



Issue Date	March 24, 2008
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Audit Report Number	2008-KC-0002
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TO: Milan Ozdinec, Deputy Assistant Secretary for Public Housing and Voucher Programs, PE

//signed//  
FROM: Ronald J. Hosking, Regional Inspector General for Audit, 7AGA

SUBJECT: HUD Did Not Ensure That Housing Authorities Properly Administered the Community Service and Self-Sufficiency Requirement

## **HIGHLIGHTS**

### **What We Audited and Why**

We audited the U.S. Department of Housing and Urban Development's (HUD) community service and self-sufficiency requirement (the requirement) as a result of news media reports that the requirement is rarely enforced. Our audit objective was to determine whether HUD ensured that housing authorities properly administered the requirement.

### **What We Found**

HUD did not have adequate controls to ensure that housing authorities properly administered the requirement. Specifically, HUD did not have sufficient guidelines, adequate data collection and reporting systems, or effective enforcement mechanisms. Of 68 statistically selected households, 44 households did not comply with the requirement and were, therefore, ineligible for continued occupancy. Based on these results, we estimate that housing authorities improperly renewed or extended the leases of at least 85,000 ineligible households costing \$21.5 million in monthly operating subsidies.

## **What We Recommend**

We recommend that HUD improve controls to ensure that housing authorities properly administer the requirement, resulting in more than \$257 million put to better use annually. We also recommend that HUD require housing authorities to take corrective action against the 44 ineligible households identified as part of our statistical sample review.

For each recommendation without a management decision, please respond and provide status reports in accordance with HUD Handbook 2000.06, REV-3. Please furnish us copies of any correspondence or directives issued because of the audit.

## **Auditee's Response**

We provided the discussion draft to HUD for comments on February 13, 2008. We received its written comments on March 14, 2008. HUD generally agreed with all five recommendations, but disagreed that \$257 million can be put to better use.

The complete text of the auditee's response, along with our evaluation of that response, can be found in appendix B of this report.

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## BACKGROUND AND OBJECTIVES

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The U. S. Department of Housing and Urban Development's (HUD) community service and self-sufficiency requirement (the requirement) is intended to assist adult public housing residents in improving their own economic and social well-being and give these residents a greater stake in their communities. The requirement allows residents an opportunity to "give something back" to their communities and facilitates upward mobility.

The Quality Housing and Work Responsibility Act of 1998, which amended Section 12 of the U.S. Housing Act of 1937 (the Act), established the requirement that every nonexempt adult resident of public housing contribute eight hours of community service each month and/or participate in an economic self-sufficiency program. Community service is the performance of voluntary work or duties that are a public benefit and that serve to improve the quality of life, enhance resident self-sufficiency, or increase resident self-responsibility in the community. Self-sufficiency programs generally include programs for job training, employment counseling, work placement, basic skills training, and education. The only residents exempt from the requirement are those who are

- Age 62 years or older.
- Blind or disabled and who certify that, because of this disability, they are unable to comply with the service provisions or primary caretakers of such individuals.
- Engaged in eligible work activities.
- Exempt from having to engage in a work activity under the state program funded under the Social Security Act or a state-administered welfare-to-work program.
- A member of a family receiving welfare assistance, benefits, or service under a state welfare program.

Regulations for the requirement are provided in 24 CFR (*Code of Federal Regulations*) 960.600-609. In addition, Public and Indian Housing (PIH) Notice 2003-17, issued June 20, 2003, notified housing authorities of the requirement. HUD requires housing authorities to retain reasonable documentation of service requirement performance or exemption in residents' files. In addition, HUD requires the following:

- Notice to all residents: The housing authority must be able to provide documentation that a written notice was issued to all residents, eligible or exempt, regarding the requirement. The housing authority must also have a process for verifying eligibility and informing residents of their status.
- Lease provisions: The housing authority must be able to demonstrate that all eligible residents were given appropriate lease amendments containing the required 12-month termination clause and provisions for curing deficiencies.
- Tracking compliance: Approximately 30 days before the annual recertification, the housing authority must have in each eligible resident's file signed verification by the organization sponsoring the requirement activity that the resident is fulfilling the requirement. For those eligible residents who are not compliant, there should be in the file a copy of the letter that was sent to the resident reminding him/her of the

consequences of noncompliance. The housing authority must report compliance for each eligible family member in the family report, line 3q, at the time of the annual recertification.

