



**U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing**

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**Special Attention:**

Public Housing Agencies; Public  
Housing Directors; Section 8  
Financial Management Center

**NOTICE: PIH-2006-24 (HA)**

Issued: June 30, 2006

Expires: June 30, 2007

CORRECTION TO NOTICE sect. 8  
and sect. 9

Cross References:

Notice PIH 2005-17 (HA);

Notice PIH 2006-03 (HA)

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Subject: **Correction** to PIH-2006-24 Revised Reporting Requirements and Sanctions Policy for the Family Report (Form HUD-50058) to the Office of Public and Indian Housing (PIH) Information Center (PIC)

**1. Purpose.** This Notice implements a revised Form HUD-50058 assessment and sanctions process. It also replaces Notice PIH 2005-17, which includes voiding sanctions and Corrective Action Plans (CAPs). There are four key changes to the previous Form HUD-50058 assessment process (under Notice PIH 2005-17) implemented under this Notice:

- (1) In 2006, Public Housing Agencies (PHAs) will be assessed in October, based on the September 30<sup>th</sup> Delinquency Report, for both the public housing and Housing Choice Voucher (HCV) programs instead of at the PHA's fiscal year end (FYE). Beginning in 2007, PHAs will be assessed in July based on the June 30<sup>th</sup> Delinquency Report. All of the dates listed in sections 1 – 8 of this Notice are for the 2006 assessment. Section 14 of this Notice lists the dates that apply beginning in 2007 when the Department assesses PHAs in July.
- (2) The forbearance process is replaced with a new process to give PHAs the opportunity to demonstrate compliance for select situations (see section 8 of this Notice).
- (3) Sanctions will be effective December 1 (March 1 for select PHAs identified under section 9 of this Notice) in 2006 instead of a date determined in the PHA's CAP and the six-month grace period.
- (4) PHAs located in Presidential-declared federal disaster areas due to Hurricanes Katrina, Rita and Wilma will be assessed separately in January 2007, based on the December 30<sup>th</sup> Delinquency Report, instead of participating in the standard assessment process in October (see section 9 of this Notice).

**Note:** This Notice only replaces the sanctions and CAPs under Notice PIH 2005-17. The reporting requirement as it relates to the five SEMAP indicators will remain in effect (see section 11 of this Notice).

The Department places great importance on the data it receives from PHAs. The Department relies on PHAs to submit accurate, complete and timely data in order to administer, monitor and report on the management of the public housing and HCV programs. In order to fully justify its budget requests to Congress, the Department needs full cooperation from all PHAs in meeting their reporting requirements. The Form HUD-50058 data will also assist the Department in responding to future natural disasters and emergency situations.

2. **Applicability.** This Notice applies to PHAs administering public housing (low-rent “conventional”) and/or HCV programs (including the project-based certificate and voucher programs and homeownership option). For PHAs that participate partially in the Moving to Work (MTW) program, sections 1 –14 of this Notice only apply to those households that are not part of the MTW program. Sections 1-14 of this Notice do not apply to PHAs that participate fully in the MTW program, households who participate in the Moderate Rehabilitation Program or Tribally Designated Housing Entities (TDHEs).
3. **Background.** The Department implemented the Form HUD-50058 assessment and sanctions process to improve Form HUD-50058 reporting rates. It is critical to improve reporting rates so the Department:
  - (1) Has complete Form HUD-50058 data from PHAs in order to conduct performance assessments of PHAs, assess PHA compliance with regulations and analyze the impact of proposed program changes.
  - (2) Can meet its Fiscal Year 2006 Annual Performance Plan (APP) goal of ensuring the national average Form 50058 reporting rates for both public housing and HCV households are at or above 95 percent (see APP Goal EM 4.2, <http://www.hud.gov/offices/cfo/reports/2006/app2006.pdf>).
  - (3) Clear the material weakness reported by the Office of the Inspector General’s (OIG) independent audit of the Department’s financial statements of not establishing requirements to ensure that PHAs accurately and fully report all tenant data for every reporting period in which rental subsidies are expended.
4. **Minimum Reporting Rate.** PHAs that administer public housing or HCV programs must submit 100 percent of family records to the Department’s PIC Form 50058 module. Form HUD-50058 records must be transmitted electronically to PIC as set forth by 24 CFR Part 908. The PIC Form 50058 module is the Department’s official system to track and account for public housing and HCV family characteristics, income, rent and other occupancy factors. PHAs must submit accurate records with no fatal edits (edits that cause PIC to reject records in order to maintain the integrity of the PIC data) for the Department to consider the records successfully submitted. PHAs must have a minimum 95 percent reporting rate (or 94.5 percent before rounding) for public housing and HCV families at the time of their annual Form HUD-50058 reporting rate assessment or be subject to sanctions.

