

## **Deregulation for Small Public Housing Agencies (PHAs) Final Rule Frequently Asked Questions (FAQs)**

### **Q1: What is the Deregulation for Small Public Housing Agencies (PHAs)?**

The *24 CFR Parts 902, 903, and 985 Deregulation for Small Public Housing Agencies; Final Rule*, (Small PHA Deregulation) was issued on June 24, 2003. The Small PHA Deregulation allows PHAs who meet the requirements listed below to be assessed under the Public Housing Assessment System (PHAS) every other year, instead of annually. In addition, it enables PHAs that qualify, to submit a streamlined Annual Plan. Per the Deregulation for Small Public Housing Agencies, the major qualifications to be considered for a PHAS bi-annual assessment are:

- 1) The PHA has 249 or fewer public housing units in the Public and Indian Housing Information Center (PIC) unit count, irrespective of the number of Section 8 vouchers administered by the PHA.
- 2) The PHA must have a designation of “Standard Performer” or “High Performer” in their previous year’s PHAS designation, and cannot be designated as a “Troubled Performer” or a “Substandard Performer”.

Although a PHA may be eligible for a PHAS assessment every other year, the Financial Assessment Subsystem (FASS) unaudited and audited submissions are required annually for PHAs receiving \$300,000 or more in Federal funding<sup>1</sup>.

For more information about the Small PHA Deregulation, a link to the Federal Register notice has been provided: [http://www.hudclips.org/sub\\_nonhud/cgi/pdf/15815.pdf](http://www.hudclips.org/sub_nonhud/cgi/pdf/15815.pdf)

### **Q2: When will the Deregulation for Small PHAs start?**

The Small PHA Deregulation begins with PHAs with a fiscal year end 9/30/03. For purposes of submitting the new streamlined Annual PHA Plans, deregulation starts with PHAs with fiscal years beginning 1/1/04, and whose streamlined plans are due 10/17/03.

### **Q3: If a Small PHA’s designation changes from “Standard” or “High” to “Troubled” or “Sub Standard” will it be assessed annually?**

Yes. Per 24 CFR 902.9(b) in the Deregulation for Small PHAs, if a PHA’s designation changes from “Standard” or “High” to “Troubled” or “Substandard” it will be assessed annually. Once the designation changes to “Standard Performer” or “High Performer” (and the unit count remains at 249 or less) the PHA will again be eligible for bi-annual assessments.

### **Q4: Who determines which PHAs qualify for the Deregulation for Small PHAs?**

The Small PHA Deregulation requirements determine which PHAs are eligible to be exempt from PHAS assessments every other year. The PIH-REAC will administer the PHAS exemption selection process using data contained in HUD’s PIC and PIH-REAC Secure Systems.

### **Q5: How will the PHA’s unit count and PHAS designation be determined?**

For the purposes of the Small PHA Deregulation, the PIH-REAC will use:

- The PIC data, which is self-reported by PHAs, for the unit count; and
- The Real Estate Assessment Center System (REACS) data for the PHA’s PHAS designation.

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<sup>1</sup> According to the OMB-A133 circular, “Non-Federal entities that expend less than \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) a year in Federal awards are exempt from Federal audit requirements for that year, but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and General Accounting Office (GAO)”

**Q6: If a PHA qualifies for a Small PHA Deregulation exemption, will the PHAS score and designation from the previous year be utilized for determining eligibility for the Capital Fund Bonus?**

Yes. The PHAS score and previous year's designation will be considered when determining a PHA's eligibility for capital fund bonuses. However, in the exempt year, PIH-REAC's Secure Systems will not show a PHAS score, and the designation will show "Small PHA Deregulation Exempt".

**Q7: How will PIH-REAC notify PHAs on which years it should submit PHAS data?**

The PIH-REAC will send the PHA's Executive Director (ED) an e-mail notification indicating if the PHA is exempt from PHAS based upon the requirements in the Small PHA Deregulation.

