



## National Association of Housing and Redevelopment Officials

630 Eye Street NW, Washington DC 20001-3736  
(202) 289-3500 Toll Free 1 (877) 866-2476 Fax (202) 289-8181

March 11, 2010

Ms. Danielle Bastarache  
Director of Voucher Programs  
U.S. Department of Housing and Urban Development  
401 7th Street SW, Room 4210  
Washington, DC 20410

Dear Danielle:

NAHRO has reviewed HUD's explanation (attached) of how the Department arrived at the set of PHAs with known net portability HAP deficit expenses in its preliminary calculations. We have questions and concerns about HUD's method as it relates to the use of PIC data – as opposed to VMS data - to determine the reimbursement amount for PHAs with net HAP deficit expenses attributable to portability.

The “Consolidated Appropriations Act, 2010” (P.L. 111-117) states: “... *Provided, That notwithstanding any other provision of law, from amounts provided under this paragraph and any carryover, the Secretary for the calendar year 2010 funding cycle shall provide renewal funding for each public housing agency based on **voucher management system (VMS) leasing and cost data** for the most recent Federal fiscal year...*” (emphasis added)

To implement the FY 2010 appropriations law, HUD has to date used VMS voucher leasing and cost data for PHAs' base renewal HAP funding. To the best of our knowledge, HUD also plans to use data captured in VMS for voucher leasing and cost data to determine adjustment funding from the \$150 million fund, including adjustments to allocations for PHAs that experienced a significant increase in renewal costs of tenant-based rental assistance resulting from unforeseen circumstances. To determine eligibility under this category, the Department will take the higher of (a) the PHA's actual leasing for December 2009 or (b) the PHA's average monthly leasing for the months of October through December 2009. This value (not to exceed the baseline ACC units) will be compared to the PHA's average monthly leasing in FFY 2009 adjustment for PHAs with voucher leasing rates at the end of CY 2009 that exceed the average leasing for the 12-month period used to establish the allocation and adjustments for the costs associated with Veterans Affairs Supportive Housing (VASH) vouchers. For reasons unknown to us, to implement the same appropriations law HUD has indicated through PIH Notice 2010-5 and through information posted on its website that the Department will use PIC data for voucher leasing and cost data in order to implement funding adjustments for portability (as opposed to using VMS data for this purpose).

**Akinola Popoola**, PHM, President; **Betsey Martens**, Senior Vice President; **David Allen Brown**, PHM, SHM, Vice President-Member Services; **Larry Hopkins**, Vice President-Community Revitalization & Development; **Clifton C. Martin**, CMPO, SPHM, PHM, Vice President-Professional Development; **Elizabeth C. Morris**, Vice President-International; **Dianne Quast**, PHM, Vice President-Housing; **J. William Quirk**, Vice President-Commissioners; **Saul N. Ramirez, Jr.**, Chief Executive Officer

All PHAs report through the Voucher Management System's existing fields on portable vouchers paid: port-out, as well as portable vouchers administered: port-in. This information on portability voucher leasing and costs in VMS provides HUD with the data it needs to determine each agency's net portability HAP expenses under section 8(r) of the Act. It is unclear to our PHA members and to us why HUD is not using this VMS data for this purpose.

As you know, VMS represents 100 percent of PHAs' HAP expenses. For reasons known to the Department, there are many PHAs with PIC reporting rates at or above 94.5 percent but less than 100 percent, including "high performer" PHAs. Attached is a letter and memo NAHRO sent to HUD in September 2008 documenting problems in PIC. Obviously, 94.5 percent is the minimum PIC reporting threshold requirement in HUD's Section Eight Management Assessment Program (SEMAP). The difference between reporting rates of 94.5 percent and 100 percent, by virtue of using PIC vs. VMS data, can have a significant impact on the amount of net portability HAP deficit expense reimbursement to PHAs in 2010 for CY 2009. This is particularly true for those PHAs that have a very significant volume of net portability HAP deficit expenses relative to their total annual budget authority. Included in NAHRO's September 2008 letter to HUD on problems in PIC is a discussion of the fact that certain portability billing information between MtW agencies and non-MtW agencies is not properly captured in HUD's PIC data. This specific issue is one of several issues that will potentially create problems when PIC data is used instead of VMS data for the purpose of portability reimbursement.

The method HUD recommended that PHAs use to perform Quality Control in capturing portability billing records in PIC is flawed for a number of reasons. First, the data source that HUD encouraged PHAs to use - Portability Billing Report accessible through PIC Viewer - captures only 100 percent of portability records that have not experienced fatal submission errors in PIC, as opposed to 100 percent of all portability records. As such, even initial and receiving PHAs that follow and comply with HUD's guidance will not capture 100 percent of all portability records unless all PHAs have 100 percent PIC reporting rates. Using VMS data does not present this problem as those data capture 100 percent of all portability records.

