



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

Special Attention:

NOTICE PIH 2006-36 (HA)

Public Housing Agencies
Public Housing Hub Office Directors
Public Housing Program Center Directors
Regional Directors
Field Office Directors
Resident Management Corporations

Issued: September 26, 2006
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Cross Reference: PIH Notice 2005-17 (HA), Notice PIH 2006-24 (HA)

Subject: Guidance on Unit Status Categories in the Development Sub-module of the Office of Public and Indian Housing (PIH) Information Center (PIC) and Revised Form HUD-50058 Reporting Recommendations.

1. **Applicability.** This Notice applies to public housing agencies (PHAs) administering the public housing (low-income “conventional”) program, including PHAs that participate in the Moving to Work (MTW) Demonstration.
2. **Purpose.** This Notice explains and provides guidance to PHAs on how to use the unit status categories, and their respective sub-categories, that were included in the PIC September 2005 release for the Development Sub-module. Accurate classification of all units in the Development Sub-module allows the Department and PHAs to:
 - A. **Determine operating subsidy funding eligibility.** Beginning in Calendar Year (CY) 2008, and continuing every calendar year thereafter, the data PHAs enter in the Development Sub-module will be used to determine a PHA’s funding under the Revisions to the Public Housing Operating Fund Program, Final Rule, published in the Federal Register on September 19, 2005 (79 FR 54983), hereafter referred to as the Final Operating Fund Rule. Every calendar year, to determine the amount of each PHA’s funding, the Department will use the data in PIC for the 12-month period from July 1 to June 30 that is prior to the first day of each calendar year (See 24 CFR § 990.135(a) of the Final Operating Fund Rule).
 - B. **Calculate Form HUD-50058 reporting rates.** The Department uses data in the Development Sub-module to identify PHAs subject to sanctions under Notice PIH 2006-24 (HA).
 - C. **Monitor occupancy levels in public housing.** This Notice also explains in section 4 below why the Department recommends that PHAs with less than

100 units follow the same requirement as PHAs with 100 or more units and report their Form HUD-50058 data monthly, instead of quarterly, to the PIC Form 50058 Module and why PHAs should submit all Form HUD-50058 records by June 30th of each year.

3. **Development Sub-module Reporting Frequency.** PHAs are encouraged to update their PIC Development Sub-module data as the status of units change. PHAs must reflect all of the status changes that a unit undergoes during each month in the Development Sub-module. When updating Development Sub-module data, PHAs must update their unit data by the status of the unit on either the last day of each month or the first day of each month as provided in 24 CFR § 990.135(b)(1) of the final Operating Fund Rule.
4. **Form 50058 Module Reporting.** Because of the interdependencies between the PIC Development Sub-module and the Form 50058 Module, the Department recommends that PHAs with less than 100 units report their Form HUD-50058 (OMB Approval No. 2577-0083) data monthly, instead of quarterly, to the Form 50058 Module. Monthly transmissions to the Form 50058 Module will help PHAs that would otherwise report quarterly to keep their data in the Development Sub-module current.

The Department also recommends that all PHAs submit all Form HUD-50058 records with effective dates of June 30 (or earlier) that impact a unit's status in the Development Sub-module (for example, a New Admission record that when transmitted will designate a unit as "Unit Occupied by Assisted Tenant") by June 30, so that the most up-to-date data is reflected in the Development Sub-module prior to the time when HUD uses the data to determine next-fiscal-year funding.

