Introduction & Learning Objectives

• HUD TA providers
  • IEM (Innovative Emergency Management), Crista Condurso
  • Sieglinde Chambliss

• Interactive training – please participate in polls and ask questions

• Learning Objectives
  • Participants will understand current tools available to analyze issues with occupancy
  • Participants will learn what sources are available to achieve optimal occupancy
  • Participants will gain an understanding on best practices for optimal occupancy considering merging units or repositioning
Housekeeping

• Remain muted during the webinar unless invited to unmute.

• Questions can be entered in the Q&A section throughout the presentation. They will be addressed at intervals during the webinar or at the end.

• This webinar is being recorded and will be posted on the HUD Exchange website at a later date.
Current HUD Occupancy Tool
PIH Notice 2021-35
PIH Notice 2021-35 – Overview

• HUD guidelines on Occupancy Status for public housing units
• PIC-IMS is used to show status of units
• Calculates the occupancy percent for your authority
• Separates type of unit status and sub-categories
• Proper identification leads to correct funding
Unit Status Category

- Category: the status of the unit in IMS-PIC (PIC Information Center)
- Types of Categories
  - Occupied
    - Units that are occupied and under lease to an eligible family for whom the PHA successfully submitted a record either to the PIC Form 50058 or MTW module
  - Vacant
    - Unoccupied dwelling units that do not house families participating in the public housing program and do not fit into any of the HUD-approved vacancy Sub-Categories
  - Vacant HUD Approved
    - Vacant unit which requires that the PHA request an Approval Letter from the HUD Field Office and request a change in IMS-PIC
  - Non-dwelling
    - Units are public housing dwelling units that a PHA may use for special purposes other than housing an eligible, low-income family
**PIH Notice 2021-35 – Sub-Categories**

- Sub-Category: Classification of unit within the Category in IMS-PIC

- Types of Sub-Categories:

<table>
<thead>
<tr>
<th>Assisted Tenant</th>
<th>Vacant</th>
<th>Special Use: Anti-Drug/Crime</th>
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</thead>
<tbody>
<tr>
<td>Employee</td>
<td>Undergoing Modernization</td>
<td>Special Use: Self-Sufficiency Activities</td>
</tr>
<tr>
<td>Non-Assisted Tenant Over Income</td>
<td>Court Litigation</td>
<td>Special Use: Other Resident Activities</td>
</tr>
<tr>
<td>Police Officer</td>
<td>Natural Disaster</td>
<td>MTW Neighborhood Services</td>
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<tr>
<td>MTW Neighborhood Services</td>
<td>Casualty Loss</td>
<td>Administrative Uses</td>
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<td></td>
<td>Market Conditions</td>
<td>Resident Amenities</td>
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</table>
Protocol for Requesting a Unit Status Change

- Submit a written request to HUD Field Office (Director or designee)
- Explain the reason for change
- Provide a schedule for placing units back online into Occupied-Assisted Tenant
- Provide all required documentation for the requested change
- PHA will scan and email documents to the field office

What is next after approval?

- Field Office sends approval letter to PHA
- Upon receipt of an approval letter, the PHA can request the change in IMS-PIC
- If change is processed in PIC prior to the approval letter, the request will be rejected and PHA can re-submit the request using the same procedure above
- Maintain your approval letters and renew as needed
Current Physical Condition Scores
Physical Assessment Subsystem (PASS)
The purpose of PASS is to hold Public Housing Agencies (PHAs) responsible for providing units that are decent, safe, sanitary, and in good repair.

Each PHA is required to maintain its Public Housing units in accordance with Housing Quality Standards (HQSs).

The U.S. Department of Housing and Urban Development (HUD) conducts independent inspection in accordance with its Uniform Physical Conditions Standards (UPCS).

Every project/Asset Management Project (AMP) is scored individually in every agency. A sample of units in the AMP are scored, resulting in a PHA composite score.
• The result of a REAC inspection affect the overall physical condition score

• REAC inspects
  • Site
  • Building Exteriors
  • Building Systems
  • Common Areas
  • Units

• Units that fail the REAC inspections are not readily available for housing
PASS - Scoring

High Performer
90 & Above every 3 years

Standard Performer
80 – 89 every 2 years

Standard Performer
60 – 79 every year

Substandard/Troubled
59 and below will be scheduled in the near future
PASS – Conditions and Unit Turn Time

- Lack of a routine preventive maintenance plan leads to deterioration.
- Deteriorated units lead to many work orders.
- Work orders are costly if root cause is not addressed.
- Deteriorated units have long lead times for unit turn.
- Any unit not turned does not provide housing or revenue.

