



HDLI MESSENGER

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WHAT'S HAPPENING AT HDLI?

HDLI's next **SPRING CONFERENCE** entitled "**Current Disability, Accessibility and Reasonable Accommodations Issues Affecting PHA Applicants, Residents, and Employees**" takes place **May 5 and 6, 2005** in Washington. Register now!

Come to the Spring Conference a day early on **May 4, 2005** and participate in another HDLI **EMPLOYMENT LAW TRAINING** conducted by the law firm of Epstein, Becker & Green. You may register separately on the Spring Conference registration form.

ON-SITE CUSTOMIZED FAIR HOUSING TRAINING! No traveling necessary! Contact HDLI at (202) 289-3400 for more details on fair housing training on-site at your agency. See attached flyer.

The newest edition of the **INDEX TO HUD REGULATIONS** through 12/31/04 is available for purchase! Order now!

The Next Step in Rental Integrity Monitoring: SANCTIONS

On February 22, 2005, HUD issued Notice PIH 2005-7 (HA) concerning Rental Integrity Monitoring (RIM). HUD initiated its Rental Housing Integrity Improvement Project (RHIP) in 2001 to further President Bush's mandate to reduce income and rent errors. Helpful materials are available on the RHIP website at <http://www.hud.gov/offices/pih/programs/ph/rhiip/index.cfm>.

After performing a series of audits, or "RIM reviews," of PHA rent determinations, HUD claimed that the audits revealed \$600 million in tenant rent overpayments and \$1.7 billion in rent underpayments annually.

The instant Notice, which is effective immediately, represents the next step in the RHIP/RIM process. It reiterates the goal of 50% error reduction and establishes rather serious consequences for failures to correct. The Notice applies to both public housing and HCV programs.

The Notice reviews existing incentives for pursuing tenant fraud and collecting overpayments and disallowed costs. Here's a review of the incentives:

1. Regarding subsidy overpayments, there are different rules for the public housing and voucher programs. For HCV, PHAs who obtain a repayment agreement or initiate litigation to re-

cover overpayments, and meet certain other conditions, get to keep 50% of HCV funds collected. In the public housing program, you get to retain 100% of funds collected. In both cases, if you do nothing, you must return all of the overpayment to HUD.

2. Regarding disallowed costs retained due to PHA error, the rules are the same for both programs. PHAs must reimburse HUD for 50% of disallowed costs in excess of \$2,500. PHAs cannot be reimbursed for underpayment errors, and must reimburse families for overpayment of the family share according to the PHA's policy.

As additional sanctions, you can **lose precious administrative fees, operating subsidy, and lose points on your SEMAP score**. You can lose 10% of your monthly admin fee for failing to submit and implement a Corrective Action Plan, failing to "respond" to RIM, quality assurance (QA), or other related review within 45 days, or failing to implement the Plan. You lose the admin fee each month until you take the appropriate action. You also can lose 5% of your monthly operating subsidy each month that you fail to respond to a RIM or other related report within 45 days, or fail to implement corrective actions. There is a 30 day appeal period, which is detailed in the Notice.