMEDIAL ACTIONS PROPOSED Will revise and adopt new payment standards as HUD's Fair Market Rents change to remain in compliance. (Annual changes published effective the beginning of the federal fiscal year of October 1 st) |
| | RESPONSIBILITY OF Housing Manager |
| | PLANNED START DATE – December 1, 2005 |
| | PLANNED END DATE – December 31, 2005 |
| | RESOURCES REQUIRED None |
| | POSSIBLE BARRIERS TO PLANNED ACTION None |
| | ACTIVITIES COMPLETED |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator 9 |
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| TIMELY ANNUAL REEXAMINATIONS |
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The PHA completes a reexamination for each participating family at least every 12 months. (24 CFR 982 Part 5.617)

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| | <p>SUMMARY OF PROBLEMS Due to loss of staff, BHA has fallen behind on annual reexaminations and has been unable to catch up on prior year reexaminations.</p> |
| <p>1.</p> | <p>REMEDIAL ACTIONS PROPOSED BHA will concentrate on current reexaminations instead of prior SEMAP years to bring the agency into compliance for the next SEMAP scoring.</p> |
| <p>2.</p> | <p>Management will utilize a computerized monitoring system to track upcoming and completed annual reexaminations.</p> |
| <p>3.</p> | <p>Management will put a work plan in place for staff that fall behind in their annual reexaminations.</p> |
| | <p>RESPONSIBILITY OF Senior Housing Assistance Supervisor Housing Authority Representatives Community Services Specialist II Customer Services Specialist III</p> |
| | <p>PLANNED START DATE – November 1, 2005</p> |
| | <p>PLANNED END DATE – June 1, 2006</p> |
| | <p>RESOURCES REQUIRED Installation of computer upgrade for tracking work and monitoring progress. Change in Administrative Plan policy to reduce staff time dedicated to interim reexaminations.</p> |
| | <p>POSSIBLE BARRIERS TO PLANNED ACTION Workload uncertainty due to interim rent change requests.</p> |
| | <p>ACTIVITIES COMPLETED</p> |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator 10 |
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| CORRECT TENANT RENT CALCULATIONS |
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The HA correctly calculates the family's share of the rent to owner in the rental voucher program (24 CFR 982. Subpart K)

| | |
|------------------|--|
| | <p>SUMMARY OF PROBLEMS The BHA has a computerized system for correct calculation of tenant rent, however, staff must be more conscientious to enter the correct and complete income, assets, deductions, payment standard and utility allowance information.</p> |
| <p>1.</p> | <p>REMEDIAL ACTIONS PROPOSED To insure compliance with 24 CFR 982- Subpart K, BHA staff will do a complete assessment of tenant income, assets, deductions, payment standard application and utility allowance information and ensure it is correctly applied to the HUD 50058 prior to printing the automated 50058.</p> |
| <p>2.</p> | <p>Management must conduct quality control assessment on all tenant rent calculations to ensure compliance and correction of errors.</p> |
| <p>3.</p> | <p>Staff assessment must be conducted by management to see frequency and type of errors to provide additional training to staff.</p> |
| | <p>RESPONSIBILITY OF Housing Manager Senior Housing Assistance Supervisor Housing Representatives Community Services Specialist II Customer Services Specialist III</p> |
| | <p>PLANNED START DATE – November 1, 2005</p> |
| | <p>PLANNED END DATE –June 1, 2006</p> |
| | <p>RESOURCES REQUIRED Rental Integrity Monitoring (RIM)Handbook</p> |
| | <p>POSSIBLE BARRIERS TO PLANNED ACTION Backlog of reexaminations and large caseload.</p> |
| | <p>ACTIVITIES COMPLETED</p> |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator 11 |
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| PRE-CONTRACT HQS INSPECTIONS |
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Each newly leased unit passes HQS inspection before the beginning date of the assisted lease and HAP contract. (24 CFR 982.305)