Each resident has the initial 12-month lease term to complete his/her required hours. Before the expiration of the initial lease term, the resident and housing authority can enter into a workout agreement to cure any noncompliance by making up the required number of hours. If a household includes a noncompliant adult member and a workout agreement is not executed, the Act prohibits renewing or extending the household's lease or providing any new lease.

Operating subsidy is the amount of annual contributions for operations a housing authority receives from HUD each funding period under Section 9 of the Act.

Section 6 of the Act provides sanctions against any housing authority that fails to comply substantially with any provision of the Act relating to the public housing program. The sanctions include but are not limited to terminating, withholding, or reducing assistance payments. These sanctions would be applicable to housing authorities that failed to substantially comply with the requirement.

Our audit objective was to determine whether HUD ensured that housing authorities properly administered the requirement.

## RESULTS OF AUDIT

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### Finding: HUD Spent an Estimated \$21.5 Million Each Month Subsidizing at Least 85,000 Ineligible Public Housing Households

HUD did not have adequate controls to ensure that housing authorities properly administered the community service and self-sufficiency requirement. The requirement had not been one of HUD's priorities. As a result, we estimate that housing authorities inconsistently administered the requirement and housed at least 85,000 ineligible households using \$21.5 million in monthly operating subsidies.

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#### Inadequate Controls

HUD did not have adequate controls to ensure that housing authorities properly administered the requirement. Specifically, HUD did not have sufficient guidelines, adequate data collection and reporting systems, or effective enforcement mechanisms.

#### Insufficient Guidelines

HUD did not have sufficient guidelines for housing authorities to use to administer the requirement. HUD issued a regulation, notice, directive, guidebook, family report instructions, and question and answer guide as administrative guidelines between 2001 and 2004. However, these guidelines were incomplete, confusing, and in some cases, poorly written. HUD needs to provide additional clarification regarding

- Acceptable and unacceptable community service and self-sufficiency activities.
- Adequate documentation required for evidencing performance of acceptable requirement activities.
- Allowable exemptions and documentation required to support the exemptions.
- Proper processing of noncompliant households.
- Proper application and use of status codes.

See appendix D for a more specific list of areas needing clarification.

### Inadequate Data Collection

HUD did not have adequate data collection and reporting systems in place to track compliance and identify problems.

HUD did not collect data in a manner which would help in the administration of the requirement. It required housing authorities to report resident compliance on each annual recertification, but the data collection system was not comprehensive and did not adequately cover the complex and diverse circumstances encountered by housing authorities administering the requirement. HUD's reporting system included only one code for resident noncompliance, and the computer system did not contain an edit check to prohibit entering repeated noncompliant or pending codes. In addition, the reporting codes did not address changes in resident exemption status during the reporting period. As a result, HUD could not easily monitor whether the housing authority had executed a workout agreement with the resident, taken enforcement actions (nonrenewal of lease, termination of subsidy, or eviction activity) against the household, or allowed noncompliant residents to be housed.

HUD did not effectively use the data collected from housing authorities. While it created and distributed monthly reports to its local field offices summarizing the data reported, the reports were not designed to identify patterns of noncompliance or abuse. Specifically, these reports

- Did not identify residents repeatedly reported as noncompliant or pending.
- Excluded disabled residents whose disabilities did not automatically exempt them from the requirement.
- Excluded residents who had current wages greater than zero even though the earnings, hours worked, or length of employment may have been insufficient to meet the prior year exemption.

Further, HUD did not require field offices to use the reports to perform monitoring and did not collect or review the results of any monitoring performed.

### Ineffective Enforcement Mechanisms

HUD did not have effective enforcement mechanisms for the requirement. It did not require housing authorities to adequately enforce the requirement. Specifically, HUD did not

- Identify housing authorities with policies that did not comply with the laws and regulations regarding the requirement.
- Take corrective action against housing authorities that did not apply penalties against known noncompliant households.