**Q8: Can the Small PHAs who are exempt from PHAS choose to be assessed annually?**

Yes. In accordance with *24 CFR Parts 902, 903, and 985 Deregulation for Small Public Housing Agencies; Final Rule*, a PHA can elect to be assessed annually. If a PHA chooses to be PHAS assessed, the PHA ED must e-mail the PIH-REAC PHAS mailbox at [phas@hud.gov](mailto:phas@hud.gov) within **10 calendar days** after the e-mail notification has been sent by the PIH-REAC. The e-mail must include the following:

- PHA name
- PHA ID
- Fiscal year end (FYE)
- A forwarded copy of the e-mail notification received from HUD
- A clearly stated request to be PHAS assessed
- Executive Director name

If the PIH-REAC does not receive an e-mail before midnight on the 10<sup>th</sup> calendar day after the notification is sent, it will include the PHA in the PHAS exempt list.

**Q9: For those years that a PHA must submit PHAS data, is it submitted in the same manner as previously submitted?**

Yes. For the non-exempt years, the PHA must submit PHAS data as stated in the PHAS Rule.

**Q10: Do exempt PHAs still need to submit an Annual Plan?**

Yes, a streamlined Annual Plan is required. The new streamlined PHA Plan templates are available on the PHA Plan web site at <http://www.hud.gov/offices/pih/pha/templates/index.cfm>.

**Q11: How does the Deregulation for Small PHAs effect PHAS data submissions and/or assessments?**

The following chart summarizes the new requirements:

Indicator	Type	Conditions Required for Assessment	Due Date
<b>Submissions/Assessments required for PHAs that ARE exempt from a PHAS assessment based upon the Small PHA Deregulation</b>			
Financial Condition (FASS)	Unaudited Data Submission	Required	2 months after PHA's fiscal year end
	Audited Data Submission	Required for PHAs receiving \$300,000 or more in Federal funding <sup>2</sup>	9 months after PHA's fiscal year end
<b>Submissions/Assessments required for PHAs that ARE NOT exempt from a PHAS assessment based upon the Small PHA Dereg.</b>			
Financial Condition (FASS)	Unaudited Data Submission	Required from all PHAs	2 months after PHA's fiscal year end
	Audited Data Submission	Required for PHAs receiving \$300,000 or more in Federal funding	9 months after PHA's fiscal year end
Management Operations (MASS)	Certification	Required	2 months after PHA's fiscal year end
Physical Condition (PASS)	Inspection	Required if the: <ul style="list-style-type: none"> <li>• PHA was not inspected in pervious year</li> <li>• PHA was inspected the previous year and scored less than 24 points for the PASS Indicator score; or</li> <li>• PHA has requested an inspection.</li> </ul>	Inspections are conducted during the 90-day period prior to the fiscal year end date
Resident Service and Satisfaction (RASS)	Unit Address Certification (no points), Survey, Follow-up Plan Certification and Implementation Plan Certification	Required (from all PHAs that are NOT exempt)	See RASS Business Calendar ( <a href="http://www.hud.gov/offices/reac/products/rass/business_calendar.cfm">http://www.hud.gov/offices/reac/products/rass/business_calendar.cfm</a> )

**Q12: Whom should the PHA contact for further information on the Deregulation for Small PHAs Rule?**

- For information regarding the PHAS assessment process, please contact Judy Wojciechowski from the REAC NASS Subsystem at 202-708-4932 x3464.
- For information regarding the streamlined Annual Plan, please contact Sherry Fobear-McCowan from the PIH Office of Policy Program and Legislation at 202-708-0713 x7651.
- For information regarding the Capital Fund bonus, please contact Bill Thorson from the PIH Capital Program Division at 202-708-1640 x4999
- For information regarding SEMAP, please contact Phyllis Smelkinson from the PIH Housing Voucher Management and Operations Division at 202-708-0477 x 4138.

<sup>2</sup> See Footnote 1.