Second, HUD instructed initial PHAs to contact receiving PHAs if any of the families for which the initial PHA is receiving portability billings do not appear on the report, and to request that the receiving PHA enter the data into PIC before April 2, 2010. This puts initial PHAs' portability reimbursement in the hands of receiving PHAs' PIC submissions and PIC reporting rates, both of which are beyond their control. Using VMS does not present this problem.

Third, it was not clear to PHAs from HUD's guidance what period of time HUD is asking them to evaluate in the PIC Portability Billing Report. Some agencies reported using FFY 2009, others reviewed CY 2009, and still others used the fourth quarter of 2009. As you know, PHAs do not have access to voucher-assisted households' historical data in PIC. Only current voucher-assisted household information is presented to PHAs in the PIC Portability Billing Report. Instructing PHAs to use PIC's Portability Billing Report for Quality Control purposes did not provide PHAs with access to accurate twelve-month HAP expenses in PIC for voucher-assisted households where there were multiple transactions resulting in different HAP amounts over that twelve-month period. There are several reasons for this, the first being that only current information is presented, not cumulative. In addition, any individuals who have left the program,

were absorbed, or for other reasons are no longer being billed, do not appear on the Portability Billing Report. This makes it difficult for PHAs to reconcile the actual monthly expenses of a prior period to the current billing report without researching the individual through other historical information. Again, using VMS does not present this problem.

PIC was not designed as a financial information system, whereas VMS was created at the direction of Congress for that very purpose. NAHRO has helped HUD identify a host of problems in PIC. We appreciate being part of a “systems” working group with HUD officials, PHAs and software providers to help work through problems in PIC on an ongoing basis. We need to continue to work together to improve the functionality of PIC, because in its current iteration it does not provide reliable, accurate data on a consistent basis.

While HUD has used a flawed approach that relies on PIC data for portability reimbursement in the past, we hope that the Department will not use this as justification for using PIC data for this purpose for 2010. HUD officials have expressed the Department’s desire to incentivize portability and remove barriers to portability. Properly reimbursing PHAs for their actual net HAP deficit expenses relating to portability billing through the use of VMS data relates to HUD’s larger public policy objective in facilitating portability. After what happened in 2009 and HUD’s extraordinary actions to help remedy the funding shortfalls that took place in large measure due to HUD’s use of PIC data rather than VMS data for “mid-month” leasing, we believe that all interested parties wish to avoid such a crisis from occurring again this year through continued use of PIC data for portability reimbursement. We would appreciate learning more about why HUD is using PIC rather than VMS for this purpose, and urge the Department use VMS data instead.

Thank you for your time and consideration. If you have any questions or comments, please feel free to e-mail me at [jjzimmerman@nahro.org](mailto:jjzimmerman@nahro.org) or call me at 202-580-7213.

Sincerely,



Jonathan Zimmerman  
Senior Policy Advisor – Housing Assistance Programs

cc: The Honorable Sandra Henriquez, Assistant Secretary for Public and Indian Housing  
Ms. Carissa Riddle, Director, Housing Voucher Financial Management Center

**Attachment – HUD Information on Use of PIC Data for Portability HAP Reimbursement**

(<http://www.hud.gov/offices/pih/programs/hcv/hap-port2010.xls>)

HUD's website posting states, "Actual portability costs incurred during the re-benchmarking period of October 1, 2008 through September 30, 2009 are already included in the 2010 renewal funding allocations provided to PHAs. The additional costs available through the set-aside are based upon new portability costs identified via PHA-submission of participant data to the PIC system for the period since the end of the re-benchmarking period. The PIC data must be entered by the PHA that is administering the voucher on behalf of the participant's initial PHA. A PHA that is being billed for portable costs can review the participants that have been submitted to PIC by generating the Portability Billing Report, accessible through PIC Viewer. If any of the families for which the PHA is receiving portability billings do not appear on the report, the PHA should contact the receiving PHA and request that they enter the data. HUD will extract the data from PIC on April 2, 2010, so PHAs should ensure that all entries are completed before that date."

([http://portal.hud.gov/portal/page/portal/HUD/program\\_offices/administration/hudclips/notices/pih/files/10-05pihn.doc](http://portal.hud.gov/portal/page/portal/HUD/program_offices/administration/hudclips/notices/pih/files/10-05pihn.doc))

PIH Notice 2010-5 states, "Portability: To be eligible for funding under this category, the PHA must have experienced an increase in renewal costs from portability under Section 8(r) of the Act for tenant-based rental assistance. Renewal costs for portability will be based upon PIC reporting of portable vouchers being billed to each PHA and the average cost of those vouchers as compared to the PHA's CY 2010 funded rate, which is the FFY 2009 average HAP costs adjusted via the 2010 AAF. The Department will calculate eligibility under this category; therefore, no additional documentation will be required or accepted other than Attachment A, which must be completed, signed and submitted by the deadline date."