The Department calculates reporting rates separately for the public housing and HCV programs. For additional information pertaining to the reporting rate calculation, see the Delinquency Report Guide that will be posted on the HUD Website. For additional information pertaining to the PIC Form 50058 fatal edits, see the Form 50058 Technical Reference Guide available at:  
<http://www.hud.gov/offices/pih/systems/pic/50058/pubs/trg/index.cfm>.

The Department will assess public housing and HCV reporting rates annually. In 2006, this assessment will take place in October and in the following years it will take place in July. The Department will use the September 30<sup>th</sup> PIC Delinquency Report available on approximately October 10<sup>th</sup> to assess reporting rates in 2006. PHAs are encouraged to monitor their own reporting rates. The Department requires PHAs to continuously update PIC by accurately reporting Form HUD-50058 data on time and to keep their public housing unit status data current in the PIC Development Sub-module. PHAs can obtain their reporting rates by accessing the PIC Delinquency Report.

5. **Sanctions.** The Department may implement sanctions for failure to meet the minimum reporting rate described in section 4 of this Notice. Public housing sanctions will be applied against the monthly scheduled operating subsidy and HCV sanctions will be applied against the administrative fee. All public housing sanctioned funds will be returned once the PHA's reporting rate is in compliance. All HCV sanctioned funds may be permanently recaptured and may not be returned to the PHA once its reporting rate is in compliance.

- (1) **Public Housing Sanctions.** Pursuant to Section 6(j)(4)(A)(ii) of the U.S. Housing Act of 1937, 24 CFR 990.200(c) and 24 CFR 990.215(c), PHAs not in compliance will have payment "withheld in an amount equal to HUD's estimate of the loss of rental income to the PHA resulting from its failure to comply with these requirements", which HUD has determined to be five percent of its monthly scheduled operating subsidy. PIC reporting rates also may be taken into consideration for future funding distributions under the U.S. Housing Act of 1937, as amended. PHAs with reporting deficiencies could experience diminished funding due to poor PIC substantiation of program needs and related requirements.

- (2) **Housing Choice Voucher Program Sanctions.** Pursuant to 24 CFR 982.152(d), HUD may reduce or offset any administrative fee to a PHA in an amount determined by HUD if the PHA fails to perform PHA administrative responsibilities. PHAs subject to sanctions because their reporting rate for HCV families falls below 95 percent may have their administrative fee for the calendar year reduced or offset in an amount determined appropriate by HUD. In determining whether, and to what extent, HUD will reduce or offset the administrative fees, HUD will consider such factors as the magnitude of the deficient reporting rate and the number of months that the reporting deficiency persists subsequent to the annual assessment.

6. **Sanctions Process.** Beginning in October 2006, the Department will assess all PHAs using the September 30<sup>th</sup> Delinquency Report. PHAs with reporting rates under 95 percent

may be sanctioned effective December 1<sup>st</sup>. For each additional month that a PHA is delinquent after September 30<sup>th</sup>, the PHA may be sanctioned an additional month. Therefore, a PHA that is still under-reporting per the October 31<sup>st</sup> Delinquency Report may be sanctioned again effective January 1<sup>st</sup>. The delay in imposing sanctions is necessary to allow time for Headquarters to review demonstration of reporting compliance under section 8 of this Notice.

