HCV SEMAP TRAINING: Module 5: Housing Quality Standards, Special Purpose Vouchers, Voucher Management System and Modules Summary

Slide 1: Title Slide. Welcome back! This is Module 5 of the 5-part training series focused on the Section 8 Management Assessment Program, also known as SEMAP, for the U.S. Department of Housing and Urban Development, HUD.

Slide 2: List of Modules. The purpose of this training is to provide an overview of SEMAP and key information to help PHAs effectively manage their Housing Choice Voucher program for SEMAP success.

Each module of this training is self-paced and can be started or stopped at any time.

Module 5 will continue the discussion of each indicator in greater depth as well as provide information related to VMS and SEMAP submission. The module will also review key takeaways from this entire training.

Slide 3: Managing HQS Indicators 5, 6, 11 and 12.

 We begin our discussion focusing in on indicators related to managing HQS. This includes indicators 5, 6, 11 and 12.

Slide 4: HQS Enforcements. As you can see from this slide, 1/3 of a PHA's SEMAP score is based on inspection related items from pre-contract inspection through quality control.

As such, it is vital that inspectors follow all guidelines to ensure PHA success with their SEMAP score.

 Inspections items are one of the foundations of the program participation.

Slide 5: Inspection Types. There are 4 key inspection types.

- Initial inspections are completed before a lease and HAP contract are executed
- Annual/Biennial are ongoing inspections of units to ensure they continue to meet HQS standards
- Complaint inspections are requested by the tenant or a government official and can be either an emergency issue which requires repair within 24 hours or a non-emergency issue.
- Quality Control inspections are completed by supervisors within 3 months of the original inspection and should represent a cross-section of all neighborhoods and inspectors.

Slide 6: Alternative Inspections. HOTMA provisions detailed in HUD PIH Notice 2017-20 allow PHAs to use alternative inspection methods in place of HQS in certain circumstances. These include inspections related to HOME or LIHTC funding.

PHAs must first obtain REAC approval if they intend to allow the use of alternative inspections and the policy must be outlined in the PHA Administrative Plan before implementation.

Slide 7: HQS Enforcement. Owners are responsible for maintaining the unit in compliance with HQS but they cannot be responsible for tenant-caused deficiencies.

If an owner fails to maintain a unit in compliance with HQS, the unit is abated and remains abated until violations are corrected. As part of this process, the PHA must provide the owner with a 30-day notice of the abatement and the Owner is not entitled to payment during abatement period, even if deficiencies are corrected.

Slide 8: HQS Quality Control Inspections (Indicator 5). In addition to ensuring that QC inspections are performed by qualified staff, HUD wants to ensure that QCs were conducted within 90 days of the original inspection, and that the QCs are a representative sample of actual inspections conducted.

Samples should roughly represent the proportion of each inspection type, those conducted by each inspector and those conducted in certain neighborhoods.

To ensure compliance, PHAs should determine how many QCs will need to be conducted at the beginning of each fiscal year and spread out the QCs over the course of the year.

Slide 9: Indicator 5 – Tool Box. To be prepared for indicator 5, the PHA should have a QC inspection log for the fiscal year which includes all inspectors, the neighborhoods and zip codes and the timeframe in which they were completed to show that they were completed within 3 months of the original inspection.

For the review of this indicator, have available

- The Initial pass inspection
- The Letter landlord or tenant notifying of QC reinspection; and the
- QC reinspection result

Slide 10: Timing of Inspections (Indicators 5,11,12). Each inspection type has parameters on when they should be conducted that should be kept in mind for scheduling.

QC inspections must be completed within 90 days of the original inspection.

Annual and biennial inspections must be completed every 12 or 24 months.

Life-threatening or emergency fails must be reinspected within 24 hours or the next business day.

Regular annual and special inspections must have a reinspection conducted within 30 days.

Initial inspections must be completed within 15 days of receipt of the RFTA. Remember that an initial inspection MUST be passed before a HAP contract may be signed, even if the resident is already living in the unit.

