



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING
REAL ESTATE ASSESSMENT CENTER

July 6, 2012

Dear Executive Director:

I would like to thank you for your efforts in the effective administration of HUD's rental housing assistance programs. Working together, the Department's level of improper payments has substantially decreased from \$3.2 billion in fiscal year (FY) 2001 to \$853 million through FY 2010¹. Your continued assistance and efforts to reduce and eliminate improper payments are critical in making sure only eligible families receive rental assistance for the correct amount.

As part of its internal controls efforts, the Department's Real Estate Assessment Center (REAC) continuously monitors the timeliness and accuracy of tenant information reported to the Public and Indian Housing Information Center (PIC). REAC performs data comparisons of tenant information contained in the Department's PIC and Office of Housing's Tenant Rental Assistance Certification System (TRACS) to identify individuals who may be residing in more than one HUD-assisted rental housing unit and/or may be receiving duplicate rental housing assistance. The intended outcome of this monitoring is to identify, reduce, and recover improper payments within HUD's rental housing assistance programs and to verify Public Housing Agencies' (PHAs) compliance with PIC reporting and use of the Enterprise Income Verification (EIV) system.

REAC's review of *EIV's Multiple Subsidy Report* as of June 30, 2012, indicates that there are one or more tenants within your agency's jurisdiction that appear on the Multiple Subsidy Report. The individual(s) appear on the report for at least one of the following reasons:

A. PHA Administrative Errors Requiring Correction (Valid Deficiencies):

1. Inadequate use of EIV **prior to admission** to screen applicants for current participation in a HUD rental assistance program.
2. PHA non-submission of an updated form HUD-50058 to reflect tenant-reported changes in family composition and/or termination or change in tenancy within a HUD rental assistance program.
3. Unauthorized occupancy in more than one HUD-assisted rental housing unit by a minor child who is subject to a joint custody order and the PHA has **not** obtained written HUD approval for the minor child to reside in more than one HUD-assisted rental housing unit.

B. Tenant Errors Requiring Correction (Valid Deficiencies):

1. Inaccurate tenant-reporting of changes in family composition to the PHA in accordance with the PHA's policies.
2. Unauthorized occupancy in more than one HUD-assisted rental housing unit by a minor child who is not subject to a joint custody order.
3. Unauthorized occupancy in more than one HUD-assisted rental housing unit by an adult household member.

¹ As reported in the Department's FY 2011 Agency Financial Report published 2/7/2012.

C. Invalid Deficiencies Which Require No Correction and No PHA Action:

1. PHA has obtained written HUD approval for a minor child to reside in more than one HUD-assisted rental housing unit.
2. Family is using a Housing Choice Voucher at a multifamily housing property (i.e. Section 236 program).
3. EIV has not received the move-out action reported on the form HUD-50059 and it was successfully submitted to TRACS and documented in the tenant file.

Non-submission or late submission of updated forms HUD-50058 with correct family composition and end of participation actions may result in incorrect or ineligible payments and/or assistance on behalf of the families identified on your agency's Multiple Subsidy Report. In an effort to mitigate risk associated with improper payments or incorrect family data reported in PIC, we ask that your agency review the below information and take all necessary actions detailed below by no later than **September 28, 2012**, to correct valid deficiencies identified on your agency's Multiple Subsidy Report.

Required PHA Actions:

1. Log onto EIV at https://hudapps.hud.gov/HUD_Systems to review and download your agency's *Multiple Subsidy Report* as of June 30, 2012, **by no later than Friday, July 6, 2012.**
2. Determine the root cause of the identified deficiencies.
3. If applicable, submit an updated form HUD-50058 to PIC.
4. If applicable, submit applicable waiver request to HUD in accordance with HUD's standard waiver request procedures to obtain written approval for an individual to occupy more than one HUD-assisted rental housing unit.
5. If applicable, terminate assistance and/or tenancy of individuals erroneously receiving duplicate rental housing assistance and occupying more than one HUD-assisted unit.
6. If applicable, identify and recover any improper payment made on behalf of an individual or family that received duplicate rental housing assistance.
7. Document the family file with resolution or disposition of the identified household member(s).

REAC will review your agency's Multiple Subsidy Report subsequent to September 28, 2012, to confirm **all valid deficiencies** have been corrected. Your agency is **not** required to submit a response to this notice of deficiency or provide REAC with any documentation at this time. However, please be advised that REAC, at a later date, may contact you to request documentation related to the recovery of improper payments made on behalf of any individual that has received duplicate rental housing assistance in error. PHAs may be subject to sanctions for failure to: 1) recover or attempt to recover improper subsidy payments; 2) implement corrective action(s) to correct valid deficiencies; or 3) provide HUD with requested documentation related to a multiple subsidy deficiency.

For inquiries related to this notice or reduction of improper payments, please contact Nicole Faison at (202) 475-7963 or by email at PIH.RHIIP.TA@HUD.GOV. Thank you for your continued commitment to effective and efficient administration of HUD's rental housing assistance programs.

Sincerely,

A handwritten signature in black ink, appearing to read "David A. Vargas". The signature is fluid and cursive, with a long horizontal stroke at the end.

David A. Vargas, CPA
Deputy Assistant Secretary