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| | SUMMARY OF PROBLEMS No problem in this area. |
| | REMEDIAL ACTIONS PROPOSED BHA Management will continue to conduct quality control review on all newly leased units to ensure continued compliance. |
| | RESPONSIBILITY OF Senior Housing Assistance Supervisor |
| | PLANNED START DATE – October 1, 2005 |
| | PLANNED END DATE – June 1, 2006 |
| | RESOURCES REQUIRED Management staff time to conduct quality control. |
| | POSSIBLE BARRIERS TO PLANNED ACTION None |
| | ACTIVITIES COMPLETED |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator 12 | |
| ANNUAL HQS INSPECTIONS | |
| The HA inspects each unit under contract at least annually. 24 CFR 982.405 | |
| | <p>SUMMARY OF PROBLEMS Annual inspections were not performed timely, were missed or no supporting data was found in the file to support that the inspection was performed. Prior year inspections not performed for SEMAP compliance.</p> |
| | <p>REMEDIAL ACTIONS PROPOSED</p> <ol style="list-style-type: none"> 1. BHA will concentrate on current annual HQS inspections to ensure compliance with current fiscal year SEMAP scoring. 2. BHA will install a new computerized system to track and monitor annual HQS inspections. 3. BHA will train staff on the use of the new computerized system. 4. Management will monitor monthly HQS inspections and develop work plans for staff not performing annual HQS inspections in a timely manner. 5. BHA will conduct quality control on files to ensure inspection data is in each file. |
| | <p>RESPONSIBILITY OF Senior Housing Assistant Supervisor Housing Authority Representatives Emphasys Computer Software staff</p> |
| | PLANNED START DATE –November 1, 2005 |
| | PLANNED END DATE – June 1, 2006 |
| | <p>RESOURCES REQUIRED Installation of new “Inspection” computer module.</p> |
| | <p>POSSIBLE BARRIERS TO PLANNED ACTION None</p> |
| | ACTIVITIES COMPLETED |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator 13 |
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| Lease Up (Utilization) |
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The PHA executes housing assistance contracts on behalf of eligible families for the number of units that have been under budget for at least one year. The PHA executes assistance contracts on behalf of eligible families for the number of units that has been under budget for at least one year. (24 CFR 982.157)

SUMMARY OF PROBLEMS

The BHA has made considerable progress in its lease up of units, however, currently there is insufficient annual funding available to support additional leasing to the full 1841 baseline for the current fiscal year. Consideration has been given to the availability of funds to support the vouchers issued but there are no written operating procedures governing utilization.

In addition, the BHA uses Excel spreadsheets rather than an automated system to track leasing ratio for new units leased and units leaving the program. Therefore as a result, it is difficult to assess the real time unit ratios for the programs, leaving the agency in danger of over expending or under expending its resources.

REMEDIAL ACTIONS PROPOSED

1. Staff should evaluate its Payment Standards with the objective of maximizing the number of families assisted within the funds available.
2. BHA must continuously evaluate the cost of units leased and outstanding vouchers against the available funds for housing assistance to remain within its approved budget authority.
3. BHA must submit to HUD on a quarterly basis, documentation of lease-up to support request for release of funding.
4. The automated system needs to be utilized and clean data entered to track lease-up through an automated system rather than Excel spread sheets.
5. Operating procedures should be developed that take into consideration the dollar value of vouchers contracted and outstanding.
6. Staff need training on the use of the automated system and unit ratios for the programs.