While the U.S. Housing Act of 1937, as amended, indicates that HUD may terminate, withhold, or reduce assistance payments to housing authorities that fail to comply with its requirements, HUD had not developed procedures to use this enforcement mechanism. Specifically, HUD did not have procedures in place to penalize housing authorities that failed to develop a process for verifying eligibility, amending standard leases to include the mandatory provisions, notifying residents of the requirement and their status, performing official eligibility determinations, reporting resident compliance, and taking corrective action against noncompliant households.

### **Requirement Not a Priority**

HUD did not consider the requirement to be a priority and instead focused on preventing unreported income and improperly calculated subsidy payments. HUD believed the law might be repealed in the near future. While the requirement became law in 1998, Congress suspended its implementation in November 2001, reinstating it in February 2003. Since then, Congress has introduced legislation to repeal the requirement three times. In addition, HUD did not believe the requirement was practical. HUD indicated that the requirement creates an administrative and financial burden on housing authorities, and, while it had not actively tracked the issue, HUD officials told us they were concerned that both HUD and the housing authorities would be unable to enforce the requirement because courts nationwide would not uphold evictions of noncompliant households.

Despite these reasons for not previously focusing on the requirement, HUD acknowledged that it needs to monitor and enforce the requirement so long as it is currently congressionally mandated. In addition, HUD agreed that it needs to develop additional guidelines, including a clearer process to assist housing authorities in handling noncompliance. Some housing authorities have found that they can successfully enforce the requirement and gain possession of the unit by not renewing the lease and eliminating the subsidy. If the household does not voluntarily move out, the housing authority can get court enforcement on the grounds that the household no longer has a lease.

### **At Least 85,000 Noncompliant Households**

HUD did not have assurance that housing authorities properly administered the requirement and that the requirement met its stated purpose.

To illustrate the effect of HUD's lack of controls, we performed a nationwide statistical sample of 68 households that we determined were likely to be out of



compliance with the requirement. Based on 44 households identified as ineligible, we estimate that housing authorities renewed or extended the leases of at least 85,000 ineligible households, violating this congressionally mandated requirement. As a result, noncompliant households are occupying units that could otherwise house deserving families from the waiting list. These units cost an estimated \$21.5 million in operating subsidies each month.

If HUD strengthens controls over the requirement, we estimate that more than \$257 million future operating subsidies will be better spent to house compliant households over the next year.

## **Recommendations**

We recommend that the Deputy Assistant Secretary

- 1A. Develop guidelines to assist public housing authorities in understanding and administering the requirement.
- 1B. Improve data collection and reporting of requirement status, to clarify status codes and make reports sent to field offices more useful.
- 1C. Develop a process to ensure that housing authorities take appropriate action against noncompliant tenants to annually put more than \$257 million to better use.
- 1D. Require housing authorities to use due process to take action against the 44 ineligible households identified as part of our statistical sample review.
- 1E. Apply penalties/sanctions established by the 1937 Act, as amended, against housing authorities housing ineligible households.

## SCOPE AND METHODOLOGY

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Our audit objective was to determine whether HUD ensured that housing authorities properly administered the community service and self-sufficiency requirement. To accomplish our objective, we

- Reviewed applicable laws and regulations,
- Reviewed monitoring reports and reviews provided by HUD,
- Interviewed key HUD staff to gain an understanding of relevant controls,
- Interviewed housing authority staff regarding their administration of the community service requirement,
- Reviewed an initial sample of files from three local housing authorities to gain an understanding of common requirement administration issues,
- Analyzed computer-processed data contained in HUD's Public and Indian Housing Information Center (PIC),
- Used auditing software to select a statistical sample of households likely to be out of compliance with the requirement, and
- Evaluated the results of the statistical sample to estimate the number of households residing in public housing that contained ineligible noncompliant residents.

To assess the reliability of PIC data, we reviewed prior audits and assessments, performed analytical procedures to verify that data fields contained expected values, and traced information to source documents for sampled items. We determined that the computer-processed data were sufficiently reliable for our purposes because the data were corroborated by documentary evidence supplied by housing authorities.