Each month, the Department will review the previous month's Delinquency Report and the reporting rates of sanctioned PHAs. The Department will lift sanctions once the Delinquency Report or the PHA can demonstrate that it has raised its reporting rate to 95 percent or above.

**Example:** The Department determines that a PHA with a reporting rate below 95 percent as of the September 30<sup>th</sup> Delinquency Report raises its reporting rate as of the February 28<sup>th</sup> Delinquency Report. The PHA's reporting rate was under 95 percent for five months (September-January). The Department may implement the sanction for those five delinquent months from December 1<sup>st</sup> through April 30<sup>th</sup>.

7. **Notification.** The Department will notify all PHAs with reporting rates under 95 percent within five days of the availability of the Delinquency Report for the applicable month.
8. **Demonstration of Reporting Compliance.** A PHA with a reporting rate under 95 percent as reflected on the September 30<sup>th</sup> Delinquency Report may avoid sanctions if it can demonstrate that its reporting rate is 95 percent or above after adjusting for at least one of the following reasons:
  - (1) Leased units for the month ending September 30<sup>th</sup>, or any month thereafter are less than the leased units for the applicable month as reported in the Voucher Management System (VMS). This would affect the denominator of the PHA's reporting rate for the HCV program.
  - (2) Under portability, receiving PHAs are not properly submitting Form HUD-50058 records on families for which they are billing the initial PHA or have not correctly completed line 12f (PHA code billed) and the initial PHA has submitted a Form HUD-50058 Portability Move-out record (action code 2a = 5) for these families. Consequently these families will not be recorded on the PIC PHA Billed Portability Billing Report. This would affect the denominator of the PHA's reporting rate for the HCV program.
  - (3) Under portability, the receiving PHA is unable to enter the Form HUD-50058 Portability Move-in record (action code 2a = 4) for a family it absorbed because the initial PHA has not entered a Form HUD-50058 Portability Move-out record (action code 2a = 5) and the receiving PHA reported this situation to its local field office for resolution prior to the end of the assessment period. This would affect the numerator of the PHA's reporting rate for the HCV program.
  - (4) A PHA submitted a Form HUD-50058 End of Participation record (2a=6) for a public housing family with a September 30<sup>th</sup> effective date, or the end of any

month thereafter, and PIC considers this unit as not reported while it was actually occupied through the end of the month.

PHAs that believe that their reporting rate would be 95% or more after making one or more of the adjustments described in items (1) – (4) above, must provide sufficient documentation no later than 10 days from the date the PHA receives notification from the Department (see section 7) to avoid sanctions or continued sanctions. PHAs must submit their data via email to Pih\_50058\_Assessments@hud.gov and copy their respective Field Offices. The following table lists the required documentation for reasons (1) through (4).

Reason	Required Documentation
1	PHA must submit the number of unit months leased for the applicable month that has been (or will be) entered into VMS.
2	PHA must submit the family’s head of household full name, the PHA code and the PHA name of the receiving PHA that is not reporting on the family.
3	PHA must submit the family’s head of household full name, the PHA code and the PHA name of the initial PHA that is not reporting on the family.
4	PHA must submit the head of household’s full name for the family the PHA submitted a Form HUD-50058 End of Participation record (2a=6) effective September 30 <sup>th</sup> , or the end of any month thereafter.

Headquarters will review submitted documentation and notify these PHAs and their respective Field Offices whether or not their documentation is accepted. PHAs with accepted documentation supporting a reporting rate of at least 95 percent as of the annual assessment do not need to submit further documentation if their reporting rate continues to be under 95 percent following the annual assessment. If a PHA’s reporting rate continues to be under 95 percent at the time of the next annual assessment (for example, when PHAs are assessed again as of the June 30, 2007 Delinquency Report), the PHA needs to submit new documentation for that period to avoid sanctions. If a PHA cannot demonstrate that its reporting rate is at least 95 percent for the annual assessment and its reporting rate continues to be under 95 percent the following month (for example, as of the July 31<sup>st</sup> Delinquency Report), the PHA can submit new data to demonstrate that its reporting rate is at the required level. All data demonstrating that the PHA is in compliance with the required reporting rate is due 10 days from the date the PHA is notified by the Department that its reporting rate is still under 95 percent (see section 7).