RESPONSIBILITY OF

Senior Accountant
 Accountant I
 Housing Manager
 Emphasys Computer Software

PLANNED START DATE – January 1, 2006

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

Indicator 13

Lease Up (Utilization)

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| | PLANNED END DATE – June 1, 2006 |
| | RESOURCES REQUIRED Technical assistance and training to assess the capacity of the current software system to track lease-up. |
| | POSSIBLE BARRIERS TO PLANNED ACTION Lack of staff resources for data clean up and conversion to an automated system. |
| | ACTIVITIES COMPLETED |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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| Indicator 14 | Family Self Sufficiency Enrollment and Escrow |
| <p>The HA has enrolled families in Family Self Sufficiency as required. (24 CFR 982.105).</p> <p>The HA has made progress in supporting family self-sufficiency as measured by the percent of currently enrolled FSS families with escrow account balances. (24 CFR 982.105).</p> | |
| <p>SUMMARY OF PROBLEMS</p> <p>The staff person assigned to FSS has been reassigned to work on annual reexamination issues due to the loss of FSS funding and the FSS program has suffered.</p> <p>The program size has not been reduced due to portables and graduation, and therefore is not an accurate number and the escrow account balances are in question because the Housing Authority Representatives and the FSS Coordinator do not communicate/share information regarding income changes.</p> <p>Programmatically, there are issues that need to be addressed. The Action Plan, which was approved in 1994 is outdated and not being followed. The families are not being contacted, monitored, or assisted in reaching their goals. And there is not an active Coordinating Committee. In addition, Disbursements of escrow accounts are being conducted outside the boundaries of the regulations.</p> | |
| <p>REMEDIAL ACTIONS PROPOSED</p> <ol style="list-style-type: none"> 1. Assign designated staff to concentrate on the administration of FSS to monitor and assist families with reaching goals. 2. Thoroughly audit the FSS files to ensure that escrow accounts have been established and maintained in accordance to HUD regulations. 3. Streamline the administration of FSS by asking HUD to reduce the minimum program size. 4. Work with other local PHAs for developing a Coordinating Committee. 5. Edit the Action Plan to comply with current guidelines and newly adopted policies. | |
| <p>RESPONSIBILITY OF Senior Housing Assistance Supervisor Housing Authority Representative Community Services Specialist II Customer Service Specialist III Accountant I</p> | |
| <p>PLANNED START DATE – November 1, 2005</p> | |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

Indicator 14

Family Self Sufficiency Enrollment and Escrow

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|--|---|
| | PLANNED END DATE – June 1, 2006 |
| | RESOURCES REQUIRED Staff training on FSS Administration |
| | POSSIBLE BARRIERS TO PLANNED ACTION Denial of BHA's request to HUD for mandatory program size reduction |
| | ACTIVITIES COMPLETED |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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|--|---|
| Organizational Structure | |
| Levels of Authority and Span of Control | |
| | <p>SUMMARY OF PROBLEMS BHA’s administration is strained due to elimination of staff to conserve financial resources. Although BHA has restructured its financial resources under a new staffing model, it still has lost positions responsible for activities such as annual re-examination, HUD reporting, MIS and finance while at the same time adding additional leased units into the program.</p> <p>The area of annual re-examinations and inspections is not supported by sufficient staff to easily accomplish program requirements and there is not enough management staff to perform the task of tracking and monitoring at all levels, conducting quality control, supervising staff and meeting the HUD mandated deadlines for reporting.</p> |
| <p>1.</p> <p>2.</p> | <p>REMEDIAL ACTIONS PROPOSED</p> <p>All positions need to be re-evaluated to determine the most effective use of staff resources.</p> <p>The organizational structure of the BHA should continuously be reviewed and amended to disburse staff in the most effective and manageable manner.</p> |
| | <p>RESPONSIBILITY OF City of Berkeley Housing Director Housing Manager</p> |
| | <p>PLANNED START DATE – November 1, 2005</p> |
| | <p>PLANNED END DATE – June 1, 2006</p> |
| | <p>RESOURCES REQUIRED Financial resources to achieve the most effective and efficient organizational structure</p> |
| | <p>POSSIBLE BARRIERS TO PLANNED ACTION Additional adjustment of staff tasks may not be feasible under the constraints of the Union Contracts.</p> |
| | <p>ACTIVITIES COMPLETED</p> |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