Deficiencies lead to low scores and more-frequent inspections.
PASS – Low Scores and Impact on Funding

Low scores require much resources

Add qualified projects to the 5-year Capital Fund Program (CFP)

Vacant Units draw no rent revenue to help cover operating expenses

Vacant units depending on occupancy rate do not receive Operating Subsidy

Lack of Capital Fund availability might not permit curing of deficiencies
Best Industry Practices Tools
Best Industry Practices

- Consider yourself a landlord
- Work on curb appeal
- Become Familiar with Federal, State, and Local Requirements
- Schedule Efficient Move-outs and Move-Ins
- Take Online Payments
- Take Online Work Orders
- Handle Maintenance Requests promptly
- Establish Open Communication with Tenants
- Develop and Maintain a robust Tenant Portal
- Create Reports to Help Monitor Property Management Performance
• Track the right data
• Take advantage of new and emergency technology / software
• Consider peer performance for benchmarking purposes
• If financially feasible pay incentives to staff to meet benchmarks
• Plan proactively with demand forecasting
• Turn data-driven knowledge into informed actions and repeat
• Seek out peers that consistently maintain high occupancy (HUD Dash Board)
Poll Questions (1)

1. Are you routinely making your PIC corrections?
2. Do you need PIC training?
3. Do you have management reports that give you your occupancy numbers?
Local Market Factors on Occupancy
What is an RAO?

- Defined as rural communities, or a region composed of rural communities, that have been adversely affected by extraordinary economic events or natural disasters.

RAOs:

- Lack housing due to natural disaster
- Lack affordable housing
- Experience lower income levels
- Experience Loss of high-paying jobs
- Lack access to credit
RAO – Challenges

1. Industry scales back or departs due to economic opportunity
2. Schools close because of a lack of children
3. Reliable transportation is scarce or absent
4. Job opportunities are scarce or limited
5. Authorities lack access to vendors and much-needed materials
6. Area is not deemed an opportunity zone
7. Area is not a priority for Rural and Economic Development Initiative (REDI)
8. Area stricken or more prone to disasters
PHA - Challenges

- Finding qualified staff
- Lack of resources and income
- Access to technology
- Inefficient processes
- Local Government and Board
Potential Solutions to Local Markets and PHA Challenges

• When stricken by disaster, rebuilding units is most critical. You are likely to need at least the following partners and funding:
  • FEMA
  • City/state/County
  • Insurance Proceeds
  • Disaster and Mitigation funds for hardening
• Work with nonprofits, banks, and local partners that can assist your very low to low-income tenants with valuable support like credit repair and budget planning
• Apply for grants for fiber and Internet connectivity to help support remote learning
• Work with your city to establish transportation pools to desirable higher-paying jobs or to connect with one-stop shops and career centers
• Focus on career growth opportunities with online schools/universities
• Reach out and partner with other PHAs for knowledge sharing and collaboration
• Work with temp agencies to match job seeker backgrounds with your needs
• Provide and internship program with possibility of hire so that you can develop the desirable skills
• Check with your local community colleges and apprenticeship programs or maintenance programs
• If there is a local journeyman chapter, partner with it and consider force account labor* if you have a shortage of qualified maintenance staff

*Force account labor must be approved by HUD
Start the Conversation for Asset Repositioning
### Asset Repositioning

#### What is the agency’s goal?

#### Why do you think you need to reposition?

- Preserve affordable housing
- Replace current obsolete housing
- Demolish eyesores and stabilize neighborhood
- Control the assets

#### What is the impact?

- Migrating portfolio to the Section 8 Program
- Not having enough participating landlords
- Lack of access to a qualified management arm
- Loss of fee income to cover overhead
- Contributes to job loss in the area
- Less efficient and streamlined operations
What is Asset Repositioning?

For Public Housing

- Enables PHAs to provide thousands of families across the country with better-maintained units while creating opportunities to leverage public and private resources, easing administration, and preserving affordable housing

Moves families from a public housing platform to other forms of HUD rental assistance:

- Housing Choice Vouchers (HCVs)
- Project-Based Vouchers (PBVs)
- Project-based rental assistance (PBRA)

Helps PHAs preserve affordable housing units

Address rehabilitation and physical needs

Place properties on a more stable financial foundation
What is Program Close out?

Removing the Public Housing Annual Contributions Contract through transfer, consolidation or termination (PIH Notice 2019-13)

The PHA will still exist

PHAs are locally established government entities. Many PHAs don’t operate a Public Housing Program

Your PHA needs a plan for its remaining Public Housing funding grants, Public Housing assets, Public Housing property, and Public Housing Central Office Cost Center (COCC)

Your PHA cannot develop new public housing units regardless of its “Faircloth Limit”
Why Convert?

