
This content is from the eCFR and is authoritative but unofficial.

Title 24 —Housing and Urban Development

Subtitle B —Regulations Relating to Housing and Urban Development

Chapter IX —Office of Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Development

Part 985 —Section 8 Management Assessment Program (SEMAP) and Small Rural PHA Assessments

Subpart A —General

Authority: 42 U.S.C. 1437a, 1437c, 1437f, 1437z-10, and 3535(d).

Source: 63 FR 48555, Sept. 10, 1998, unless otherwise noted.

Editorial Note: Nomenclature changes to part 985 appear at 64 FR 67983, Dec. 3, 1999.

§ 985.3 Indicators, HUD verification methods and ratings.

This section states the performance indicators that are used to assess PHA Section 8 management. HUD will use the verification method identified for each indicator in reviewing the accuracy of an PHA's annual SEMAP certification. HUD will prepare a SEMAP profile for each PHA and will assign a rating for each indicator as shown. If the HUD verification method for the indicator relies on data in MTCS and HUD determines those data are insufficient to verify the PHA's certification on the indicator due to the PHA's failure to adequately report family data, HUD will assign a zero rating for the indicator. The method for selecting the PHA's quality control sample under paragraphs (a), (b), (c) and (f) of this section must leave a clear audit trail that can be used to verify that the PHA's quality control sample was drawn in an unbiased manner.

A PHA that expends less than its Federal award expenditure threshold in 2 CFR part 200, subpart F, and whose Section 8 programs are not audited by an independent auditor (IA), will not be rated under the SEMAP indicators in paragraphs (a) through (g) of this section for which the annual IA audit report is a HUD verification method.

(a) Selection from the waiting list.

- (1)** This indicator shows whether the PHA has written policies in its administrative plan for selecting applicants from the waiting list and whether the PHA follows these policies when selecting applicants for admission from the waiting list. (24 CFR 982.54(d)(1) and 982.204(a))
- (2)** HUD verification method: The independent auditor (IA) annual audit report covering the PHA fiscal year entered on the SEMAP certification and on-site confirmatory review if performed.
- (3)** Rating:
 - (i)** The PHA's SEMAP certification states that:
 - (A)** The PHA has written waiting list selection policies in its administrative plan and,
 - (B)** Based on the PHA's quality control samples, drawn separately for applicants reaching the top of the waiting list and for admissions, documentation shows that at least 98 percent of the families in both samples of applicants and admissions were selected from the waiting list for admission in accordance with these policies and met the selection criteria that determined their places on the waiting list and their order of selection. 15 points.

- (ii) The PHA's SEMAP certification does not support the statement in paragraph (a)(3)(i) of this section. 0 points.

(b) **Reasonable rent.**

- (1) This indicator shows whether the PHA has and implements a reasonable written method to determine and document for each unit leased that the rent to owner is reasonable based on current rents for comparable unassisted units: At the time of initial leasing; if there is any increase in the rent to owner; at the HAP contract anniversary if there is a 10 percent decrease in the published fair market rent (FMR) in effect 60 days before the HAP contract anniversary. The PHA's method must take into consideration the location, size, type, quality and age of the units, and the amenities, housing services, and maintenance and utilities provided by the owners in determining comparability and the reasonable rent. (24 CFR 982.4, 24 CFR 982.54(d)(15), 982.158(f)(7), 982.507, and 983.303)
- (2) HUD verification method: The IA annual audit report covering the PHA fiscal year entered on the SEMAP certification and on-site confirmatory review if performed.
- (3) Rating:
 - (i) The PHA's SEMAP certification states that:
 - (A) The PHA has a reasonable written method to determine reasonable rent which considers location, size, type, quality and age of the units and the amenities, housing services, and maintenance and utilities provided by the owners; and
 - (B) Based on the PHA's quality control sample of tenant files, the PHA follows its written method to determine reasonable rent and has documented its determination that the rent to owner is reasonable in accordance with §§ 982.507 and 983.303 of this chapter, as applicable for at least 98 percent of units sampled at the time of initial leasing, if there is any increase in the rent to owner, and at the HAP contract anniversary if there is a 10 percent decrease in the published FMR in effect 60 days before the HAP contract anniversary. 20 points.
 - (ii) The PHA's SEMAP certification includes the statements in paragraph (b)(3)(i) of this section, except that the PHA documents its determination of reasonable rent for only 80 to 97 percent of units sampled at initial leasing, if there is any increase in the rent to owner, and at the HAP contract anniversary if there is a 10 percent decrease in the published FMR in effect 60 days before the HAP contract anniversary. 15 points.
 - (iii) The PHA's SEMAP certification does not support the statements in either paragraph (b)(3)(i) or (b)(3)(ii) of this section. 0 points.