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|---|---|
| Finance | |
| Administrative Fee/Hard to House Calculation | |
| <p>Ongoing administrative fees are earned by a PHA for each unit that is under a HAP contract on the first day of each month, in accordance with three types of rates: A rate per unit for the first 600 units and a rate per unit for all units above the first 600, subject to leasing information submitted quarterly into HUD Voucher Management System database and determined on a calendar year.</p> | |
| | <p>SUMMARY OF PROBLEMS</p> <p>Administrative fees and hard-to-house fees are calculated by finance. However, no automated system is maintained to support the calculation.</p> <p>The current automated system has the capacity to accomplish the hard-to-house calculation through the system but staff is not using it and are instead relying on manual calculations through Excel spreadsheets.</p> |
| | <p>REMEDIAL ACTIONS PROPOSED</p> <ol style="list-style-type: none"> 1. Develop a system in an automated database of documenting and tracking actual lease-up on a monthly basis for the purpose of calculating administrative fees earned. 2. Develop a system for maintaining documentation in support of the calculation of hard-to-house fees in an automated database. 3. Evaluate the capacity of the existing software to accomplish fee calculation. |
| | <p>RESPONSIBILITY OF</p> <p>Senior Accountant Accountant I Senior Housing Assistance Supervisor</p> |
| | <p>PLANNED START DATE – January 1, 2006</p> |
| | <p>PLANNED END DATE – June 1, 2006</p> |
| | <p>RESOURCES REQUIRED</p> <p>Assistance in evaluating the capacity of the software system. Staff training on the software system</p> |
| | <p>POSSIBLE BARRIERS TO PLANNED ACTION</p> <p>None</p> |
| | <p>ACTIVITIES COMPLETED</p> |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

| Financial Record Keeping and Reporting | |
|--|--|
| <p>In accordance with the ACC, all program funds must be expended for allowable program costs only and in accordance with annual contribution estimates provided to HUD.</p> | |
| | <p>SUMMARY OF PROBLEMS</p> <p>The City of Berkeley transacts and records all of the financial expenditures for BHA except for the payment of HAP. The financial data generated by these transactions are maintained in the City's \$FUND\$ system. BHA's accounting staff have very limited knowledge of the capacity of the automated \$FUND\$ system and limited knowledge of the Emphasys system for financial recordkeeping and reporting. Staff rely on spread sheets to maintain financial records.</p> <p>Additionally, HUD requires housing authorities to submit unaudited financial statements two months after the fiscal year end and audited financial statements nine months after the fiscal year end. Unclear coordinated efforts between the BHA and the appointed auditors resulted in the audited financial assessment not being reported to HUD by the prescribed deadline.</p> |
| | <p>REMEDIAL ACTIONS PROPOSED</p> <ol style="list-style-type: none"> 1. Evaluate the capability of the Emphasys system and \$FUND\$ system to accomplish the financial recordkeeping and reporting of the BHA. 2. Staff training on the use and ability of the \$FUND\$ and Emphasys systems for financial recordkeeping and reporting. 3. Develop a written protocol to coordinate efforts with the appointed auditors to ensure timely submission of audited financial statements. |
| | <p>RESPONSIBILITY OF</p> <p>Senior Accountant Accountant I Auditors Lead COB Financial Staff Person</p> |
| | <p>PLANNED START DATE – January 1, 2006</p> |
| | <p>PLANNED END DATE – June 1, 2006</p> |
| | <p>POSSIBLE BARRIERS TO PLANNED ACTION</p> |

BERKELEY HOUSING AUTHORITY IMPROVEMENT PLAN

| Financial Record Keeping and Reporting | |
|---|---|
| | Resources to obtain staff training on the software system |
| | ACTIVITIES COMPLETED |