Benefits of close out and asset repositioning:

- Property stabilization
- Stable financial platform
- Reliable income stream for operations
- Leveraging opportunities
- Preserves PHA resources (equipment, fixtures, etc.)
- Preserves potential future Demolition and Disposition Transitional Funding (DDTF) and Asset Repositioning Fee (ARF)
- Can transfer assets/liabilities to newly created PHA (PIH notice 2014-24)
- Local Control and Flexibility to meet Local Needs
- Administrative Relief
Conversion Options

Required when:

- **Section 18 disposition (50 units and under justification)**
- **Section 22 Streamlined Voluntary Conversion (250 units and under)**
- **Rental Assistance Demonstration (RAD) (streamlined processing for 50 units and under)**
- **RAD (where all public housing units are converted and PHA has no authority to develop new units under Faircloth)**

Optional when:

- **A PHA removes all its current public housing units under other repositioning tools and has Faircloth Authority and a plan to develop new public housing units**
HUD Tools/Options – RAD-PBV

• Project Based Voucher (PBV)
  • The PBV Contract is administered by the PHA
  • Initial term can now be 20 years—up from 15 years and available for renewal
  • There is an initial rent cap limit: 110% of the Fair Market Rent (FMR)
  • Rents are adjusted annually by Operating Costs Adjustment Factors (OCAF)
  • Choice Mobility is available after 1 year
  • The project retains the PBV
  • PHA must give the PBV tenant requesting a voucher first priority on the PHA’s voucher waitlist
• Project-Based Rental Assistance Contract (PBRA)

  • Administered by the HUD Office of Housing
  • Initial contract term is 20 years and mandatory for renewal
  • Initial Rent Cap is based on current funding but may not exceed 120% FMR
  • Rents will be adjusted by annual OCAF
  • Choice Mobility permits tenants to move from the project after 24 months, but the project keeps the project-based assistance
  • Subject to REAC Uniform Physical Condition Standards (UPCS) inspections and protocol
  • Subject to Management and Occupancy Reviews (MORs) as administered by the HUD Office of Housing
  • Subject to Annual Financial Statements (AFSs)
HUD Tools/Options – Leveraging

• RAD conversion allows you to raise funds

• Government leveraging:
  • Raise investor equity through tax credits
  • Other appropriated funds
  • Other public entity contributions

• Private Leveraging:
  • Unsubsidized funding includes FHA-insured
  • Other commercial mortgage debt
  • Deferred developer fee
  • Other private sources.
HUD Tools/Options – Simplifications

- Continued ongoing public stewardship
- Residents continue to pay 30% of their adjusted income toward rent
- Maintain the same basic rights
- Units remain affordable to low-income families
- No cap or expiration
- Convert HUD rental assistance to into project-based Section 8 or project-based voucher programs
- Relief from public housing regulations, including HUD scoring and rules that limit how to use assets and personnel
- Allow developers to qualify for financing more easily
- Makes the property attractive to investors in low-income housing tax credits (LIHTCs)
HUD Tools/Options – RAD/Section 18 Blend

• HUD has expanded the blend option on how programs can combine, refer to Notice PIH 2021-07, which expands on PIH 2018-04

• Two types of blend: Construction and Small PHA Blend

• Section 18 units must be replaced with PBV assistance. RAD one-for-one replacement requirements apply

• All residents receive the same robust RAD rights and protections

• PHA can contribute public housing funds into the development budget

• Blends are analyzed at the project level – % eligible for Sec 18, construction/rehabilitation costs

• Run your Housing Construction Cost (HCC) test to find your options
Voluntary remove public housing units from Annual Contribution Contract (ACC) under Section 22

Receive Tenant Protection Vouchers (TPVs)

Available to PHAs with up to 250 units – Small PHA

Greater flexibility to address local need

Might be eligible for Asset Reposition Fees (ARFs)

Will not be eligible for Demolition Disposition Transitional Funding (DDTF)

Reference: PIH-2019-05
### Common Tools for Small PHAs

<table>
<thead>
<tr>
<th>Very Small PHAs (1–50 units)</th>
<th>Small PHAs (51–250 units)</th>
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</thead>
<tbody>
<tr>
<td>• Section 18 (50 or less)</td>
<td>• RAD/Section 18 “Small PHA” Blend</td>
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<tr>
<td>• Streamlined RAD</td>
<td>• Streamlined Voluntary Conversion</td>
</tr>
<tr>
<td>• RAD/Section 18 “Small PHA Blend”</td>
<td>• RAD</td>
</tr>
<tr>
<td>• Streamlined Voluntary Conversion</td>
<td>• Section 18 (Scattered Sites)</td>
</tr>
</tbody>
</table>
Best Practices for Repositioning
Action Plan

