



Inside this Issue

[PHA Spotlight: Lebanon County Housing Author...](#)
[Supplemental Guidance on CY 2009 Subsidy...](#)
[FDS New Line Definition Guide and Release Date](#)
[Examples for PHAs of First Year Asset Manage...](#)
[Asset Management Help Desk: A List of Questions](#)
[What's New on the Website?](#)
[Resources and Useful Links](#)



Notice on Streamlined PHA Five-Year and Annual Plans and Exemption for "Qualified" PHAs

On November 13, 2008, the Department issued PIH Notice 2008-41, Public Housing Agency (PHA) Five-Year and Annual Plan Process for all PHAs. The Notice provides information on:

- ❖ The availability of a revised, streamlined PHA Five-Year Plan and Annual Plan template and other relevant forms;
- ❖ The transition to new project numbers in the Capital Fund plans and reports, in accordance with [PIH Notice 2007-28](#); and
- ❖ The implementation of Title VII of the Housing and Economic Recovery Act of 2008 (Pub. L. 110-289, H.R. 3221) (HERA), exempting "qualified" PHAs from submitting an Annual PHA Plan.

The revised PHA Five-Year Plan and Annual Plan template will continue to serve as (a) a planning tool for PHAs; (b) a community guide to the PHA's policies, programs, and activities; and

(c) facilitate the conversion to asset management, in accordance with 24 CFR Part 990, by eliminating unnecessary submission requirements.

A "qualified" PHA is one that meets the following requirements:

- ❖ The sum of public housing dwelling units administered by the agency and the number of vouchers under section 8(o) of the Act is 550 or fewer, and
- ❖ The agency is not designated as a troubled PHA under section 6(j)(2) and does not have a failing score under the section 8 Management Assessment Program (SEMAP) during the prior 12 months.

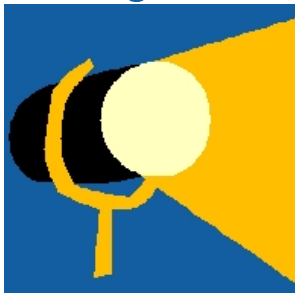
Effective immediately, qualified PHAs are exempt from the requirement to prepare and submit an annual PHA Plan. However, these PHAs are not exempt from the requirements related to the Five-Year Plan. In addition, each qualified PHA must:

- ❖ Submit the PHA Civil Rights Certification on an annual basis to the appropriate HUD Field Office, and
- ❖ Must also comply with the requirements of section 5A(b)((3)(b) of section 2702 of HERA regarding resident participation and public hearings.

HUD will issue a separate notice identifying what qualified public housing agencies will need to submit in order to receive their Capital Fund Program grants.

For additional details, including the Department's scope of review of the PHA Plan, see the Notice [here](#). ♦

PHA Spotlight: Lebanon County Housing Authority, Pennsylvania



This edition's Spotlight features a medium-sized PHA that has just completed its first full year of project-based budgeting and accounting

– Lebanon County Housing Authority (Lebanon) in Lebanon, Pennsylvania. The Spotlight spoke with Lebanon's Executive Director, Bryan Hoffman and Deputy Executive Director, Sue Bowman, about its experience with the conversion to asset management.

What is the size and make-up of the Lebanon's portfolio?

We have 405 Public Housing units and 540 Housing Choice Vouchers (HCVs). We had an allocation for 625 HCVs, but due to funding cuts, we could only support 540. In addition, we operate 100 units under the Section 202 program and we have 103 units in Tax Credit Developments. Our Public Housing units are organized into three projects, which we refer to as "areas."

How are each of the Public Housing areas staffed?

Each area has a full-time Property Manager, a full-time Assistant Manager and a complement of maintenance staff. We have one maintenance staff member on call in the evenings and weekends who handles emergencies for all areas. (This on-call responsibility is rotated between four maintenance mechanics.)

As a result of converting to asset management, were there any significant staffing changes at Lebanon?



We did not need to hire new staff; we shifted staff duties. Two of the individuals who are now Property Managers worked in the management division of the central office, with quasi-management duties that included rent collection, dealing with tenant management problems, and evictions. However, prior to the conversion to asset management, these staff did not have any supervisory duties over maintenance personnel, did not make any individual purchasing decisions or were not involved in any rent adjustments. While the transition was not completely new to the staff, the additional responsibilities proved to be a challenge for some of them.