We identified records in PIC for 1,004,862 households nationwide, whose most recent reexamination during our audit period indicated ongoing tenancy. We initially determined that 156,185 of these households were likely to be out of compliance with the requirement. We defined a household likely to be out of compliance as a household currently residing in public housing with one or more current adult members who were not coded by the housing authority as compliant or exempt on all annual recertifications during the two-year period ended August 31, 2007.

We developed an unrestricted attribute sampling plan using a 90 percent confidence level with 10 percent desired precision and 50 percent estimated error rate. We then used the Army Audit Agency's statistical sampling software to calculate the sample size and a random number generator to identify the sample items. The sampling plan resulted in a sample size of 68 households currently residing in public housing.

For each of the 68 households sampled, we contacted the housing authority to obtain all relevant documentation for the adult members of the households. This documentation included local policies; pertinent communication between the authority and household; documentation of household member compliance, exemption, or noncompliance with the requirement; specific details about household circumstances; and documentation of any actions processed against the

household. We then evaluated the compliance of all adult household members for annual recertifications which took effect during our audit period. When we identified noncompliance in a household, we determined whether the housing authority improperly renewed or extended the lease. When appropriate, we provided our draft conclusions to the housing authorities.

After evaluating all of the sample items, we projected the results of 44 ineligible households to the sampling universe. We statistically estimate that of the 155,693 households (see revised sampling universe in the following chart) we identified as likely to be out of compliance, 85,904 were ineligible and currently residing in public housing, resulting in an estimated \$21,476,000 in improper operating subsidy payments each month or \$257,712,000 annually. This estimate does not include offsetting costs for HUD to implement our recommendations to strengthen controls because we were not able to reasonably estimate these costs. The following chart details key information related to the statistical sampling results.

Results of statistical sample	
Initial universe of households	156,185
Households later identified to be excluded from requirement	492
Revised universe of households used for projection of results	155,693
Sample size (number of households)	68
Number of ineligible households in sample	44
Error rate	64.7 %
Confidence level	90.0 %
Actual sampling precision	9.5 %
Estimated number of ineligible households (point estimate)	100,743
Estimated lower limit of ineligible households	85,904
Estimated upper limit of ineligible households	115,580
Estimated monthly operating subsidy cost per household	\$ 250*
Estimated operating subsidy improperly spent per month on ineligible households (using lower limit)	\$ 21,476,000

\*We calculated the estimated monthly operating subsidy cost per household by dividing the 2007 public housing operating budget of \$3.564 billion by the nearly 1.18 million low-rent units under management by 12 months.

Our audit period generally covered September 1, 2005, through August 31, 2007. We expanded the period as necessary to address issues identified during our household file reviews. We conducted the audit from our office in St. Louis, Missouri, with site work performed at three Missouri housing authorities: the St. Louis Housing Authority, Fulton Housing Authority, and Columbia Housing Authority. We performed our audit work from June 2007 through January 2008.

We performed our review in accordance with generally accepted government auditing standards.

# INTERNAL CONTROLS

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Internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

Internal controls relate to management's plans, methods, and procedures used to meet its mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

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## Relevant Internal Controls

We determined the following internal controls were relevant to our audit objectives:

- Controls over ensuring compliance with the community service and self-sufficiency requirement.

We assessed the relevant controls identified above.

A significant weakness exists if management controls do not provide reasonable assurance that the process for planning, organizing, directing, and controlling program operations will meet the organization's objectives.

## Significant Weaknesses

Based on our review and as described in this report's finding, we believe the following items are significant weaknesses:

- HUD did not have sufficient guidelines for housing authorities to use to administer the requirement.
- HUD did not have adequate data collection and reporting systems in place to track compliance and identify problems.
- HUD did not have sufficient mechanisms to ensure that housing authorities were enforcing the requirement.

