

“Remedy for Over-Leased PHAs”

In recent months, HUD has advised PHAs that are facing average annual over-leasing on a calendar year basis, to handle their VMS reporting practices differently than in the past.

From their HAP registers or general ledgers, PHAs that are or will be annually over-leased in calendar year 2009 may remove voucher-assisted households with zero HAPs (due to zero reported household income or abatement due to a dwelling unit's extended non-compliance with Housing Quality Standards) for as many unit months leased (UMLs) as needed, retroactive to Jan. 1, 2009. After doing this for voucher-assisted households at zero HAP, PHAs that are still annually over-leased may pick and choose UMLs and HAPs that are advantageous, and pay the HAP amounts for those respective unit months leased out of other sources than their HAP or Net Restricted HAP assets such as their available administrative fees, administrative fee reserves, or other unrestricted local funds.

In all circumstances, PHAs are to continue to report their UMLs and associated HAP (even zero HAPs) in VMS. However, PHAs are to provide details of their actions in the comment field of VMS consistent with their actions in the HAP register, as described above. For example, if for the month of August 2009 a PHA that is or anticipates being annually over-leased for CY 2009 selects 10 voucher-assisted households at zero HAP for HQS abatement, 10 voucher-assisted households at zero HAP due to household income and subsidy calculations, and 10 voucher-assisted households at \$300 Housing Assistance Payment levels totaling \$3,000 to be paid out of their administrative fees or fee reserves, the PHA would note these details in the comment section of VMS.

If a PHA uses funding sources outside of Federal HAP, NRA HAP funds to pay for negligible HAP amounts or zero HAP obligations for units under HAP contract, from administrative fees or administrative fees for example, the PHA is still supposed to report those amounts and corresponding UMLs in VMS as described above. Specifically, HUD's Frequently Asked Questions from its October 9, 2008 webcast titled, “Voucher Management System Broadcast” states, “Question: When I am reporting my PHA's first of month unit months leased and HAP costs, am I to report all leasing and all HAPs, regardless of the source of funds used to pay the HAPs, and regardless of whether or not I am over-leased, or am I to report only leasing within my baseline unit months and only the use of HUD-provided funds? Answer: HUD responses to these particular questions have not always been consistent, so this is an important issue to address here. PHAs are directed to report ALL first of the month leasing in the appropriate categories and to report ALL HAP expenses for that leasing. This is true even if the PHA is over-leased and whether or not the PHA has secured other funding, outside of HAP Budget Authority (BA) and Net Restricted Assets (NRA), to support that leasing. HUD needs to know the total unit months leased and the total costs for that leasing. This reporting direction does not, however, change the appropriations act prohibition against using HAP BA or NRA to support over-leasing. If a PHA reports total leasing in excess of baseline, and data for

leasing within baseline is needed for funding or other purposes, HUD will contact the PHA...” (<http://www.hud.gov/offices/pih/programs/hcv/qnavms.pdf>).

In all circumstances, PHAs would continue to report all of their voucher-assisted households in PIC. In all circumstances, voucher-assisted households with zero HAP or other HAP amounts will not have their actual participation in the voucher program affected by the above administrative measures. By contrast, VMS reporting should not include participants whose voucher HAP contract has been terminated under the Housing Choice Voucher program, even as a temporary cost-saving measure, and are being assisted under another program.

PHAs that will be annually over-leased in 2009 even after using the above measures are encouraged to contact their HUD official for additional information and NAHRO Housing Policy Advisor Jonathan Zimmerman at jzimmerman@nahro.org with questions.