The change related to maintenance supervision was a contentious point. The maintenance workers previously received instruction from experienced, knowledgeable maintenance supervisors. The housing managers had limited maintenance background. Additionally, there were issues of gender and age that we had to work through.

Another effect of project based management is that we have increased our reliance on outside contractors. We've learned that external contractors can provide cost-effective short term manpower (at rates lower than maintaining full-time employees at the agency's payscale).

How did you prepare your staff for the conversion to asset management?

Our staff members were aware that change was coming. We set our target date for conversion to asset management to be the day after Labor Day, 2006. We picked this date because, initially, we had to be officially transitioned by October 1 in order to submit the Year 1 Stop-Loss application. A conversion target date of the day after Labor Day would give us a month prior to the actual transition date to work out any challenges. Six months prior to our target date, we held weekly meetings with the future Project Managers. During these staff meetings, we provided staff with training on occupancy, how to analyze basic financial statements, and basic supervisory skills.

Continued on next Column...

Continued on page 3...

We also provided training on our internal telecommunications and the computer systems.

How did decentralizing maintenance services affect site-based management? Did this change serve to increase stakeholder accountability over expenses?

Since the various properties no longer have access to each other's inventories, we have had to stock a parts van for use by the on-call duty employee. Also, since we rotate on-call duty among maintenance mechanics from all our properties, there are now newer maintenance employees who have no prior experience or familiarity with projects other than their own.

What resources did you leverage to provide training for staff?

We used an outside consultant for the occupancy training needed and we took advantage of commercially-available one-or two-day seminars on basic financial training, accounting, and supervisory skills training.

Do you think six months of preparation was sufficient for your agency to convert to asset management?

Six months was the right amount of time. Anything longer would have just prolonged the process, but we also wanted to ensure that we were giving staff enough time to transition. Staff continued to be engaged in their current responsibilities while preparing and learning new

and additional responsibilities. Having six months to prepare for the transition allowed the stakeholders to focus on the process. We have learned that one of the keys to our success is the timing of the training. If you train staff too soon in advance, they are likely to forget what they learned. However, you also do not want to provide too much training in such a short period of time as that tends to be overwhelming. You need time to help them get the skills they need to do their job. Having staff aware of the target date and committing to that target date kept everyone's eye on the ball and confirmed that this transition was definitely going to happen, whether we were ready or not.

What other factors contributed to Lebanon's transition to asset management?

We had already employed a project-based system when we accumulated the Section 202 and Tax Credit developments. Therefore, converting the operations of our Public Housing units to project-based management was a lot easier than if we started out with centralized management.

Did you encounter any challenges or issues from staff or other stakeholders when you converted to project-based management operations for Public Housing?

As a result of implementing site-based management, the biggest challenge we encountered related to staff was as a result of a change in team dynamics. Former coworkers in effect became competitors, especially where budgetary and PHAS considerations were concerned. Also, since we retained all existing employees and reshuffled them, sometimes skill sets and/or temperaments didn't always match up well to new duties. Training and time have both assisted well in the adaptation process. There was somewhat of an exodus of older/longer term employees who were near retirement age and didn't feel comfortable changing their longstanding ways of doing business. The staff's interpersonal dynamics have settled into a respectful pattern.

Stakeholders seem satisfied with asset-base management overall; however, since we've downsized our staffing so that residents really have two primary contact persons for their project, i.e., the manager and assistant manager,



Continued on next Column...

Continued on page 4...

not the entire management, occupancy and social services departments, as was the case in the past. So, at times, a manager might not be available when a resident comes to the office (the manager may be walking the property!).

Residents sometimes have to leave a message or come back later. Ultimately, we believe that the responsiveness is better, but people have had to adjust. The seniors (tenants) in the buildings where our central office administrative staff were primarily located still seem a bit disoriented about who does what. It is difficult for them to understand that central office personnel no longer manage their buildings and they now need to seek out their property's managers.

Did Lebanon County encounter any challenges with respect to the assignment of assets and liabilities between the projects and COCC?

One thing we hadn't anticipated was, in the initial assignment of assets and liabilities, project staff did not want to be assigned the older inventory because they perceived that they would have to replace this inventory with "their" own money (the previously mentioned "inventory wars").