5. **Definitions.** There are four unit status categories within the Development Sub-module: Exception, Unit Not Reported, Unit Occupied by Assisted Tenant and Unit Vacant or Otherwise Occupied. Two of the categories have sub-categories. Definitions for each category and sub-category are included below.
 - A. **Exception.** Exception units are units that are merged, used to house non-assisted employees or persons providing tenant or neighborhood services or units considered as special use units. While the Exception category also includes Conversion units, no new units should be classified under this sub-category. Only Field Office personnel can enter Exception units in the Development Sub-module. Units classified under this category are not included in the PHA's denominator for determining Form HUD-50058 reporting rates. There are seven Exception sub-categories.
 - (1) **Conversion Unit.** There should be no units classified in this sub-category. PHAs must update all units classified as "Conversion" in the Development Sub-module with a proper unit classification. This sub-category, a temporary unit classification that PIH established in FY 2005 to identify units that were previously designated in the Development Sub-module as "non-dwelling," will be used by the Department in FY 2006 to temporarily identify all units classified under "Vacant by law"

and "Vacant due RMC funding." In accordance with this Notice, the subcategories "Vacant by law" and "Vacant due to RMC funding" are being deactivated and PHAs must reclassify all units that were classified in those subcategories.

- (2) **Merged Unit.** A “merged” unit results when the number of public housing units in a building is changed by structurally combining two or more smaller units into a single larger unit. The “merged” unit is the one that ceases to exist as a separate unit. (PIH Information Center, HUD PIC Development User Manual 2004)
 - (3) **Non-Dwelling Unit used for Anti-Drug Activities.** This is a unit that the PHA uses for anti-drug activities.
 - (4) **Non-Dwelling Unit used for Economic Self-Sufficiency Services.** This is a unit that the PHA uses for self-sufficiency services.
 - (5) **Non-Dwelling Unit used for Other Purposes.** This is a unit the PHA uses for resident-related activities other than uses for self-sufficiency services.
 - (6) **Unit Occupied by Non-Assisted Employee.** This is a unit occupied by a PHA employee who is otherwise not eligible to live in public housing and is required to live in public housing as a condition of his/her job. The occupancy of non-assisted employees is not subject to the normal resident selection process. (24 CFR § 901.5)
 - (7) **Unit Occupied by Non-Assisted Person Providing Tenant or Neighbourhood-Oriented services.** This is a unit occupied by a person providing tenant or neighborhood services (not including police officers) who otherwise is not eligible to live in public housing. The occupancy of the provider is not subject to the normal resident selection process.
- B. Unit Not Reported.** The “Unit Not Reported” category is for units for which the PHA has not successfully submitted a record to the Form HUD 50058 or MTW module in PIC and has not designated the unit as either an “Exception” or “Unit Vacant or Otherwise Occupied.” The Development Sub-module automatically defaults all units not otherwise classified to the “Unit Not Reported” unit status category. All units classified under this category are included in the PHA’s denominator and affect its Form HUD-50058 reporting rate.
- C. Unit Occupied by Assisted Tenant.** The “Unit Occupied by Assisted Tenant” category is for 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. Units classified under this category are included in the PHA’s denominator for Form HUD-50058 reporting rates.

D. Unit Vacant or Otherwise Occupied. A “Unit Vacant or Otherwise Occupied” category includes units that are either vacant or occupied but not under lease to an eligible family. The “Unit Vacant or Otherwise Occupied” unit status sub-categories are Field Office or PHA entry fields. Units classified under this category are not included in the PHA’s denominator for Form HUD-50058 reporting rates.

Units Vacant or Otherwise Occupied fall into two groups – Unit Vacant and Unit Otherwise Occupied – and there are sub-categories under each group.

(1) Unit Vacant. A vacant unit is defined as a unit that is not leased to a family and not reported under the “Exception” unit status category. There are eight “Unit Vacant” sub-categories in PIC.

a. Vacant due to casualty loss. This is a damaged unit that remains vacant due to delays in settling insurance claims. Once the claim is settled, the unit must be re-classified accordingly.

b. Vacant as a result of court litigation. This is a unit vacant due to litigation, such as a court order or a settlement agreement that is legally enforceable; to meet regulatory or state requirements to avoid potential litigation (as covered in a Department-approved PHA Plan); or to satisfy voluntary compliance agreements with the Department or other voluntary compliance agreements acceptable to the Department (e.g., units held vacant as part of a court ordered, Department-approved desegregation plan, or a voluntary compliance agreement requiring modifications to the unit to make them accessible pursuant to 24 CFR part 8).