**SECTION 8 MANAGEMENT ASSESSMENT RATING
(SEMAP)**

| <u>Indicators</u> | <u>Maximum Points</u> |
|--------------------------------------|-----------------------|
| 1. Selection from Waiting List | 15, or 0 |
| 2. Reasonable Rent | 20, 15, or 0 |
| 3. Determination of Adjusted Income | 20, 15, or 0 |
| 4. Utility Allowance Schedule | 5, or 0 |
| 5. HQS Quality Control | 5, or 0 |
| 6. HQS Enforcement | 10 or 0 |
| 7. Expanding Housing Opportunities | 5 or 0 |
| 8. FMR Limit and Payment Standards | 10, 5 or 0 |
| 9. Annual Reexaminations | 10, 5 or 0 |
| 10. Correct Tenant Rent Calculations | 5 or 0 |
| 11. Pre-Contract HQS | 5 or 0 |
| 12. Annual HQS | 10, 5 or 0 |
| 13. Lease Up | 20,15 or 0 |
| 14. FSS | 10, 8, 3 or 0 |
| Density Bonus | 5 |

TOTAL POSSIBLE: 145 (150 Including Density Bonus)

HIGH PERFORMER: Score of 90% or above

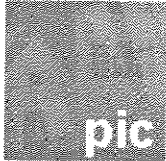
STANDARD: Score of 60-89%

TROUBLED: Below 60%

Note: If 100% of records are not reported to MTCS through PIC (50058) with a 5% or less error rate, the agency will receive an automatic 0 rating for indicators 9, 10, 11, 12, and 14. (40 points lost)

Attachment 4

HUD HOME PIH HOME Q & A SEARCH / INDEX E-MAIL



- [PIC Home](#)
- [PIC Main](#)
- [Logoff](#)
- [Help Desk](#)
- [Guided Tour](#)

| | |
|----------------------|----------------|
| Assessment Profile | Submission |
| List | Summary |
| Certification | Profile |
| Comments | |

Field Office: 9APH SAN FRANCISCO HUB OFFICE
 Housing Agency: CA058 BERKELEY
 PHA Fiscal Year End: 6/30/2004

Profile

Profile Number: 1
Points Earned: 58
Total Possible Points: 140
Overall Score(in %): 41
Overall Rating: Troubled
Profile Status: Final Rating
Profile Type: New Certification

Event Tracking System

SEMAP

| Indicator # | Previous Rating | Current Rating |
|-------------|-----------------|----------------|
| 1 | NA | 0 |
| 2 | NA | 0 |
| 3 | NA | 0 |
| 4 | NA | 0 |
| 5 | NA | 0 |
| 6 | NA | 0 |
| 7 | NA | 0 |
| 8 | NA | 5 |
| 9 | NA | 10 |
| 10 | NA | 5 |
| 11 | NA | NA |
| 12 | NA | 10 |
| 13 | NA | 20 |
| 14 | NA | 8 |
| Bonus | NA | 0 |

MTCS Extract Details



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

Special Attention:**NOTICE PIH 2005- 17 (HA)**

Housing Agency Directors; Housing Choice
Voucher Program and Public Housing
Administrators; Public Housing Field Office
Directors; Section 8 Financial Management Center

Issued: June 15, 2005

Expires: June 30, 2006

Cross References:

Notice PIH 2000-13 (HA)

Reinstatement

Subject: Reporting Requirements for the Family Report (Form HUD-50058) to the Public Housing Information Center (PIC)