Time and some intervention by the COCC eventually resolved the maintenance material and equipment distribution issue. At the initial conversion to asset based management almost all staff members, whether they were in management or maintenance services, were under a considerable amount of stress. In hindsight, it is apparent that most of the staff probably felt that much of their "work life" was being turned upside down and was out of their control. However, the issue of maintenance materials and equipment was a very concrete one, something that was very easy to understand and an issue over which staff felt they could exercise immediate control. Once staff began to settle into their new duties and their stress levels decreased, compromises were more easily negotiated concerning which AMP should take possession of which items. Ultimately each



AMP came to accept the fact that there simply wasn't enough existing equipment to meet everyone's needs and each AMP was going to have to expend some funds on equipment purchases.

Do you charge fees to the Section 202 and Tax Credit developments? How is that different from fees charged to Public Housing units?

The fees charged to Public Housing are virtually the same as those charged to the Section 202 and Tax Credit developments. The way fees are charged is the same across the programs we manage. The concept of project-based management and project-based budgeting of management fees was not new to us. What was new was transitioning the Public Housing operations into that model.

How did your first year of project-based budgeting affect your second year?

Having project-specific budgets was not a new concept to our agency. We used the same budget formats that we used for our Section 202 and Tax Credit developments. Our first year of project-based budgets were prepared primarily by COCC staff, with minimal involvement from the

Property Managers. For the first year of project-based budgeting, we used actual cost data available to us. In some cases, we had to modify the data based on the new AMP groupings. The second year of project-based budgeting was a refinement of the first and the Property Managers were more involved in the development of the second year project-based budgets. In the following years, we anticipate that the Property Managers would take the lead role in the development and management of their budgets. Property Managers are aware that their area's budget performance governs whether there is sufficient cash available at the end of the fiscal year.

How do you think the COCC will do after the first year of asset management?

Continued on next Column...

Continued on page 5...

We're breaking even this first year and expect to operate on very narrow margins the next couple years.

How did the projects operate under the new PELs?

To operate more efficiently under the new PELs and the prorated funding levels, projects have found it necessary to very carefully monitor and control expenses. To that end, it has been necessary to reduce the complement of maintenance staff and rely more heavily on outsourcing a variety of maintenance tasks. In addition, we no longer have any staff members assigned strictly to resident social service duties. Project managers now provide a very limited amount of social services to residents due to the reprioritization of where funds are spent.

Do you anticipate any fungibility between your projects after the first year?

No. We believe that transferring funds between projects, unless there were extra-ordinary circumstances that merit the transfer, would lead a perception that we reward property management under-performance. It would negatively impact the team dynamics among the property managers.

What are your overall thoughts of your first year of asset management?

Our first year of asset management went reasonably well and better than we expected. Our most significant challenge lay in how our staff reacted to the changes and the transition to new roles within our agency.

To learn more about Lebanon County Housing Authority, visit their website at <http://www.lebanoncountyhousing.com/> or contact Bryan Hoffman, Executive Director, bhoffman@lebanoncountyhousing.com or Sue Bowman, Deputy Executive Director, sbowman@lebanoncountyhousing.com . ♦

Supplemental Guidance on CY 2009 Subsidy Processing

On October 30, 2008, the Department posted supplemental guidance to PHAs regarding the processing of CY 2009 operating subsidies.

The supplemental guidance includes information regarding:

- CY 2009 processing schedule.
- Availability of pre-populated, project-level subsidy forms.
- The CY 2009 utility inflation factor (9.44%) and accompanying methodology.
- An initial, four-month funding obligation (January – April 2009), based on estimated eligibility of \$5.0 billion and estimated proration of 88%.

The Department anticipates issuing a revised estimate of proration around May 2009. Information for PHAs and field offices in the processing of operating subsidies for 2009 can be accessed [here](#).

For additional details, including the assumptions regarding estimated eligibility and proration, please see the [project-based funding page](#) of the asset management website. ♦

Financial Data Schedule (FDS): New Line Definition Guide and Release Date

The Department recently released the new FDS Line Definition Guide. This guide provides both an overview of the changes to the FDS as a result of the conversion to asset management

Continued on page 6...

and definitions for each line item. The revised FDS is effective for all PHAs with fiscal years ending June 30, 2008, September 30, 2008, December 31, 2008, and March 31, 2009. For a copy of the Line Definition Guide, click [here](#). ♦

Examples for PHAs for the First Year of Asset Management Now Available

On November 20, 2008, the Department posted [The First Year of Asset Management-Examples for PHAs](#). Six PHAs with fiscal year ending in June and September that have recently transitioned to asset management were selected. This document was developed to assist other PHAs in understanding how similar PHAs the transition to asset management, particularly with respect to the conversion to project-based budgeting, project-based accounting, and project-based management.

