MASS / Public Housing Utilization

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Interim PHAS: Four Indicators

- 40 points
- 25 points
- 10 points
- 25 points

Physical Condition  Financial Condition
Capital Fund Program  Management Operations
Management Operations Indicator Changes

Points decreased from 30 to 25

Three sub–indicators

<table>
<thead>
<tr>
<th>Occupancy</th>
<th>Tenant Accounts Receivable (TAR)</th>
<th>Accounts Payable (AP) [New]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Includes allowable vacancies</td>
<td>Amount of tenant accounts receivable against tenant charges</td>
<td>Amount of money owed to vendors</td>
</tr>
<tr>
<td>16 points</td>
<td>5 points</td>
<td>4 points</td>
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</tbody>
</table>

Occupancy Computation

\[
\text{FDS 11210}^* \\
\text{Unit Months Leased}
\]

NUMERATOR

DENOMINATOR

\[
\text{FDS 11190} \\
\text{Unit Months Available}
\]

*Henceforth, FDS##### refers to FDS line items.
### How Occupancy is scored

- **≥98%**: 16 Points
- **<98% but ≥96%**: 12 Points
- **<96% but ≥94%**: 8 Points
- **<94% but ≥92%**: 4 Points
- **<92% but ≥90%**: 1 Point
- **<90%**: 0 Points

### Tenant Accounts Receivable (TAR) Computation

\[
\text{FDS 126 Accounts Receivable - Tenants} \div \text{FDS 70500 Total Tenant Revenue*}
\]

*Includes rents and other charges to the tenants*
How Tenant Accounts Receivable (TAR) is scored

- < 1.5%: 5 points
- ≥ 1.5% but < 2.5%: 2 points
- ≥ 2.5%: 0 points

Accounts Payable (AP) Computation

\[
\frac{\text{FDS 312 (Current) Accounts Payable < 90 Days} + \text{FDS 313 (Past Due) Accounts Payable > 90 Days}}{\text{FDS 96900 Total Operating Expenses} \div 12}
\]
PH Utilization

- What is it and why are we doing it?
- Occupancy & Strategies for reducing vacancies
- PHAS and Utilization
- Updating PIC and Unit classifications
- Notices/Guides
- Faircloth Amendment
- Questions
What and whys of utilization

Why: As part of HUD’s FY 2010-2015 Strategic Plan, HUD set a department wide goal to increase the number of families served through HUD’s various programs.

What: Utilization is basically how you are using your units
   ◦ Identifying those that are vacant
   ◦ Identifying what needs to be done to turn them around and lease them up
     • Categorizing them correctly
     • Setting up a strategy to increase occupancy

What does that mean for Public Housing Authorities?
   ◦ Push to lease units to achieve 100% occupancy
     • HUD wants to house as many eligible families as possible
     So……
     • Increased scrutiny on PHAs occupancy levels

   ◦ PHA required to maintain PIC inventory
     • PER 24 CFR 990.200 (b)
     • See also Notice 2011–7
     • Categorizing units properly and timely
     • Submitting 50058s timely
     • PIC is being used for Op Sub & Cap. Funding
     • PIC is being used for PHAS
Occupancy and Leasing up

- All PHAs are monitored Monthly
  - Direct reports from F.O. to HUD Headquarters weekly

- PHAs @ or below 93% occupied
  - Standardized Action Plan is required
    - What issues are you having that cause the vacancies?
    - What is your plan to reduce vacancies?
    - When will you lease up?
    - Very detailed replies expected
    - Continued monitoring until above 93%
  - Required contact from HUD F.O.

- 94% to 99%
  - Expect a call from HUD F.O.
    - regarding your vacancies & plans to lease up units

Leasing Up Strategies

- Advertising – be creative
  - Newspapers, newsletters, flyers
    - Churches, local stores, etc.
  - Radio
  - Online services
    - Have a PHA website
    - Facebook presence
    - Advertise on other Websites (WI homes, craigslist, etc.)
  - Advertise in larger cities near your area
    - Advertise in major cities throughout the State
      - Or possibly other States
    - Work with other PHAs who may have large waiting lists
Leasing up Strategies

- Work with local social service agencies
- Offer incentives to prospective tenants
  - Incentives for tenant referrals that lease up
- Consider leasing to younger tenants (if elderly)
  - May need updated policies to accommodate change
- Consider leasing to over-income tenants
  - May need updated policies to accommodate change
- Consider renovations to units, if possible
  - Explore Tax credit options for additional funding
- Consider adding amenities
  - Create Non-dwelling unit (if none available) for this
    - Community rooms, laundry, nursing
  - Add parking/covered parking if possible
- Network with fellow PHAs
  - PHAs of all sizes
- Think outside the box
PHAS and Utilization