## APPENDIXES

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### Appendix A

#### **SCHEDULE OF QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE**

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Recommendation number	Funds to be put to better use 1/
1C	\$257,712,000

- 1/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. This includes reductions in outlays, deobligation of funds, withdrawal of interest subsidy costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings which are specifically identified. In this instance, if HUD implements our recommendations, it will ensure that residents who do not perform their required community service are not permitted to continue to reside in public housing. Housing authorities will no longer spend HUD's operating subsidies for noncompliant households but will instead spend those funds to house compliant households. Once HUD improves its controls, this will be a recurring benefit. Our estimate only reflects the initial year of this benefit. These amounts do not include potential offsetting costs incurred by HUD to implement our recommendations to strengthen controls.

## Appendix B

### AUDITEE COMMENTS AND OIG'S EVALUATION

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#### Ref to OIG Evaluation

#### Auditee Comments




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

OFFICE OF PUBLIC AND INDIAN HOUSING

March 14, 2008

MEMORANDUM FOR: Ronald J. Hosking, Regional Inspector General for Audit,  
7AGA  
505

FROM:  Milan M. Ozdinec, Deputy Assistant Secretary, Office of  
Public Housing and Voucher Programs, PE

SUBJECT: Program Office Response to the Draft OIG Audit Report  
Regarding Community Service and Self-Sufficiency  
Requirements (CSSR)

#### Comment 1

This office has received and reviewed HUD OIG's draft audit report issued on February 13, 2008. The OIG audit report indicates that HUD did not ensure that housing authorities properly administered the community service and self sufficiency requirements. OIG has made five recommendations. I am in general agreement with all five recommendations and I am providing my office's responses below.

**Recommendation 1A:** Develop guidelines to assist public housing authorities in understanding and administering the requirement.

**Program Office Response:** Throughout the conduct of the audit, the OIG shared issues with the programs office that they identified as needing clarification. Appendix D of the audit report provides a listing of "clarifying guidelines" recommended by the OIG. The program office has begun work on the drafting of program guidance that will assist public housing authorities (PHAs) in understanding the CSSR and effectively administer the requirement. This guidance will also assist PHAs in taking corrective action necessary for noncompliant families. The program office expects to have a draft of this guidance within the next few months.

**Recommendation 1B:** Improve data collection and reporting of requirement status, to clarify status codes and make reports sent to field offices more useful.

**Program Office Response:** Data collection and reporting of requirement status can be improved by issuance of guidance referenced in response to recommendation 1A. The program office's guidance will have an emphasis on the respective requirement status code for each individual that is subject to the CSSR. Due to the nature of the data collected in the Public and Indian Housing Information Center (PIC) system, it is not possible for the program office to improve the usefulness of the quarterly CSSR monitoring reports that are sent to field offices.

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## Ref to OIG Evaluation

## Auditee Comments

### **Comment 2**

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The reports generated by my office simply seek to alert field offices and PHAs to potential CSSR noncompliance issues based on data analysis of information provided by the PHA to HUD. The program office is open to specific ideas and recommendations that the OIG may have that may assist the program office in improving the usefulness of monitoring reports.

The program office proposes to modify PIC to reject 50058s of households where any CSSR status is "pending" (code 3) or "no" (code 2) for a period greater than one year from the previously submitted 50058. This would impact the PHAs PIC reporting score and ultimately result in monetary sanction (operating subsidy would not be paid). However, it should be noted that at the present time there is no working capital fund (WCF) for FY 2008, to develop and implement system changes. The program office is unable to predict WCF levels for subsequent years, but would recommend that senior management bring this to the attention of the Chief Information Officer (CIO) and the Chief Financial Officer (CFO) to alert them of PIH's need for WCF to enhance PIH systems to improve data collection and reporting.

To facilitate the above proposed actions, the program office would need to coordinate efforts over the next several months with internal HUD business partners (Office of Field Operations, Real Estate Assessment Center, Office of the Chief Financial Officer, Office of the Chief Information Officer, Office of General Counsel and the Office of Housing Choice Voucher Programs), as well as external business partners (Office of Management and Budget, Housing industry stakeholders, and third party software vendors).

**Recommendation 1C:** Develop a process to ensure that housing authorities take appropriate action against noncompliant tenants to annually put more than \$257 million to better use.