c. Vacant by law. The Department will be deactivating this sub-category because units should not be classified under it. Once it is deactivated, PIC will automatically re-classify all units classified as “Vacant by law” to Conversion units. See section 5. A. (1) of this Notice for the description of the Conversion sub-category.

d. Vacant due to make ready or lease-up time. These are units that are vacant in between the time one household moves out of the unit and the time a lease is executed for a new household.

e. Vacant due to market conditions. This is a unit that is vacant due to a change in the area’s market conditions. To be eligible to receive operating subsidy for units that are vacant due to changing market conditions, the PHA must meet the requirements under 24 CFR § 990.245(d) of the final Operating Fund rule.

f. Vacant due to natural disaster. This is a unit vacant that is due to a federally declared, state declared, or other declared disaster. Thus, while the subcategory title refers to natural disasters, this

sub-category is applicable for all units that are vacant due to any type of declared disaster, including disasters that are not considered to be natural disasters.

g. Vacant due to RMC funding. The Department will be deactivating this sub-category because units should not be classified under it. Once it is deactivated, PIC will automatically re-classify all units classified as “Vacant due to RMC funding” to Conversion units. See section 5. A. (1) of this Notice for the description of the Conversion sub-category.

h. Vacant – undergoing modernization. This is a unit vacant resulting from project modernization or unit modernization (such as work necessary to reoccupy vacant units). To be eligible to receive operating subsidy, the unit must meet the conditions under 24 CFR § 990.145(a)(i) and (ii) of the final Operating Fund rule.

(2) Unit Otherwise Occupied. This is a unit that is occupied but not under lease to an eligible family. There are two “Unit Otherwise Occupied” sub-categories.

a. Unit Occupied by Over-Income Family. This is a unit occupied by a family whose annual income exceeds the limit for a low-income family at the time of initial occupancy. Rental of units to over-income families must be processed in accordance with the PHA Annual Plan. Conditions in 24 CFR § 960.503 must be met to house an over-income family in the unit.

b. Unit Occupied by Police Officer. This is a unit occupied by a police officer or other security personnel who would otherwise not be eligible for public housing. As required under 24 CFR § 960.505, the PHA must include in their PHA Annual Plan the number and location of the units to be occupied by police officers. In addition, the conditions in 24 CFR § 960.505(a) and (b) must be met to house a non-income eligible police officer in the unit.

6. Eligibility for Operating Subsidy. The table in Attachment A indicates where on the form HUD-52723 (OMB Approval No. 2577-0029), Calculation of Operating Subsidy, each unit status category/sub-category will be counted. Beginning in CY 2008, the Department anticipates pre-populating operating subsidy forms with the PHA-reported unit status data in the PIC Development Sub-module.

7. Prior Approval. Section 990.145 of the new Operating Fund rule requires PHAs to receive prior approval by the Department in order to be eligible to receive operating subsidy for certain types of units under an Annual Contributions Contract (ACC) that are vacant. For purposes of the PIC Development Sub-module, this means that the PHA must have received the required Departmental

approval prior to entering these units in the applicable sub-category under the Exception or Vacant or Otherwise Occupied categories.

The Field Office's prior approval of a PHA's 5- year plan or Annual Plan that shows the units that will be undergoing modernization is considered approval to enter units into the Vacant undergoing modernization sub-category under Unit Vacant or Otherwise Occupied. On an ongoing basis, Field Offices both approve and re-approve units as "special use units." This approval and re-approval is sufficient approval to enter these units in the Exception category.

For all units that would be entered into the Vacant as a result of court litigation, Vacant due to natural disaster, and Vacant due to casualty loss sub-categories under Vacant or Otherwise Occupied, the PHA must have received prior approval from its Field Office, which approval will be granted on a case-by-case basis for the time period determined by their Field Office.

Units that would be entered into the Vacant due to market conditions sub-category require the PHA to appeal to the Department. Although entries in the Vacant or Otherwise Occupied sub-categories may be made by either Field Offices or PHAs, a PHA must receive prior approval from its Field Office before units are classified under these sub-categories.