Develop Strategy
- Annual Plan
- Admin Plan

Communication
- Board Conversation
- Tenant Communication
- Partner

Who are partners?
- Local HUD – start conversation and discuss options
- Developers
- RAD Resource Team
- Evaluate all information

What is access to funding?
- To pay for RAD conversion
- Rehabilitation
Other Requirements

• Capital Needs Assessment (CNA)
• Healthy Housing and Energy Efficiency
• Environmental Review
• Substantial Conversion of Assistance
  (must not reduce the number of units assisted)
  • Relocation
  • Accessibility
  • Demolition
  • Change in Unit Configuration
• Financing Requirements and Considerations
• Relocation Plan, if needed
• Ownership and Control
• RAD Use Agreement
• Davis-Bacon Prevailing Wages
• Lead Based Paint Hazard
Poll Questions (2)

1. Have you been impacted by local changes?
2. Are you planning on repositioning?
3. Does this presentation help with making a decision?
Resources Section
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ACC</td>
<td>Annual Contribution Contract</td>
</tr>
<tr>
<td>AFS</td>
<td>Annual Financial Statement</td>
</tr>
<tr>
<td>AMP</td>
<td>Asset Management Project</td>
</tr>
<tr>
<td>ARF</td>
<td>Asset Repositioning Fee</td>
</tr>
<tr>
<td>CCOC</td>
<td>Central Office Cost Center</td>
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<tr>
<td>CFP</td>
<td>Capital Fund Program</td>
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<tr>
<td>CAN</td>
<td>Capital Needs Assessment</td>
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<tr>
<td>DDTF</td>
<td>Demolition and Disposition Transitional Funding</td>
</tr>
<tr>
<td>FMR</td>
<td>Fair Market Rent</td>
</tr>
<tr>
<td>HCC</td>
<td>Housing Construction Cost</td>
</tr>
<tr>
<td>HCV</td>
<td>Housing Choice Voucher</td>
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<tr>
<td>HQS</td>
<td>Housing Quality Standards</td>
</tr>
<tr>
<td>HUD</td>
<td>U.S. Department of Housing and Urban Development</td>
</tr>
<tr>
<td>IMS/PIC</td>
<td>Inventory Management System/PIH Information System</td>
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<tr>
<td>KPI</td>
<td>key performance indicator</td>
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<tr>
<td>LIHTC</td>
<td>Low Income Housing Tax Credit</td>
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Glossary (cont.)

MASS: Management Assessment Subsystem
MOR: Management and Occupancy Review
OCAF: Operating Costs Adjustment Factors
PASS: Physical Assessment Subsystem
PBRA: Project-Based Rental Assistance
PBV: Project-Based Voucher
PHA: Public Housing Agency
PHAS: Public Housing Assessment Score
RAD: Rental Assistance Demonstration

RAO: Rural Areas of Opportunities
REAC: Real Estate Assessment Center
REDI: Rural and Economic Development Initiative
SAC: Special Applications Center
SVC: Streamlined Voluntary Conversion
TPV: Tenant Protection Voucher
UMA: Unit Months Available
UML: Unit Months Leased
UPCS: Uniform Physical Conditions Standards
Resources

• Guidance on Inventory Management System/PIH Information Center (IMS-PIC) Sub-Module Reporting and Validation: PIH2021-35

• 24 CFR Part 990: Part 990 The Public Housing Operating Fund Program

• Affordable Housing Property Management Best Practices

• HUD Dashboard: PH HUD Dashboard

• Accounting Brief #17 ACCTBRIEF17

• Special Application Center (SAC): SAC Link

• Submitting Unit Tenant Status Changes in IMS/PIC: Unit_Tenant_Status_Changes-PHA_Instructions
• HUD Exchange:  [PHA-Lead-the-Way-Understanding-PHAS](#)
• A Guide to Public Housing Repositioning:  [Guide_Repositioning_Very_Small_PHAs](#)
• RAD Resource Desk:  [Link](#)
• HUD Dedicated RAD Page:  [RAD](#)
• Rental Assistance Demonstration – Final Implementation, Revision 4:  [PIH-2019-23](#)
• Asset Repositioning for Small PHAs with Closed Caption on You Tube:  [You Tube link](#)
• Demolition and/or disposition of public housing property, eligibility for tenant protection vouchers, and associated requirements:  [PIH2021-07](#)
Questions and Answers
Additional Questions

• Send TA service requests to hudcc.trainings@iem.com
• Subject line: PHA OCCUPANCY TA Post-training Follow-up Question
• Include in body of email:
  • Requester name
  • Requester PHA
  • Training topic (training attended)
  • Specific issue and/or question (be brief)
  • Email and phone number
THANK YOU