**Program Office Response:** The program office has no objection to implementing a process of oversight and monitoring, with a sanctions process against PHAs who continue to house noncompliant families. However, it should be noted that development and implementation of this process supplemented with a sanctions regulation would take considerable time, effort and use of limited resources. In the interim, the program office proposes to provide written guidance to field offices and PHAs regarding actions that should be taken against noncompliant tenants and the necessary documentation of such action. The program office expects to have a draft of this guidance completed later this year.

My office does not agree with OIG's position that \$257 million can be put to better use. These funds will continue to be tied to the same unit. When a noncompliant family is evicted from the subsidized unit, the PHA continues to receive operating subsidy for that eligible vacant unit and when the unit is reoccupied by a new family. Thus, whether or not the noncompliant tenant remains in the unit, those funds are not "put to better use" or other eligible program activity.

**Recommendation 1D:** Require housing authorities to use due process to take action against the 44 ineligible households identified as part of our statistical sample review.

**Program Office Response:** The program office will notify the PHAs in writing of the need to use due process to take action against the 44 ineligible households that the OIG identified as a part of their statistical sample review.

### **Comment 3**

**Ref to OIG Evaluation**

**Auditee Comments**

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**Recommendation 1E:** Apply penalties/sanctions established by the 1937 Act, as amended, against housing authorities housing ineligible households.

**Program Office Response:** The program office currently has a sanctions process for program noncompliance, which occurs during the Rental Integrity Monitoring (RIM) reviews conducted by HUD field offices. The program office is currently in the process of developing a formal sanctions policy through the issuance of a new regulation. The program office anticipates that the development and implementation of the new regulation and program guidance related to the new policy will take considerable time and involve the Office of General Counsel, Office of Field Operations, as well as the Office of Management and Budget (OMB).

Thank you for the opportunity to respond to these recommendations and we appreciate the helpfulness of the audit staff.

If you have any questions, please feel free to contact me on (202) 708-1380, or Nicole Faison, Director for the Office of Public Housing Programs on (202) 402-4267.



### **OIG Evaluation of Auditee Comments**

- Comment 1** HUD generally agreed with our findings and recommendations. If HUD implements the planned actions, we believe they will correct many of the problems with the requirement.
- Comment 2** We offer the following suggestions to improve the usefulness of the monitoring reports:
- Include all tenants, regardless of current income or disability status.
  - Identify the tenants coded as pending or noncompliant, to enable field office staff to follow up on the specific tenants.
  - Provide instructions to field office staff on how to use the reports to ensure the housing authorities are taking corrective action.
- Comment 3** We agree that when a noncompliant family is evicted from the subsidized unit, the PHA continues to receive operating subsidy for that eligible vacant unit and when the unit is reoccupied by a new family. However, if HUD implements our recommendations, it will ensure that residents who do not perform their required community service will no longer be permitted to reside in public housing. Instead, housing authorities will spend operating subsidies to house eligible households taken from waiting lists. As a result, scarce operating subsidies exceeding \$257 million will be put to better use by housing eligible residents instead of ineligible residents.

## Appendix C

### SCHEDULE OF STATISTICAL SAMPLE RESULTS

Sample number	Housing authority code	Eligible for continued occupancy	Ineligible for continued occupancy	Claimed exemption not documented	Hours do not qualify as community service	Workout agreement not executed	Workout agreement not fulfilled
1	KY049		X		X		
2	AL114		X			X	
3	MS094	X					
4	NJ015		X			X	
5	NY005		X	X		X	
6	NH003		X		X		
7	NY005	X					
8	MT003	X					
9	AL086		X		X		
10	FL057		X			X	
11	NC117	X					
12	MS111	X					
13	NY005		X			X	
14	IL126		X			X	
15	OH003		X	X			X
16	OH018	X					
17	NY005	X					
18	NY005		X			X	
19	WI002	X					
20	NY005	X					
21	RQ005		X			X	
22	RQ005		X			X	
23	TX011	X					
24	RQ005		X			X	
25	TX224	X					
26	IL002	X					
27	CT004	X					
28	TX004		X	X		X	
29	FL005		X			X	
30	RQ005		X			X	
31	TX073	X					
32	VA007	X					