Please note the profiles do not constitute mandates or endorsements of a particular PHA organizational structure. There is no “one size fits all” model and PHAs must adapt their organizations to best meet local needs, while remaining within the basic parameters of asset management. ♦

Asset Management Help Desk: A List of Questions

Question: How should public housing legacy costs or liabilities be funded? Are these costs to be paid by the COCC?

Answer: As stated in the Supplement to PIH Notice 2007-9 “any legacy cost should be paid from program income if incurred prior to the establishment of the asset management/fee-for-

service concept.” This means that the COCC does not need to use the fees it has earned to pay for legacy cost. Rather, these costs may all be paid for using program income. These liabilities should be assigned to the proper program or project when the PHA first allocates its assets and liabilities at the project level. The PHA should consult with their accountant or auditor to ensure balance sheet allocation.

Question: Our PHA’s administration office is located in the first floor of one of our high-rise projects. The office has staff from the Public Housing program, HCV, HOME and CDBG. The HOME and CDBG grants are awarded to the City instead of the PHA. Therefore, the PHA would like to charge the City rent for the space used by the HOME and CDBG staff, as well rent for the space used by the HCV program. Is that permissible and, if so, would the revenue be recognized by the project or the COCC?

Answer: Under program benefit rules, the HCV, HOME, and CDBG programs should pay a reasonable rent. This rent would be recognized as revenue to the project and not the COCC (the rent is generated by a program asset). If the space was built with non-program funds, the COCC could recognize the revenue.

Question: We have assigned our maintenance staff to the two AMPs where they primarily do the work. Due to our agency’s size and staff limitations, these maintenance staff sometimes perform work at the other AMP where they are not primarily assigned. Should we treat these staff as “shared” or should we use fee-for-service?

Answer: While fee-for-service is an option, it would be more common to treat these employees as shared staff that are assigned to the specific projects. This shared staffing arrangement would likely be simpler to administer from an accounting perspective. The amount of time assigned (prorated) to each project would need to be based on a reasonable methodology, e.g., the number of units or recent work order history. If the PHA used fee-for-service, it would need to

Continued on next Column...

Continued on page 7...

make sure that those arrangements were in the best interests of the projects.

Question: Must a PHA request the removal of the Declaration of Trust (DOT) for an administrative building that is assigned to the Central Office Cost Center (COCC) and was paid for with Public Housing funds?

Answer: A PHA is not required to remove the DOT. However, as long as the DOT remains in effect, any revenues generated from that asset (e.g., the rental of office space to a local social service agency) would remain "program income."




What's New on the Website?

- ❖ [The First Year of Asset Management-Examples for PHAs](#)
- ❖ [CY 2009 PHA HUD-52723 Excel Tools](#)
- ❖ [PHA User Guide](#)
- ❖ [Supplemental Information: CY 2009 Operating Fund Subsidy Processing](#)
- ❖ [CY 2009 Form HUD-52723 Prepopulated Data](#)
- ❖ [Explanation of Initial CY 2009 Obligation](#)
- ❖ [Audit and PILOT Amounts for CY 2009 Operating Subsidy Processing](#)
- ❖ [Utility Expense Level \(UEL\) Calculator](#)
- ❖ [UEL Inflation Factor Methodology](#)
- ❖ [Form HUD 52723 2008 Comments](#)
- ❖ [New FDS Line Definition Guide](#)
- ❖ [Frequently Asked Questions, Year 1 Stop-Loss Applicants \(October 9, 2008\)](#)
- ❖ [Calendar Year 2009 Subsidy Processing](#)

Resources and Useful Links

For more information, please visit the HUD-PIH Asset Management Website [here](#). Click on the following hyperlinks for detailed information surrounding the key building blocks of asset management:

- ❖ [Project-Based Funding](#)
- ❖ [Project-Based Budgeting](#)
- ❖ [Project-Based Accounting](#)
- ❖ [Project-Based Management](#)
- ❖ [Project-Based Oversight](#)

Within each building block you may find specific topics of interest, including: [AMP Groupings](#), [Stop-Loss](#), [Subsidy and Grants Information System \(SAGIS\)](#), etc. 

Contact the Editor

Do you have an article idea, question, or comment for the editor? The Office of Public and Indian Housing (PIH) is the editor of this monthly e-Newsletter. Please send all inquiries by email to AssetManagementNewsletter@hud.gov, with the subject line "Question/Comment for the Editor."