(c) **Determination of adjusted income.**

- (1) This indicator shows whether, at the time of admission and annual reexamination, the PHA verifies and correctly determines adjusted annual income for each assisted family and, where the family is responsible for utilities under the lease, the PHA uses the appropriate utility allowances for the unit leased in determining the gross rent. (24 CFR part 5, subpart F and 24 CFR 982.516)
- (2) HUD verification method: The IA annual audit report covering the PHA fiscal year entered on the SEMAP certification and on-site confirmatory review if performed.
- (3) Rating:

24 CFR 985.3(c)(3)(i)

- (i) The PHA's SEMAP certification states that, based on the PHA's quality control sample of tenant files, for at least 90 percent of families:
 - (A) The PHA obtains third party verification, as appropriate, of reported family annual income, the value of assets, expenses related to deductions from annual income, and other factors that affect the determination of adjusted income, and uses the verified information in determining adjusted income, and/or documents tenant files to show why third party verification was not available;
 - (B) The PHA properly attributes and calculates allowances for any medical, child care, and/or disability assistance expenses; and
 - (C) The PHA uses the appropriate utility allowances to determine gross rent for the unit leased. 20 points.
- (ii) The PHA's SEMAP certification includes the statements in paragraph (c)(3)(i) of this section, except that the PHA obtains and uses independent verification of income, properly attributes allowances, and uses the appropriate utility allowances for only 80 to 89 percent of families. 15 points.
- (iii) The PHA's SEMAP certification does not support the statements in either paragraph (c)(3)(i) or (c)(3)(ii) of this section. 0 points.

(d) *Utility Allowance Schedule.*

- (1) This indicator shows whether the PHA maintains an up-to-date utility allowance schedule. (24 CFR 982.517)
- (2) HUD verification method: The IA annual audit report covering the PHA fiscal year entered on the SEMAP certification and on-site confirmatory review if performed.
- (3) Rating:
 - (i) The PHA's SEMAP certification states that the PHA reviewed utility rate data within the last 12 months, and adjusted its utility allowance schedule if there has been a change of 10 percent or more in a utility rate since the last time the utility allowance schedule was revised. 5 points.
 - (ii) The PHA's SEMAP certification does not support the statement in paragraph (d)(3)(i) of this section. 0 points.

(e) *HQS quality control inspections.*

- (1) This indicator shows whether an PHA supervisor or other qualified person reinspects a sample of units under contract during the PHA fiscal year, which meets the minimum sample size requirements specified at § 985.2 under PHA's quality control sample, for quality control of HQS inspections. The PHA supervisor's reinspected sample is to be drawn from recently completed HQS inspections (i.e., performed during the 3 months preceding reinspection) and is to be drawn to represent a cross section of neighborhoods and the work of a cross section of inspectors. (24 CFR 982.405(b))
- (2) HUD verification method: The IA annual audit report covering the PHA fiscal year entered on the SEMAP certification and on-site confirmatory review if performed.
- (3) Rating:

24 CFR 985.3(e)(3)(i)

- (i) The PHA's SEMAP certification states that an PHA supervisor or other qualified person performed quality control HQS reinspections during the PHA fiscal year for a sample of units under contract which meets the minimum sample size requirements specified in § 985.2 under PHA's quality control sample. The PHA's SEMAP certification also states that the reinspected sample was drawn from recently completed HQS inspections (i.e., performed during the 3 months preceding the quality control reinspection) and was drawn to represent a cross section of neighborhoods and the work of a cross section of inspectors. 5 points.
- (ii) The PHA's SEMAP certification does not support the statements in paragraph (e)(3)(i) of this section. 0 points.

(f) HQS enforcement.

- (1) This indicator shows whether, following each HQS inspection of a unit under contract where the unit fails to meet HQS, any cited life-threatening HQS deficiencies are corrected within 24 hours from the inspection and all other cited HQS deficiencies are corrected within no more than 30 calendar days from the inspection or any PHA-approved extension. In addition, if HQS deficiencies are not corrected timely, the indicator shows whether the PHA stops (abates) housing assistance payments beginning no later than the first of the month following the specified correction period or terminates the HAP contract or, for family-caused defects, takes prompt and vigorous action to enforce the family obligations. (24 CFR 982.404)
- (2) HUD verification method: The IA annual audit report covering the PHA fiscal year entered on the SEMAP certification and on-site confirmatory review if performed.
- (3) Rating:
 - (i) The PHA's SEMAP certification states that the PHA's quality control sample of case files with failed HQS inspections shows that, for all cases sampled, any cited life-threatening HQS deficiencies were corrected within 24 hours from the inspection and, for at least 98 percent of cases sampled, all other cited HQS deficiencies were corrected within no more than 30 calendar days from the inspection or any PHA-approved extension, or, if any life-threatening HQS deficiencies were not corrected within 24 hours and all other HQS deficiencies were not corrected within 30 calendar days or any PHA-approved extension, the PHA stopped (abated) housing assistance payments beginning no later than the first of the month following the correction period, or took prompt and vigorous action to enforce family obligations. 10 points.
 - (ii) The PHA's SEMAP certification does not support the statement in paragraph (f)(3)(i) of this section. 0 points.