Slide 11: HQS Enforcement. To measure HQS enforcement for SEMAP, the PHA should be looking to make sure that for at least 98% of the sample:

- all cited life-threatening deficiencies were corrected within 24 hours
- non-life threatening deficiencies were corrected within 30 days

- Or the PHA abated HAP payments beginning no later than the first of the month following the specified correction period.
- Or took prompt and vigorous action to enforce family obligations

Slide 12: Indicator 6 – Tool Box. To prepare for indicator 6, PHAs should have

- List of Failed Inspections during FY
- Notice to Landlord/Tenant of Failed Inspection
- Notice of Adverse Action to Landlord (for Owner-Caused) and Tenant (for Tenant-Caused)
- HAP Register

Slide 13: Lead Based Paint. Any unit built before 1978 must not have chipped, peeling paint on any internal or external surface of the building that can be accessed by residents.

A lead based paint fail is considered an emergency fail for the purpose of an initial inspection only.

Any failing paint must be remedied before a resident can move into the unit.

Slide 14: Uniform Physical Conditions Standards-Vouchers (UPCS-V). In 2016 HUD started a demonstration of a new inspection standard under development, the Uniform Physical Conditions Standards-Vouchers (UPCS-V).

More than 200 PHAs have been included in the demonstration, but HUD has more recently announced that instead of replacing HQS with UPCS-V, it will instead be making the NSPIRE standard which is under development its universal inspection standard.

Slide 15: Infestation and Bed Bugs. HUD has provided guidance on dealing with fails due to confirmed or suspected bed bug infestations.

Please see HUD PIH Notice 2012-17 for more information. The notice requires owners to take action to cure the infestation much more quickly than regular vermin and rodent infestations because of the significant difficulty in treating these infestations.

PHAs should adopt a bed bug policy in their Administrative Plan based on HUD's guidance on this topic.

Slide 16: Managing Special Circumstances/Special Purpose Vouchers. There are a few programs and special types of vouchers that PHA's HCV departments will encounter and we're outlining here the very basics of these voucher types and the principle ways they will vary from regular HCV administration.

Slide 17: Project Based Vouchers. Project Based Vouchers differ from Housing Choice Vouchers in that instead of being awarded to an individual or household, the voucher is tied to an individual housing unit.

The PHA enters into a contract with an owner to provide a project-based unit to qualified residents for a period of time and the unit remains in the program for the length of the contract, not for the length of an individual tenancy.

A family would then apply to an individual property where they want to live to live in that unit instead of applying to the housing authority and then searching for an individual unit.

Slide 18: Tenant Protection Vouchers. Tenant Protection Vouchers are HCVs that are given to residents generally moving from Public Housing either temporarily while their public housing unit is being redeveloped for them to return to at a later date or if their unit is being completely demolished and they are given a voucher to replace the unit.

Slide 19: PHA-Owned Units. When PHAs own PBV units there are certain functions that must be performed by an independent entity which the PHA will hire, including reviewing the PBV selection process, performing inspections and determining contract rents and performing rent reasonableness.

Please refer to Notice PIH 2017-21 for the complete list and more information.

Slide 20: Voucher Management System (VMS). A key component to SEMAP success is ensuring your team submits timely and accurate data each month.

During this section of the training, we will be providing an overview of what VMS is, the process for submitting and correcting data, and how HUD uses PHA data.

Slide 21: VMS Overview.The Voucher Management System, more commonly known as VMS, is an online reporting system used by HUD.

On a monthly basis, all PHAs are required to report units-leased, HAP expenditures, and other information.

Within VMS, HUD has divided the data entry document, Form 52681-B into five main data entry screens

- Voucher UML & HAP
- Other Income & Expense
- Additional Expense/Comments
- Disaster UML & HAP
- PHA Contact Information

Slide 22: VMS Overview (Cont'd). Reporting to VMS is completed on a monthly basis. The deadline for submitting your data to VMS is the 22nd of each month and the submission includes the prior month's data. For example, May's data is due no later than June 22nd.

The system is open and available for submission as of the 4th day of each month.

As such, a best practice is to plan ahead and not wait until the last day of the month to complete your submission. Budget time in the event there are errors in your data or issues accessing the VMS reporting system.

