

PHN 2022-16
FY2023 Local Housing Authority Budget Guidelines
ATTACHMENT D

Section 8 New Construction / Substantial Rehabilitation Program

Rent Adjustments and Deadlines:

- Any budget changes are tied to and limited by the HUD allowable contract rents for the authority's fiscal year.
- *For LHAs with original HAP Contracts:*
 - Similar to how DHCD publishes an ANUEL, HUD publishes rent increases on an annual basis, called the Annual Adjustment Factor. However, unlike changes to the ANUEL, LHAs must make the request to their Contract Administrator in order to receive this rent increase.
 - LHAs are expected to submit a request to DHCD for an Annual Adjustment Factor (AAF) increase to take full advantage of federally available assistance.
 - LHAs with original HAP Contracts under DHCD Contract Administration are reminded that they must request the rent increase in writing ninety (90) days prior to their HAP Contract's anniversary date.
 - [HUD Notice 2002-10](#) includes instructions on how to submit these rent increases.
- *For LHAs with renewed HAP Contracts and DHCD as the Contract Administrator:*
 - Amend Rent Years (each contract year, with exception of the end of each 5-year anniversary period): Authorities that have renewed their HAP Contracts under Option 1 and Option 2 of the [HUD Section 8 Renewal Policy Guide](#) are entitled to receive rent increases through HUD's published Operating Cost Adjustment Factor (OCAF) in Amend Rent years.
 - To increase contract rents by the OCAF, the LHA will first receive a HUD-issued letter advising the property's new rents. The LHA must elect the rent increase and return the letter along with a signed Low-Rent Housing Rent Schedule (Form HUD-92458) with the new rents to DHCD. Once the LHA receives approval from DHCD, the LHA may then submit the gross rent changes through its voucher management system into TRACS.
 - Market Rent Adjustments: At the expiration of each 5-year period of the Renewal Contract term, the rent adjustment will be based on comparable market rents.
 - To assist in the redetermination of rents based on market comparability, LHAs are required to provide to DHCD a Rent Comparability Study (RCS) ninety (90) days prior to this Anniversary Date. DHCD will then notify the LHA of the new

contract rents and the effective date. The LHA may then submit the gross rent changes through its voucher management system into TRACS.

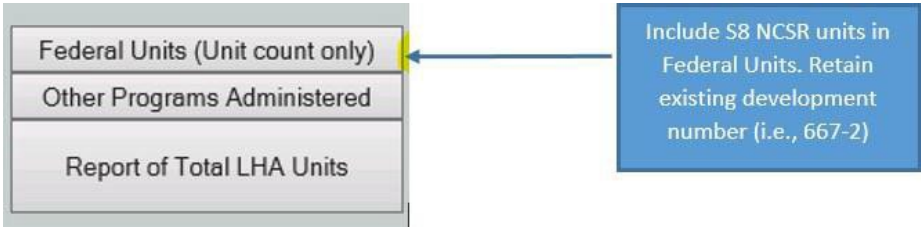
Conversion Out of State-Aided Public Housing Program:

This section applies only to the properties that have not taken the steps to convert the property from the state-aided public housing program. LHAs should take the steps below in HAFIS as part of their budget submission to prepare for the conversion. Further guidance on the conversion will be published in future PHNs or questions can be directed to Courtney Curran, Courtney.S.Curran@mass.gov.

Please note: A change to your contract administrator does not mean that the property has converted out of state-aided public housing. That is only one step of four towards conversion out of state-aided public housing.

LHAs that own and manage properties receiving a Section 8 Housing Assistance payment listed above should take care to do the following as part of their budget submission:

- Revise the HAFIS Unit Count by moving the LHA’s Section 8 NC/SR units out of the LHA’s state program unit count and into the federal program unit count.
- Enter/retain the existing development number (e.g., 667-2) for the Section 8 NC/SR property when inputting the units in the federal program unit count. This is to ensure the development can be tracked.



- The HAFIS schedule now includes an input box entitled “SEC 8 NCSR” under the Federal Program section. LHAs should use this input box to prorate Section 8 NC/SR under its federal program.

Line No. 12
 Position Title by Organization Unit and Function
 Prior Year Composite Amount
 Estimated No. Weeks

State Program
 400-1 400-9 689-1 689-C
 200-A 667-A 705-A 689-A

Federal Program
 HUD P.H. SEC 8 HCVP SEC 8 MOB SEC 8 MOB RHB SEC 8 NCSR

Other Sources (Property owned by LHA. Do not include income from management contracts)
 Other Sources Comments

Save Data

For LHAs using HUD's Central Office Cost Center (COCC) cost allocation methodology: For all HAFIS Schedules, input the amount in the

Federal Sources of Income										Other Sources of Income
HUD P.H.	SEC 8 HCVP	SEC 8 MOB	SEC 8 MOB REHAB	SEC 8 NCSR	FSS	HUD MOD	Other-F1	Other-F2	Other Sources	
				4,901						
				400						
				500						
0	0	0	0	4,901	0	0	0	0	0	

Funds will be prorated under the LHA's Federal Program.

- LHAs will submit operating statements for the fiscal year in which the property converts out of state-aided public housing. Following this, no HAFIS budget submission for this property is required. DHCD will publish further guidance for ongoing management and on the conversion process in forthcoming Public Housing Notices.