



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

Special Attention of:
Directors of HUD Regional and Field
Offices of Public Housing;
Agencies that Administer the
Housing Choice Voucher Program

Notice PIH 2014-25 (HA)

Issued: October 16, 2014

Expires: This notice remains in effect until amended, superseded or rescinded.

Cross References: Notice PIH 2008-20, PIH 2009-22, PIH 2010-51

Subject: Over Subsidization in the Housing Choice Voucher Program

1. Purpose. On September 28, 2007, the Office of Inspector General (OIG) issued a report on over subsidization in the Housing Choice Voucher (HCV) program due to the issuance of vouchers with unit sizes greater than the number of family members in the household. Pursuant to the recommendation of the OIG, the Department issued clarifying guidance on the matter of categorization of live-in aides, other reasonable accommodation issues and corresponding data entry into the Inventory Management System (IMS)/Public and Indian Housing Information Center (PIC) through the notices cited above. Notice PIH 2010-51 extended and revised Notice PIH 2009-22 to explain subsidy standards in regard to live-in aides and their PHA-approved family member/s and data entry in IMS/PIC for family members of live-in aides.

On September 23, 2013, the OIG issued a follow-up report on over subsidization in the HCV program. Although it was noted that vast improvement had been made, there was still an amount in over-payments due to over subsidization. The OIG recommended that PIH provide guidance to the public housing authorities (PHA) on the data analytic tools available and the specific procedures to help detect and monitor over subsidized households, improper payment standards, and reporting errors to put at least \$1,128,000 to better use annually. The following section will address that issue. In all other respects, this notice is consistent with the guidance PIH previously provided in Notice PIH 2010-51.

2. Detection and Monitoring of Over subsidized Households.

There are ad hoc reports in the IMS/PIC system that may enable PHAs to monitor the factors that would indicate over subsidization and other improper payments:

- (1) Ad hoc reports may be accessed from the PIC main menu screen.

- (2) “Form 50058 Ad hoc Report” should be selected under “*ADHOC*” on the left side of that screen. All of the information from the Family Report (Form HUD-50058) is available in an ad hoc report.
- (3) Next, select “Tenant-based Voucher.”
- (4) The action types selected should be limited to: new admissions (1); annual reexamination (2); interim reexamination (3); portability move-in (4); and other change of unit (7); and Historical Adjustment (14).
- (5) Then, the PHA should establish a date range for “Effective Date of Action” of at least 16 months to capture the majority of Family Reports in the current database.
- (6) At the next screen, at a minimum, the PHA should select the following data elements: head of household (3b); number of members in the household (3t); the number of bedrooms in the unit (5d); the number of bedrooms on the voucher (12a); and the payment standard for the family (12j). Additional items can be selected as needed.

From the information on the ad hoc report, a PHA can ensure that the voucher size and payment standard are correct for each family and make corrections where necessary. A sample ad hoc report is attached. PHAs are encouraged to review these reports on a regular basis (e.g. monthly, quarterly) to ensure families are not being mistakenly over subsidized.

In performing quality control, the PHA should further review cases where the following “Red Flags” appear: (1) if the number of bedrooms on the voucher exceeds the total number in the household and (2) if the payment standard for the family does not match the number of bedrooms on the voucher or the unit size, if smaller. These are just red flags for possible overpayments. However, there may be a justified reason, e.g. an exception payment standard or an exception to the subsidy standards. To assist with corrective actions, please review section 3.A. through 3.E. below.

3. Programmatic Explanations.

A. Live-in Aides. The primary reason PHA issued vouchers with more bedrooms as recorded on line 12a of the Family Report than the number of family members recorded on line 3t is related to live-in aides. Although a health care provider must document the need for a live-in aide (which would result in the issuance of an additional bedroom size voucher), the live-in aide must be identified by the family and approved by the PHA first.

The definition of a live-in aide is recorded in 24 CFR § 5.403 which states that a live-in aide is a person who resides with one or more elderly persons, near-elderly persons or persons with disabilities and who is: (1) determined to be essential to the care and well-being of the persons; (2) is not obligated for the support of the persons; and (3)

would not be living in the unit except to provide the necessary supportive services. It should be noted that the definition applies to a specific person (i.e., identified live-in aide). In accordance with this definition, a live-in aide is not a member of the assisted family and is not entitled to the HCV as the remaining member of the tenant family.