A delayed transmission of data to HUD could impact a PHA's funding. Failure to submit the data results in a PHA being sanctioned as a non-submitter.

Incomplete submission and/or non-submissions could also affect the PHA's future years funding.

Slide 23: VMS Overview (Cont'd). When reporting expenses to VMS, it is very important that the PHA ensure that expenses reported reconcile to the PHA General Ledger.

In order to ensure data submitted is complete and accurate, HCV Occupancy, Leasing and Finance should work closely together reviewing the data on a regular basis.

Not only is VMS data used as a part of the documentation for Indicator 13 at the end of the Fiscal Year, it is also a tool that when monitored regularly, can ensure that a PHA is maximizing utilization.

Slide 24: VMS Submission. Once you have logged into VMS, you will find your PHA home page, the PHA List of Submissions.

Each submission includes data for a specified month only. Enter data in each VMS field by the specified month only.

Enter all leasing and expense data in positive whole numbers, except (if applicable)

- Restricted Net Position or RNP
- Unrestricted Net Position or UNP
- Vouchers Leased End of Month
- All Voucher HAP Expenses After the First of Month
- Vouchers issued but not under HAP contract as of the last day of the month
- Cash/Investments as of the last day of the month

Slide 25: Common VMS Submission Errors. There are several common errors that PHAs make when submitting their data to VMS. It is helpful to keep these in mind, so as to avoid them. These errors include:

- Reporting voucher leased after the first of the month as being leased as of the first of the month
- Including Port-In UML and HAP as "All Other Vouchers"
- Reporting vouchers in more than one category
- Reporting vouchers in the incorrect voucher line item
- Failing to include abated units in the Total Vouchers
- Reporting vouchers on hold incorrectly
- Issued but not under HAP contract
- Reporting Mainstream HAP and UML under regular voucher program
- As previously noted, it is important that your PHAs double-check your VMS data for accuracy before submitting it.

Slide 26: How HUD Uses VMS Data. The VMS application facilitates electronic submission of monthly program data by PHAs which then is made accessible to users in PIH-REAC, FMD, FMC, Field Offices, and Headquarters.

HUD reviews the submitted data and provides an Approved Submission, meaning that the submission for that month is completed, or provides a Disapproved Submission meaning that the PHA will have to edit the original submission and resubmit the corrected data, and notify the FO of the resubmission.

Either result will trigger an email notification to be sent to the PHA Executive Director and the Point of Contact identified in VMS.

Slide 27: How HUD Uses VMS Data (cont'd). HUD uses the data submitted in VMS to determine future HAP and Administrative Fee funding.

Administrative Fee funding is determined by the units under lease as of the first of the month being reported.

It is important to note that PHAs should ensure the expenses reported to VMS should reconcile to the PHA general ledger each quarter and that a final reconciliation is done at the end of the year.

Slide 28: Tool Box Summary and Key Takeaways.

To conclude this training, we'd like to review some key takeaways.

Slide 29: Administrative Plan Provisions. There are a handful of indicators which require specific written policy in order to be successful for SEMAP scoring. Written policies are needed for:

- Selecting applicants from the Waiting List for Indicator 1
- Determining Rent Reasonableness for Indicator 2
- Conducting Verification of Income for Indicator 3
- Failed inspections for Indicator 6
- Encouraging participation by owners with units outside areas of poverty or minority concentration for Indicator 7

Slide 30: SEMAP Documentation to Collect. As this training series has noted throughout all of the modules, it is important for PHAs to be aware of all the documents needed to support the SEMAP certification and there should be an effort to keep these items readily available throughout the year, and to avoid just searching for them as the fiscal year ends.

Slide 31: How to Manage HCV Finance for Success. To ensure the overall success of your HCV program, managing finances should be at the forefront and should be a collaborative, on-going effort. This includes maximizing utilization, proactively managing HAP funding and conducting Quality Control on transactions to prevent unsupported or inaccurate payments.

Slide 32: Final Step for Success. Finally, your PHA can only be successful if you complete the HUD 52648 Certification and if you submit on time.

Slide 33: End of Module. This ends Module 5.