See 24 CFR § 990.145 for more information on the approved vacancies and the approval requirements.

8. **Information Contact.** Inquiries about this Notice and how the Development Sub-module affects Form HUD-50058 reporting rates should be directed to Lloyd Darasaw of the Office of Public Housing and Voucher Programs, at (202) 708-0614, extension 3637 or to the appropriate HUD Field Office. Inquiries about how the Development Sub-module data will be used for operating subsidy calculations should be directed to your local Field Office.

/s/
Orlando J. Cabrera, Assistant Secretary for
Public and Indian Housing

Mapping of the PIC Development Sub-module Categories to the Form HUD-52723

PIC Development Sub-module Categories and Sub-categories	Operating Fund Rule Unit Categories of Units (References are to line numbers on the form HUD-52723)	Who designates unit in PIC?
Exception Units Category		
Conversion Unit ¹	Section 2, Line 13 “All other ACC units not categorized”	FO
Merged Unit	No section or line reference because this unit was merged into another unit	FO
Non-Dwelling Unit used for Anti-Drug Activities	Section 2, Line 06 “Special use units”	FO
Non-Dwelling Unit used for Economic Self-Sufficiency Services	Section 2, Line 06 “Special use units”	FO
Non-Dwelling Unit used for other purposes	Section 2, Line 6 “Special use units”	FO
Unit Occupied by Non-Assisted Employee	Section 2, Line 02 “Occupied dwelling units – by PHA employee, police officer, or other security personnel who is not otherwise eligible for public housing”	FO
Unit Occupied by Non-Assisted Person Providing Tenant or Neighborhood-Oriented Services	Section 2, Line 13 “All other ACC units not categorized”	FO
Unit Not Reported Category		
<i>No Sub-categories</i>	Section 2, Line 13 “All other ACC units not categorized”	PIC ²
Unit Occupied by Assisted Tenant Category		
<i>No Sub-categories</i>	Section 2, Line 01 “Occupied dwelling units – by public housing eligible family under lease”	PIC ³
Vacant or Otherwise Occupied Category		
Vacant due to casualty loss	Section 2, Line 09 “Units vacant due to casualty loss”	FO or PHA
Unit Occupied by Over-Income Family	Section 2, Line 13 “All other ACC units not categorized”	FO or PHA
Unit Occupied by Police Officer	Section 2, Line 02 “Occupied dwelling units – by PHA employee, police officer, or other security personnel who is not otherwise eligible for public housing.” These units may also go on Section 2, Line 06a “Units on Line 02 that are occupied by police officers and that may also qualify as special use units”	FO or PHA
Vacant as a result of court litigation	Section 2, Line 07 “Units vacant due to litigation”	FO or PHA
Vacant by law ⁴	N/A	N/A
Vacant due to Make Ready or lease-up time	Section 2, Line 11 “Units vacant and not categorized”	FO or PHA
Vacant due to market conditions	Section 2, Line 10 “Units vacant due to changing market conditions”	FO or PHA
Vacant due to natural disaster	Section 2, Line 08 “Units vacant due to disasters”	FO or PHA
Vacant due to RMC funding ⁵	N/A	N/A
Vacant–undergoing modernization	Section 2, Line 5 “Units undergoing modernization”	FO or PHA

¹ The “Conversion Unit” sub-category was a temporary category established by the Department in conjunction with the September 2005 PIC release. No new units should be classified under this sub-category.

² The “Unit Not Reported” category is automatically updated by PIC using information in the Form HUD-50058 record.

³ The “Unit Occupied by Assisted Tenant” category is automatically updated by PIC using information in the Form HUD-50058 record.

⁴ While the “Vacant by law” sub-category exists in the Development Sub-module, PHAs should not classify units under this sub-category.

⁵ While the “Vacant due to RMC funding” sub-category exists in the Development Sub-module, PHAs should not classify units under this sub-category.