



Asset Repositioning Fee (ARF) FY 2014 Implementation Guidance Public Housing Agencies

Funding Year 2014 Guidance

General Guidance

For Funding Year (FY) 2014, Asset Repositioning Fee (ARF) unit and funding eligibility amounts will be determined based upon PIC data and ARF business rules. This document outlines policy for implementing ARF timeline and funding protocols in FY 2014.

- ✓ For the first time, ARF unit-month data will be pre-populated in the HUD-52723 form and will not be editable by Public Housing Agencies (PHAs). Where PHA ARF determinations differ from the preliminary unit status data published by HUD, or data in the HUD-52723, PHAs should contact their Field Offices (FOs) for guidance.
- ✓ The Public Housing Financial Management Division (FMD) has provided FOs with a beta version of an ARF Management Tool, detailing the process of establishing ARF eligible units and funding amounts. The ARF Tool identifies appropriate PIC source data and demonstrates how the source data, used in compliance with HUD regulations and ARF guidance, lead to ARF eligibility and funding results.
- ✓ HUD plans to publish the ARF Tool for PHAs after the beta version has been vetted by the FOs.
- ✓ For FY 2014, PHAs should use this guidance, PIH Notice 2011-18 and the CY 2014 Operating Subsidy Notice (PIH Notice 2013-16) to calculate ARF.
- ✓ In accordance with PIH Notice 2013-16, PHAs shall submit supporting documentation detailing the ARF calculation to the Field Office. PHAs should submit this documentation to their Field Office by **September 3, 2013**, in order to facilitate Field Office review.
- ✓ Utilizing the ARF Tool, the Field Office will review the PHA ARF calculations in accordance with PIH Notice 2011-18 and PIH Notice 2013-16.



Asset Repositioning Fee (ARF) FY 2014 Implementation Guidance Public Housing Agencies

Preliminary Unit Status Data

To support the CY 2014 Operating Subsidy process, HUD has published preliminary unit status data. PHAs can access that data via the following link:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/am/of/opfnd2014

Where PHA determinations of ARF-eligible units vary from the ARF-eligible units shown in the preliminary unit status data, PHAs are advised to submit their ARF documentation to their FOs as soon as possible. The FO will use the ARF tool to vet PHA submissions and determine correct ARF - eligible unit-months and funding.

ARF Eligibility

Certain key data elements from PIC are used to calculate ARF eligibility.

1) Demo/Dispo Application (DDAPP) Approval Date

The HUD approval date of a DDAPP is recorded by HUD in the PIC Inventory Removal module.

2) DDAPP Type

The type of approved demolition/disposition action is recorded in the PIC Inventory Removal module.

3) Units and Buildings Included in the DDAPP

Units and buildings included in a DDAPP are recorded in the PIC Inventory Removal module.

4) Number of Days to Relocation

The number of days to relocation is recorded in the PIC demolition/disposition module.

- ✓ When completing an inventory removal application, the PHA indicates the number of days after HUD approval of the DDAPP that the PHA expects to begin relocation of residents.
- ✓ Where units are occupied as of the DDAPP approval date, the number of days to relocation must be at least 90 days.
- ✓ The DDAPP approval date plus the number of days to relocation equals the **relocation date**.



Asset Repositioning Fee (ARF) FY 2014 Implementation Guidance Public Housing Agencies

5) Date of First Move-out (or Last Homeownership Move-out/Sale) After the Relocation Date

The dates that units were vacated (i.e., move-outs) are recorded in the PIC HUD-50058 module. Where units remain occupied as of the relocation date, calculation of the ARF timeline is “triggered” by the first DDAPP-related move-out after the relocation. For homeownership DDAPPs, ARF is “triggered” by the last DDAPP-related move-out, or last homeownership sale, after the relocation date.

Using the above data, HUD will determine ARF eligible unit months and eligibility for each approved DDAPP at each project and establish the ARF timeline – “trigger” date, ARF start date, and ARF end date – for the DDAPP.

These determinations result in the number of eligible ARF units pre-populated in the HUD-52723.

With the exception of relocation dates (which have known issues that HUD is addressing), the PIC data used to calculate ARF is expected to have a high degree of accuracy and validity.

- ✓ DDAPP Type, DDAPP Approval Date and DDAPP Buildings/Units should be an accurate reflection of the PHA’s approved Demo/Dispo program.
- ✓ Where the PHA’s approved Demo/Dispo program itself has changed, PHAs should call in a PIC ticket per PIH Notice 2013-16, contact their FOs, and work with their FOs and the Special Applications Center (SAC) to make corrections to the DDAPP.
- ✓ Relocation Dates have been the subject of a recent PIH clean-up effort and those revisions are captured in the ARF Tool data provided to FOs.
- ✓ Where revisions to the Relocation Date are needed, and these revisions are not reflected in the ARF unit-months in the HUD-published preliminary unit status data, or in the ARF unit-months and ARF eligibility in the 52723 pre-populated by HUD, the PHA should call in a PIC ticket per PIH Notice 2013-16 and contact their FO.
- ✓ PHAs should review the move-out date(s) HUD has identified as first/last move-out dates and work with their FO to correct these dates where necessary. Because of the relationship between relocation dates and first/last move-out dates, corrections to one could require corrections to the other. PHAs should contact their FO and call in a PIC Ticket per PIH Notice 2013-16 as needed.
- ✓ To the extent that PHA calculations of ARF differ with the data published in the 52723, FOs and PHAs should review these data elements to identify the cause of the variance



Asset Repositioning Fee (ARF) FY 2014 Implementation Guidance Public Housing Agencies

and possible corrective actions that need to be made. Corrective actions will involve either corrections to the PHA calculations or revisions to PIC source data.

- ✓ Other than revisions to Relocation Dates, PIH does not anticipate making a large number of changes to ARF calculations, based on underlying PIC data. However, where PHAs identify inaccuracies in the PIC data used to calculate ARF, these should be communicated to the FOs.
- ✓ The ARF Tool provided to FOS permits the FO to enter alternative data in order to produce accurate results. However, data entered in the Tool does not change underlying source data. PHAs should ensure that appropriate corrections are made to PIC source data in order that future calculations based on PIC source data are accurate.
- ✓ As always, when making corrections to the tool, FOs should ensure that PHAs call in PIC tickets as required by PIH Notice 2013-16.

ARF Funding

Once the ARF timeline is established, the ARF funding calculation is based on a Project Expense Level (PEL) and an Inflation Factor. The following policy will be followed:

- ✓ **Project Expense Level (PEL)** and **Inflation Factor** to be used will be drawn from the PEL and Inflation Factor appropriate to that project for the *calendar year of the ARF start date for that DDAPP*. For the second ARF funding year, the start year PEL will be inflated by the start year inflation factor. For the third and fourth ARF funding years (if necessary), the prior year's inflated PEL will be multiplied by the start year inflation factor to arrive at a current year inflated PEL.
- ✓ Here's an example for a DDAPP at a project where the ARF Start Year PEL = **\$400.00** and the ARF Start Year Inflation Factor = **1.032**:

Year	Calculation	PEL
Start Year	NA	\$400.00
Year 2	$\$400.00 * 1.032$	\$412.80
Year 3	$\$412.80 * 1.032$	\$426.01
Year 4	$\$426.01 * 1.032$	\$439.64