In accordance with 24 CFR § 982.316, the PHA must approve a live-in aide if needed as a reasonable accommodation in accordance with 24 CFR part 8 to make the program accessible to and usable by a family member with a disability. The PHA may disapprove a particular person as a live-in aide if s/he has: (1) committed fraud, bribery or any other corrupt or criminal act in connection with any federal housing program; (2) committed drug-related criminal activity or violent criminal activity; or (3) currently owes rent or other amounts to the PHA or to another PHA in connection with Section 8 or public housing assistance under the 1937 Act. Additionally, under 24 CFR § 982.402(a), the PHA must establish subsidy standards to determine the number of bedrooms needed for families of different sizes and compositions. Consequently, PHAs may not approve an unidentified live-in aide, nor a larger unit than the family qualifies for under the PHA's subsidy standards for an unidentified live-in aide. The guidance outlined in this Notice is in accordance with these regulatory provisions.

Occasional, intermittent, multiple or rotating care givers typically do not reside in the unit and would not qualify as live-in aides. Therefore, an additional bedroom should not be approved for a live-in aide under these circumstances.

B. Reasonable Accommodation Issues. A family may always request a reasonable accommodation to program rules, policies, practices, or services, including to the live-in aide policy, to permit program participation by individuals with disabilities. A family's composition or circumstances may warrant the provision of an additional bedroom to permit disability-related overnight care and allow the family equal use and enjoyment of the unit. Such limited exceptions to the established subsidy standards are permitted under 24 CFR § 982.402(b)(8). The PHA must consider requests for an exception to the established subsidy standards on a case-by-case basis and provide an exception, where necessary, as a reasonable accommodation. A reasonable accommodation request may only be denied if it would impose an undue financial and administrative burden on the housing provider or fundamentally alter the nature of the provider's operations. The PHA shall document the justification for all granted exceptions.

C. Subsidy Standards. A PHA may only approve one additional bedroom for a live-in aide. Although a live-in aide may have PHA-approved family member/s live with him/her in the assisted unit, no additional bedrooms will be provided for the family members of the live-in aide. The PHA must ensure that housing quality standards (HQS) will not be violated and that there will be no more than two people per bedroom or living/sleeping space in the unit in accordance with 24 CFR § 982.401(d)(2)(ii). If the approval of additional family members of a live-in aide would result in the violation of HQS, the additional family members of the live-in aide may not be approved.

D. Medical Equipment. Although PHAs may approve an additional bedroom for medical equipment if the need is documented by a health care provider, the actual equipment in the extra bedroom should be verified by the PHA during the annual inspection of the unit. If the extra bedroom is not being used for the intended purpose, the PHA must reduce the subsidy standard and corresponding payment standard at the family's next annual recertification. However, the PHA may take further action, if it believes any family obligations under 24 CFR § 982.551 were violated.

E. Other Causes. The secondary cause of over subsidization was the failure of the PHA to change the voucher unit size after changes in family composition. Although families are not required to move from an assisted unit when the number of bedrooms in the unit exceeds the number of bedrooms for which the family is eligible, the payment standard must conform to the PHA's subsidy standards at the family's next annual recertification after the change in family composition.

4. PIC Data Entry. PHAs are expected to ensure that data on the Family Report is correct when entered in IMS/PIC. Whenever there is a change in the subsidy standard and corresponding payment standard for which the family is eligible, lines 12a and 12j of the Family Report must be adjusted accordingly. All live-in aides and, if applicable, their family members, must be entered on the report and coded L (live-in aide) in section 3h.

5. Effective Date. This notice is effective upon publication.

6. Information Contact. Inquiries about this notice should be directed to the staff in your local field office.

7. Paperwork Reduction Act. The information collection requirements contained in this letter have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C 3520). In accordance with the PRA, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number. The following active information collections contained in this Notice have been approved under the PRA - OMB Control Number 2577-0083.

/s/

Jemine A. Bryon, Acting Assistant Secretary
for Public and Indian Housing

Attachment