1. **Applicability.** This Notice applies to Public Housing Agencies (PHAs) administering public housing (low-rent “conventional”) or Housing Choice Voucher (HCV) programs (including the project-based certificate and voucher program). For PHAs that participate partially in the Moving to Work (MTW) program, this Notice only applies to those PHA’s households that are not part of the MTW program. This Notice does not apply to PHAs that participate fully in the MTW program and entities administering Moderate Rehabilitation Programs and Tribal Designated Housing Entities (TDHEs).
2. **Purpose.** This Notice renews and revises Notice PIH 2000-13 issued April 7, 2000. It explains the requirement that all PHAs that administer public housing or HCV programs must submit, on a timely basis, 100 percent of family records to HUD’s PIC as set forth by 24 CFR Part 908 and the consolidated annual contributions contract (CACC). PIC is the Department’s official system to track and account for public housing and HCV family characteristics, income, rent, and other occupancy factors. PHAs must submit their Form HUD-50058 records electronically to HUD for all current public housing and HCV families. PHAs must submit accurate records with no fatal edits (edits that cause PIC to reject records to maintain the integrity of the PIC data) for HUD to consider the records successfully submitted.
3. **Response to OIG FY 2004 Financial Statement Audit (2005-FO-003).** The Office of the Inspector General’s (OIG) independent audit of the Department’s financial statements reported a material weakness in establishing requirements to ensure that PHAs accurately and fully report all tenant data every reporting period in which rental subsidies are expended. To clear this material weakness, it is essential that HUD and PHAs ensure that the data within PIC is current, complete, and accurate. HUD will maintain the reporting policy because PIC is a critical source of data for performance assessment of PHAs.

4. **Minimum Reporting Rate.** PHAs must have a minimum 95 percent Form HUD-50058 reporting rate for both public housing and HCV at the time of their annual assessment to avoid sanctions. HUD calculates reporting rates separately for the public housing and HCV programs based on the PIC Delinquency Report business rules. HUD will begin assessments starting with the December 31, 2005 Fiscal Year End (FYE) PHAs. HUD will assess PHA reporting rates annually based on the PHA's FYE. The following table indicates for each FYE the due date for PHAs to submit their Form HUD-50058 records to PIC to have them count toward their reporting rate and when reporting rates will be available to view in PIC.

| | March FYE | June FYE | September FYE | December FYE |
|--|--|---|--|--|
| Measures records submitted through | 3:00 p.m. EST on the first Friday in April | 3:00 p.m. EDT on the first Friday in July | 3:00 p.m. EDT on the first Friday in October | 3:00 p.m. EST on the first Friday in January |
| Date reporting rate report is available in PIC | 10 days after FYE | 10 days after FYE | 10 days after FYE | 10 days after FYE |

PHAs are responsible for monitoring their own performance. HUD requires PHAs to continuously update PIC by accurately reporting Form HUD-50058 data on time. HUD provides PHA reporting rates in the Delinquency Report. The Delinquency Report contains data for the 16 months prior to the date the report is generated. PHAs can access the report in PIC. PHAs may also contact their Field Office to obtain their reporting rates.

5. **Forbearance Requests.** Field Offices will notify PHAs with reporting rates under 95 percent that they will be sanctioned. PHAs that are subject to sanctions have 15 calendar days from the date they received this notification to submit a forbearance request in writing to their Field Office. Forbearance requests must include (1) an explanation of the problem that caused them to report below 95 percent and (2) a Corrective Action Plan (CAP) with measurable milestones and dates. PHAs currently under another CAP can include their Form HUD-50058 reporting issues under an existing CAP as long as the existing CAP's due date generally does not exceed 90 days from the date the PHA received notification to submit a forbearance request.

Forbearance requests will be considered for a limited number of reasons:

- (1) PHA's program (public housing and/or HCV) with a reporting rate below 95 percent was established within the past two years.
- (2) PHA has software vendor or contractor issues and can provide documentation of their on-going effort to address problems in a timely fashion and of their inability to submit Form HUD-50058 records for the 90 days proceeding their FYE.

- (3) PHA can demonstrate that their reporting rate is below 95 percent due to more recent leasing data than that reflected in the Voucher Management System (VMS), and that when current leasing data is used their reporting rate is at or above 95 percent.
- (4) Other. PHA must document that circumstances beyond their control caused their reporting rate to be below 95 percent.