- PHAS is looking at PIC data for:
  - Inspections
  - Occupancy levels
  - Unit categorizations
  - Effective dates (occupancy/categorizations)
  - Must keep PIC updated!
    - Backdating is not going to be possible in most cases
    - If it’s not in PIC, you may not get credit for it in regards to PHAS

PHAS Consequences

- 25 points maximum in MASS category
  - 16 points are occupancy
    - $\geq98\% = 16$ points
    - $<98\%$ but $\geq96\% = 12$ points
    - $<96\%$ but $\geq94\% = 8$ points*
    - $<94\%$ but $\geq92\% = 4$ points
    - $<92\%$ but $\geq90\% = 1$ points
    - Less than $90\% = 0$ points
PHAS Consequences – Occupancy

- What does that mean for me?
  - You need to get more at least 16 points to not be sub-standard in MASS.
  - If you were to get 9 points for the non-occupancy portion
    - You would still need 7 more
    - Meaning you would have to be ≥94% occupancy
  - Less than 94% occupied?
  - Sub-Standard/Troubled in MASS –
    - PHARS kicks in
    - PHA undergoes special scrutiny by HUD office and may have additional reporting requirements
    - HUD’s radar
    - Inspections/reporting yearly

PHAS Consequences

- To help you get the higher scores –

- Lease up, lease up, lease up
  - AND

- KEEP PIC UPDATED!!
  - Monitor your data
  - Classify your units properly
  - Timely submissions (50058s, unit classifications)
Why Update PIC?

- PHA Required to do so
  - PER 24 CFR 990.200 (b)
  - See also Notice 2011–7

- Increased oversight from HUD Field Office & HUD Headquarters for PHAs @ & below 93% occupied
  - List comes from PIC – Monthly
  - Anything under 100% puts you on the RADAR

- MONEY
  - PIC is being used for Operating subsidy
  - PIC is being used for Capital funding

- PIC is being used for PHAS
- PIC is being used for EIV and other systems

PIC Unit Categories – Basic breakdown

- Occupied – Someone lives there
  - Some categories need HUD approval

- Vacant – No one there
  - Greatest opportunity in most cases to lease up
  - Operating subsidy – depends on amount of units and size of PHA

- Vacant HUD approved – Vacant ‘but’
  - Something needs to be done before it can be leased
    - (other than normal unit turnaround)
  - Needs some type of HUD approval
  - LIMITED amount of Approval time 1–3 years

- Non Dwelling – ‘someone took the bed out’
  - Needs HUD approval EVERY 3 YEARS
  - Cannot be leased up without re-categorizing first
  - Possibly work to be done beforehand
  - 2 per 100 rule
Category – Occupied

- Occupied by Assisted tenant
  - Submit 50058 within 60 days of action
  - HUD approval not required

- Occupied by Police officer
  - Not eligible for full operating subsidy
  - Part of PHA Plan
  - HUD written approval needed
  - HUD approval in PIC not required (see PIC Quirk)

- Occupied by Unauthorized
  - Not eligible for full operating subsidy
  - HUD written approval
  - HUD approval in PIC not required (see PIC Quirk)
  - Case by case basis – pretty rare cases

- PIC Quirk: Submit building/unit data for change to be made part of official database

Occupied by Employee

- Employee must be un-assisted
- Required to live onsite as part of employment
- Must be full-time
- Unit does not receive full operating subsidy

- HUD written approval needed – documentation required:
  - Documentation from PHA stating above items
  - Identify unit by PIC Development, building, entrance, unit # & address
  - Fax/email/letter
  - Done BEFORE change is made in PIC

- PHA can make change in PIC (after HUD approval)
  - Per Notice 2011–7: no PIC HUD approval required
  - System will accept change by PHA

- PIC Quirk: Submit building/unit data for change to be made part of official database
Occupied – Non-assisted over income tenant

- PHAs with less than 250 units qualify

- Tenant must be over-income at time of initial occupancy
  - doesn’t apply to assisted tenant that becomes over-income while being assisted – they are still an assisted tenant

- Not eligible for full operating subsidy

- 3 year approval – must request re-approval

- For over income tenants – No 50058 is submitted

Occupied – Non-assisted over income tenant

- Must note in PHA plan intent to rent to over income tenants
  - Qualified PHAs not required to update annual plan but the next time plan is updated PHA to include intent

- Update PHA Policies to allow

- Over income tenant lease is month to month

- If assisted tenant becomes available PHA must rent to them

- If over income tenant becomes eligible, can apply for assistance
  - If found eligible a public housing lease is executed & 50058 is done
Occupied – Non-assisted over income tenant