Sample number	Housing authority code	Eligible for continued occupancy	Ineligible for continued occupancy	Claimed exemption not documented	Hours do not qualify as community service	Workout agreement not executed	Workout agreement not fulfilled
33	NY006		X			X	
34	GA086	X					
35	NY005		X			X	
36	NY005		X			X	
37	CO001	X					
38	RQ005	X					
39	AL057		X				X
40	AL086	X					
41	RQ005		X			X	
42	CT005		X			X	
43	NY005		X			X	
44	NY041		X			X	
45	KS001	X					
46	RQ005		X			X	
47	NY005		X			X	
48	RQ005		X			X	
49	NC002	X					
50	RQ005		X	X		X	
51	NY005		X			X	
52	FL033		X	X		X	
53	MD001		X			X	
54	VA007		X	X		X	
55	NY005	X					
56	NY005		X			X	
57	CT036		X			X	
58	CA005	X					
59	OK002		X			X	
60	TX003		X			X	
61	RQ005		X			X	
62	RQ005		X			X	
63	NY005		X			X	
64	TN001		X			X	
65	TX003		X				X
66	RQ005	X					
67	NY005		X			X	
68	NY005		X			X	
	Totals	24	44	6	3	38	3

## Appendix D

### LISTING OF CLARIFYING GUIDELINES NEEDED

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#### *Community Service and Self-Sufficiency Activities*

- Provide documentation requirements for recording hours performed (i.e., acceptable forms of documentation and minimum information required on documentation).
- Clarify whether housing authorities are required to verify hours performed (i.e., contacting the organization/agency to verify the hours/dates or that the activity qualified as community service or a self-sufficiency activity). If required, develop guidance for housing authorities to use when verifying compliance.
- Clarify acceptable organizations/agencies for which community service can be performed (i.e., profit-motivated business).
- Clarify whether a resident can perform community service for an individual who is not associated with an agency/organization.
- Clarify whether a resident can use community service hours performed to comply with a court order (i.e., probation) to satisfy the requirement.
- Clarify which types of education can be used as self-sufficiency program hours toward meeting the requirement.

#### *Exemptions for Blind or Disabled Individuals and Primary Caretakers*

- Clarify how housing authorities should handle residents who do not self-certify that their disability prevents them from performing community service (Does lack of self-certification compel the housing authority to require the resident to perform hours?).
- Provide concrete guidance on the definition of a primary caretaker (i.e., can more than one person claim to be the primary caretaker of a given individual, can residents claim the exemption when providing care to an individual who does not reside in public housing, are parents of children receiving supplemental security income automatically exempt, etc.).
- Provide documentation requirements for housing authorities to use when granting a primary caretaker exemption.

#### *Exemptions for Residents Engaged in Eligible Work Activities*

- Provide documentation requirements for housing authorities to use when granting work activities exemptions, including documentation requirements to use when granting the work activities exemption for education (i.e., types of documents accepted, what period the documents must cover, how to document the exemption when third-party verifications cannot be obtained).
- Provide more concrete guidance on the minimum number of weekly work hours required to qualify for the work activities exemption.
- Clarify whether it is acceptable to use an annual minimum income in lieu of documenting the number of hours worked per week. If this is acceptable, provide concrete guidance on the minimum annual income required to grant a work activities exemption and how authorities

should handle residents who meet the minimum annual income but are unemployed or not working for several months during the year.

- Clarify which types of education qualify a resident for the work activities exemption.
- Provide more concrete guidance on the handling of seasonal work activities (i.e., students, teachers, school food service employees, bus drivers, etc.).

### ***Exemptions Related to Welfare***

- Provide documentation requirements for housing authorities to use when granting an exemption for residents who meet the requirements for being exempted from work activities under a state welfare program.
- Provide documentation requirements for housing authorities to use when granting an exemption for residents who are members of a family receiving welfare assistance, benefits, or services, including whether housing authorities are required to document that the resident is in compliance with the welfare program.
- Clarify which members of a household receiving welfare assistance, benefits, or services are exempt from the requirement (i.e., are only immediate family members of the resident receiving assistance payments exempt, or is everyone in the household exempt).