Field Offices will review all forbearance requests that cite reasons one through three and make a decision on the request. For forbearance requests that cite reason four (Other), Field Offices will review the forbearance requests and forward a recommendation to Headquarters on whether to approve the request. Headquarters will make the final decision on all forbearance requests citing reason four. PHAs that cite reason three (VMS data issues) in their forbearance request do not need to include a CAP with their forbearance request. Documentation showing how their reporting rate is at or above 95 percent with current leasing data is sufficient. All other forbearance requests citing reason one, two or four must contain a CAP.

6. **Sanctions.** PHAs that do not reach the minimum 95 percent reporting requirements at the time of their annual Form HUD-50058 reporting rate assessment and fail to (1) submit a forbearance request containing an explanation of the problem that caused them to report below 95 percent and a CAP (when a CAP is required, per section 4 of this Notice) with measurable milestones and dates within 15 calendar days from the receipt of notification from their Field Office that they are below 95 percent; and (2) implement corrective actions pursuant to a Field Office approved CAP are subject to the following sanctions:

- A. **Public Housing Sanctions.** Pursuant to Section 6(j)(4)(A)(ii) of the U.S. Housing Act of 1937 and 24 CFR 990.113(c), PHAs with reporting rates below 95 percent that do not submit a HUD-approved forbearance request within 15 calendar days of being notified by the Field Office that they are subject to sanctions, or do not implement its corrective actions within the timeframes approved by the Field Office, will have five percent of its monthly scheduled operating subsidy withheld beginning the month the Field Office makes the sanction effective, and shall last until the PHA achieves compliance with the program requirements. Once the PHA achieves compliance with the Form HUD-50058 requirements, HUD will release the lock on the withheld operating subsidy funds. The PHA can access the unlocked funds once the sanction is lifted.

PIC reporting rates also may be taken into consideration for future funding distribution under the U.S. Housing Act of 1937, as amended. PHAs with reporting deficiencies could experience diminished funding due to poor PIC substantiation of program needs and related requirements.

- B. **Housing Choice Voucher Program Sanctions.** Pursuant to Section 6(j)(4)(A)(v) of the U.S. Housing Act of 1937 and 24 CFR 982.152(d), PHAs with reporting rates below 95 percent that do not submit a HUD-approved

forbearance request within 15 calendar days of being notified by the Field Office that they are subject to sanctions, or do not implement its corrective actions within the timeframes approved by the Field Office, will have 10 percent of its monthly scheduled administrative fee advance withheld beginning the month the Field Office makes the sanction effective, and shall last until the PHA achieves compliance with the program requirements. PHAs that do not improve their reporting rate to 95 percent or above within six months after the sanction becomes effective will have their withheld administrative fees forfeited permanently.

7. **Appeals.** A PHA may appeal the denial of forbearance to the Assistant Secretary within 15 calendar days from the date of the denial. The PHA may not request more than one appeal per adverse action. The PHA shall submit the appeal via certified mail to:

U.S. Department of Housing and Urban Development
Office of the Assistant Secretary for Public and Indian Housing
451 7th Street, S.W., Room 4100
Washington, DC 20410
Attn: Mr. Lloyd Darasaw

8. **PIC Reporting and SEMAP.** HUD verifies five of the Section Eight Management Assessment Program (SEMAP) indicators with data PHAs provide to PIC on the Form HUD-50058. To assign a rating other than zero for any of the five indicators, the Department requires a reporting rate to PIC of at least 95 percent of its participants. The 95 percent reporting rate goes into effect with the December 31, 2005 submissions.
9. **PIC Reporting and PHAS.** Form HUD-50058 reporting rates do not impact PHA Public Housing Assessment System (PHAS) scores.
10. **Information Contact.** Inquiries about this Notice should be directed to Lloyd Darasaw of the Management and Occupancy Division at (202) 708-0614, extension 3637 or to the appropriate HUD Field Office.

s/s

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