- HUD written approval needed – documentation required:
  - Documentation from PHA requesting to rent to over-income tenants
  - If not listed in PHA plan – note that PHA intends to do so at next update
  - Copy of Board approval if required by PHA
  - PHA Policy has been updated
  - Identify unit by PIC Development, building, entrance, unit # & address
    - Fax/email/letter
    - Done BEFORE change is made in PIC

- PHA can make change in PIC (after HUD written approval)
  - Per Notice 2011–7: no PIC HUD approval required
  - PIC Quirk applies

Category – Vacant

- Normal vacancy – can be leased up after unit turnaround complete
- Made vacant by submission of end of participation
- Once a unit no longer meets the requirements of vacant HUD approved or Non-dwelling the PHA MUST re-categorize the unit as VACANT
Category – Vacant HUD Approved

- All require written HUD approval
- All require HUD approval in PIC
  - PIC Quirk applies
- Maximum approval time is 3 years
  - Except market conditions – 1 year only
- All but demo/dispo eligible for full operating subsidy
  - Demo/dispo may be eligible for asset repositioning fee
- Once a unit no longer meets the requirement PHA MUST return the unit to Vacant status

Vacant HUD Approved Categories

- Undergoing Modernization – most common
- Court Litigation
- Natural Disaster
- Casualty Loss
- Market Conditions
- Demo–Dispo approved
Undergoing Modernization

- Unit must be vacant to be coded as mod
  - Certain types of Mod work can be done on an occupied unit but unit would not be coded as vacant

- Governed by 24 CFR 990.145
  - This is strictly followed
  - Increased Field Office monitoring of capital fund grants

- Clarified in Notice 2011–7

- 3 year approval or until the work is complete, whichever comes FIRST.
  - PHA MUST recode unit when work is done
  - PHA must still adhere to 2 year obligation and 4 year expenditure time-frames for capital funds

Undergoing Modernization

- Whether capital fund or PHAs own reserves used
  - HUD approval required for coding the unit as MOD in PIC (and for PHAS exemptions)

- PHAS – capital fund exemption – PIC will be checked
  - Not in PIC? PHA may not get exemption
  - No HUD approval? No exemption
  - Notice 2011–7 comes in to play

- Back dating in PIC?
  - Possible in SOME cases
  - Additional documentation will be required
  - In some cases cannot be done (effective dates in PIC)
  - Notice 2011–7 came out in January 2011 – less leeway
Undergoing Modernization

- To be coded as under Mod (per Notice 2011–7):
  - Under contract for work
    - No undergoing bid process
    - Not normal unit turnaround work
    - Work is on schedule
  OR
  - Work is scheduled in PHA plan to be funded in the current fiscal year
    - Qualified PHAs not required to do annual PHA plan
      - As qualified PHAs voluntarily update plans, follow 2011–7
      - Really pay attention to long term planning & 5 year action plans
      - Consider updating the substantial deviation/significant amendment area of PHA plan to accommodate changes
        - What constitutes necessity to go out for public comment period and what can be changed/added to plan without public comment period

Using Capital Funds to pay

- Work must be under contract
  - AND
  - Work listed on approved current annual statement
    - PHA must identify units the contract will cover
    - PHA can list a range of unit (i.e. we will be doing the type of work on 5, 10 or 20 units)
  OR
  - Work is scheduled AND units are listed in an approved PHA plan to be funded in the current fiscal year
    - (example: PHA submitted their 5 year and annual plan. On the 5 year action plan the work being done and the units or range of units is listed)
  - Qualified PHAs & not in plan? Work must be under contract and on approved annual statement
Using PHA Reserves (non cfp)

- Work must be under contract
  - PHA needs to provide a copy of the contract
  - PHA must identify the unit(s) contract covers
    - Provide a list of PIC unit numbers or,
    - A range of units (5, 10, 20)

OR

- Work is scheduled AND units are listed in an approved PHA plan (qualified PHA? Follow above rule)

Using PHA reserves (non cfp)

- If Using Force account labor
  - Provide a letter/email noting the following (in place of contract)
    - Type of work being done
    - Note Force Account labor is being used to complete work
    - When the work is scheduled to begin
    - Identify Units – By unit number or range of units
    - For future reference you will need to track the time for force account labor
Undergoing Mod basic process

- PHA contacts HUD F.O. point of contact
  - Before or at the beginning of the process
  - Do NOT wait until you are done with the work! (no back dating)

- States they will be doing modernization work on units & will want to code units as undergoing mod when the work begins

- PHA then submits written request to HUD F.O.
  - Identify units by number or range of units
  - Provide documentation as required by 2011-7

- HUD F.O. reviews & approves/disapproves

- If approved HUD F.O. will provide
  - written approval letter
  - An effective date begin/end date

Undergoing Mod basic process

- PHA will request change in PIC system for unit under unit status change
  - Each unit must be done
  - Must use effective date in approval letter