### ***Change in Circumstances***

- Clarify how long a resident has to notify the housing authority of a change in status (i.e., exempt to nonexempt or nonexempt to exempt).
- Provide guidance on how housing authorities should handle residents who become adults during the term of the lease (i.e., does the resident's responsibility for compliance with the requirement begin on his/her 18<sup>th</sup> birthday, when he/she is notified of the requirement, at the end of the lease term, etc.).
- Clarify whether a current exemption cures prior noncompliance (i.e., past due community service and self-sufficiency hours are permanently forgiven), puts prior noncompliance on hold (i.e., residents are not required to cure prior noncompliance until they are no longer exempt), or has no effect on prior noncompliance. Provide guidance explaining how housing authorities should handle
  - A noncompliant resident who turns 62 years old.
  - A noncompliant resident who becomes disabled.
  - A noncompliant resident who now participates in work activities.
  - A noncompliant resident who now qualifies as exempt from work activities under a state welfare program.
  - A noncompliant resident whose family now receives welfare assistance.
- Clarify what a housing authority should do when a noncompliant resident moves out of the housing authority but later moves back into public housing (i.e., is the resident required to cure the prior noncompliance before moving in, is the resident required to sign a workout agreement to cure the noncompliance within the first lease term).

### ***Noncompliance***

- Provide more detailed guidance concerning the enforcement actions and eviction process that housing authorities should use when addressing noncompliance.
- Clarify the required terms of a workout agreement (i.e., timeframe of noncompliance covered by the workout agreement, timeframe allowed to make up hours, number of delinquent hours

and number of hours that will come due during the course of the workout agreement, explanation of enforcement actions that will be taken if noncompliance is not cured by the due date, explanation of the residents rights, signatures required, etc.).

- Clarify the period over which a workout agreement can last. Clarify whether housing authorities can allow residents more or less time to make up delinquent hours.
- Clarify the number of workout agreements a resident can enter (i.e., are consecutive workout agreements allowable, is there a maximum number of workout agreements a resident may be given over the course of his/her entire tenancy).
- Clarify whether housing authorities have the power/authority to forgive delinquent hours when a resident substantially completes the hours required by his/her workout agreement.
- Clarify how a housing authority should handle a resident who has entered into a workout agreement but later provides documentation stating that he/she should have been exempt during the period covered by the workout agreement.
- Clarify whether a housing authority's failure to notify a resident of the requirement absolves the resident of responsibility to meet the requirement.
- Clarify whether a housing authority's failure to notify a resident of noncompliance and/or failure to offer a workout agreement precludes it from refusing to renew the lease.

### ***Status Codes***

- Revise current guidance to make it clear that housing authorities are coding the resident for his/her prior year compliance or exemption. The verb tense used in the instructions should consistently be past tense to convey this message, rather than the current wording of "is in the process of meeting" or "who meet the exemptions."
- Clarify the use of the pending (3) code and determine how long this code can be used for one individual.
- Clarify how housing authorities should code a resident who was exempt for part of the prior year and compliant or noncompliant for the other part of the prior year.
- Provide guidance on how housing authorities should code residents of a household whose first annual reexamination is less than one year after it moved into public housing.
- Provide guidance on how housing authorities should code residents who are new to a household.
- Provide guidance on how housing authorities should code residents who have entered into a workout agreement.
- Provide guidance on how housing authorities should code residents when they have not renewed the lease and are still residing in the unit while in the process of undergoing termination/eviction.

### ***Other Issues***

- Clarify when housing authorities should assess compliance with the requirement in situations in which the lease expiration date does not coincide with the annual reexamination date.
- Provide guidance on evaluating a resident's compliance when his/her annual reexamination occurs less than 12 months after he/she moved in or since the lease effective date.
- Clarify whether housing authorities are allowed to develop additional exemptions (i.e., residents who are pregnant, residents with children under a certain age, residents

homeschooling their children, single parent residents with more than a certain number of children, residents drawing unemployment, residents in a drug or alcohol program, residents who are currently in the armed forces, residents who are non-active-duty reservists, etc.). If allowable, develop guidance explaining housing authority requirements for granting and documenting the additional exemptions.

- Clarify whether housing authorities located in U.S. territories are allowed to define 21 as the minimum age at which residents must meet the requirement.