9. **Exemptions for Disaster-affected PHAs.** All PHAs in areas the President declared to be a federal disaster area as a result of Hurricanes Katrina, Rita or Wilma are exempt from the October 2006 assessment process. PIH will conduct a one-time special assessment for these PHAs in January 2007. The same assessment process discussed in sections 4 – 8 of this Notice applies to the disaster-affected PHAs with the exception of the dates. The following table provides the dates for the January 2007 assessment period:

Month PHAs assessed	January 2007
Delinquency Report used	December 31, 2006 Delinquency Report
Date Delinquency Report available	Approximately January 10, 2007
Due date to demonstrate compliance	10 days from the date notified by the Department (see section 7)
Date sanctions go into effect	March 1, 2007

A PHA with a reporting rate under 95 percent as of December 31<sup>st</sup> may be sanctioned each month the PHA continues to be deficient in its reporting rate. All disaster-affected PHAs will be assessed with all other PHAs in subsequent assessment cycles beginning in July 2007.

10. **PHAs Assessed under Notice PIH 2005-17.** PHAs with December 31, 2005, and March 31, 2006, fiscal year ends (FYE) granted forbearance under Notice PIH 2005-17 do not need to meet the milestones of their CAPs that addressed their Form HUD-50058 reporting deficiencies. The Department will reassess all December 31, 2005, and March 31, 2006, FYE PHAs (with the exception of the disaster-affected PHAs identified in section 9 of this Notice) in October 2006 in accordance with this Notice.

PHAs sanctioned under Notice PIH 2005-17 will have their sanctioned funds released. If sanctions have been imposed, notify the Department via e-mail at [Pih\\_50058\\_Assessments@hud.gov](mailto:Pih_50058_Assessments@hud.gov) and copy your local Field Office.

11. **PIC Reporting and the Section Eight Management Assessment Program (SEMAP).** The Department verifies five of the SEMAP indicators with data PHAs provide to PIC on the Form HUD-50058. To assign a rating other than zero for any of the five indicators, the Department requires a reporting rate to PIC of at least 95 percent. The 95 percent reporting rate went into effect with the December 31, 2005, submissions. Any SEMAP rating appeals based on reporting rate deficiencies will follow the SEMAP regulations in 24 CFR Part 985. However, PHAs may provide data under section 8 of this Notice to their Field Office prior to SEMAP scoring so that the PIC related indicators may be scored if the documentation regarding the PHA's reporting rate is approved. Field Offices will address other PIC reporting appeals related to SEMAP on a case-by-case basis.
12. **PIC Reporting and Public Housing Assessment System (PHAS).** Form HUD-50058 reporting rates do not impact PHA PHAS scores.
13. **Sanctions under Notice PIH 2006-03.** A PHA sanctioned under this Notice that is also sanctioned under Notice PIH 2006-03 may be sanctioned up to a cumulative 30 percent of its administrative fees at one time for delinquent VMS, Financial Assessment Subsystem (FASS) and/or Form HUD-50058 reporting.
14. **Assessment Dates Beginning in 2007.** The following table provides the dates for key steps in the assessment process when the Department assesses PHAs in July beginning in 2007:

Month PHAs assessed	July
Delinquency Report used	June 30 Delinquency Report
Date Delinquency Report available	Approximately July 10
Due date to demonstrate compliance	10 days from the date notified by the Department (see section 7)
Date sanctions go into effect	September 1

15. **Information Contact.** Inquiries about this Notice should be directed to Lloyd Darasaw of the Management and Occupancy Division at (202) 708-0614 extension 3637, Pih\_50058\_Assessments@hud.gov or to the appropriate HUD Field Office.

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for Public and Indian Housing