- HUD F.O. approves PIC status change request

- Anticipated turnaround time approval letter
  - 30 days from receipt of documentation

- If a tenant is in the unit we cannot go back and code the unit as undergoing mod

- You may not be able to take exemptions in PHAS if not coded in PIC properly
Vacant HUD Approved

- Court Litigation
  - Vacant due to litigation reasons

- Natural Disaster
  - Vacant due to federally, state or other declared disaster

- Casualty Loss
  - Damage due to fire or other accidental damage covered by property insurance policy

- Approval letter required
  - Contact HUD as soon as possible
  - See 2011–7 for documentation
  - Once approved, unit can be coded in PIC

- 3 year approval period no extensions

Vacant HUD Approved

- Market Conditions CFR 990.145
  - PHA requests Appeal to receive operating subsidy for units that are vacant due to changing market conditions
    - See CFR and Notice 2010–2 and subsequent notices
    - Contact your Finance person at HUD for additional information/updated Notices

  - Requires written HUD approval
    - HUD will not approve change in PIC until approval letter done

  - 1 year approval increments
    - No longer than 5 years maximum
Vacant HUD Approved

› Demo–Dispo Approved
  ◦ Inventory Removals sub-module in PIC
    • Disposition (or other) application is done
    • Tax Credit, other programs
  ◦ Special Applications Center (SAC) Chicago approves
    • Once approved unit automatically coded as demo/dispo
    • Can be leased up but not required to lease up

Non-Dwelling

› Public housing dwelling units being used by a PHA for a purpose other than housing an eligible, low-income family.

› *Special Use: Anti–Drug/Crime
  ◦ Anti-drug/crime assistance/services to PH residents

› *Special Use: Self Sufficiency Activities
  ◦ Provide services or assistance to residents to be self-sufficient

› *Special Use: Other Resident Activities
  ◦ Used as part of a program for PH resident services not covered by other special use categories

› Administrative Uses
  ◦ Used for PHA business activities (office/storage, etc.)

› Resident Amenities
  ◦ Used for PH tenant amenities (laundry rooms, resident storage, rec rooms)

› *MTW Neighborhood Services (none in WI)

› Unauthorized
  ◦ *eligible for full operating subsidy
Non-Dwelling changes

- Turning a dwelling unit into non-dwelling unit
  - Conversion request required
    - Contact HUD office for checklist
  - PHA must show change is in best interest of PHA & public housing tenants
  - Board approval
  - Unit needs to be identified (PIC number & address)
  - See also Notice 2011–7 for any additional requirements

Once approval is granted

- HUD will provide approval letter for 3 years
- HUD will update the PIC system to reflect change
  - PHA will submit building/unit data & HUD approves
- Every 3 years PHA will need to re-request approval for the non-dwelling unit
  - PHA will not have to undergo conversion checklist requirements for re-approval
  - PHA to provide documentation that it is still in the best interest of PHA and tenants to continue use of unit
Non-Dwelling

- Non-dwelling units are part of your inventory
  - They are included in your Faircloth limits
  - ACC yes units
  - Not all Non dwelling units receive Operating subsidy
    - Administrative doesn’t
    - Resident amenities doesn’t
    - Unauthorized doesn’t
  - Non-dwelling are different from merged
    - Merged no longer exist as they have been merged with an existing unit and are coded as ACC=no
  - All must have written HUD approval

Notices/Guides

- Notice 2011-7
  - Clarifies unit categories
  - Clarifies types of approvals needed for changes
  - Requires PHA to submit unit change data within 60 calendar days from effective date of tenant status change.

- What does this mean for you?
  - PHA must submit documentation to HUD FO Office for written approval for certain categories
  - Upon written approval PHA must submit request to change in PIC
  - HUD cannot always back-date changes
  - Not doing this will affects your PHAS scores
Notices/Guides

- Notice 2010–25
  - 50058 reports must be submitted no later than 60 calendar days from effective date of action
  - Recommends records with effective dates of June 30 are submitted by June 30
    - So PIC can provide most up-to-date data for next fiscal year funding – operating subsidy

- Guide – Roadmap to Unit Tenant Status Changes
  - When and How to update changes to units in PIC
  - Link for Roadmap on PIC home page

Faircloth Amendment & Limits

- 1999 Faircloth Limit set for PHAs
- 2006 & 2007 PHAs certified to their 1999 data which set their Faircloth Limit of allowable units
  - Dwelling & Non-Dwelling
- No NEW units over Faircloth Limit
  - Unless added with ARRA funding
- Any new units over Faircloth – non ARRA
  - Not getting funding for them
- Email sent to PHAs 1–2 weeks ago regarding their Faircloth limit.
  - Review the documentation regarding this and your Faircloth limits!