(g) Expanding housing opportunities.

- (1) This indicator applies only to PHAs with jurisdiction in metropolitan FMR areas. The indicator shows whether the PHA has adopted and implemented a written policy to encourage participation by owners of units located outside areas of poverty or minority concentration; informs rental voucher holders of the full range of areas where they may lease units both inside and outside the PHA's jurisdiction; and supplies a list of landlords or other parties who are willing to lease units or help families find units, including units outside areas of poverty or minority concentration. (24 CFR 982.54(d)(5), 982.301(a) and 982.301(b)(4) and 982.301(b)(12))
- (2) HUD verification method: The IA annual audit report covering the PHA fiscal year entered on the SEMAP certification and on-site confirmatory review if performed.

(3) Rating:

(i) The PHA's SEMAP certification states that:

- (A) The PHA has a written policy in its administrative plan which includes actions the PHA will take to encourage participation by owners of units located outside areas of poverty or minority concentration, and which clearly delineates areas in its jurisdiction that the PHA considers areas of poverty or minority concentration;
- (B) PHA documentation shows that the PHA has taken actions indicated in its written policy to encourage participation by owners of units located outside areas of poverty or minority concentration;
- (C) The PHA has prepared maps that show various areas with housing opportunities outside areas of poverty or minority concentration both within its jurisdiction and neighboring its jurisdiction; has assembled information about the characteristics of those areas which may include information about job opportunities, schools, transportation and other services in these areas; and can demonstrate that it uses the maps and area characteristics information when briefing rental voucher holders about the full range of areas where they may look for housing;
- (D) The PHA's information packet for rental voucher holders contains either a list of owners who are willing to lease (or properties available for lease) under the rental voucher program; or a current list of other organizations that will help families find units and the PHA can demonstrate that the list(s) includes properties or organizations that operate outside areas of poverty or minority concentration;
- (E) The PHA's information packet includes an explanation of how portability works and includes a list of portability contact persons for neighboring housing agencies, with the name, address and telephone number of each, for use by families who move under portability; and
- (F) PHA documentation shows that the PHA has analyzed whether rental voucher holders have experienced difficulties in finding housing outside areas of poverty or minority concentration and, if such difficulties have been found, PHA documentation shows that the PHA has analyzed whether it is appropriate to seek approval of exception payment standard amounts in any part of its jurisdiction and has sought HUD approval of exception payment standard amounts when necessary. 5 points.

(ii) The PHA's SEMAP certification does not support the statement in paragraph (g)(3)(i) of this section. 0 points.

(h) **Deconcentration bonus.**

- (1) Submission of deconcentration data in the HUD-prescribed format for this indicator is mandatory for a PHA using one or more payment standard amount(s) that exceed(s) 100 percent of the published FMR set at the 50th percentile rent to provide access to a broad range of housing opportunities throughout a metropolitan area in accordance with § 888.113(c) of this title, starting with the second full PHA fiscal year following initial use of payment standard amounts based on the FMR set at the 50th percentile rent. Submission of deconcentration data for this indicator is optional for all other PHAs. Additional SEMAP points are available to PHAs that have jurisdiction in metropolitan FMR areas and that choose to submit with their SEMAP certifications certain data, in a HUD-prescribed

format, on the percent of their tenant-based Section 8 families with children who live in, and who have moved during the PHA fiscal year to, low poverty census tracts in the PHA's principal operating area. For purposes of this indicator, the PHA's principal operating area is the geographic entity for which the Census tabulates data that most closely matches the PHA's geographic jurisdiction under State or local law (e.g., city, county, metropolitan statistical area) as determined by the PHA, subject to HUD review. A low poverty census tract is defined as a census tract where the poverty rate of the tract is at or below 10 percent, or at or below the overall poverty rate for the principal operating area of the PHA, whichever is greater. The PHA determines the overall poverty rate for its principal operating area using the most recent available decennial Census data. Family data used for the PHA's analysis must be the same information as reported to MTCS for the PHA's tenant-based Section 8 families with children. If HUD determines that the quantity of MTCS data is insufficient for adequate analysis, HUD will not award points under this bonus indicator. Bonus points will be awarded if:

- (i) Half or more of all Section 8 families with children assisted by the PHA in its principal operating area at the end of the last completed PHA fiscal year reside in low poverty census tracts;
 - (ii) The percent of Section 8 mover families with children who moved to low poverty census tracts in the PHA's principal operating area during the last completed PHA fiscal year is at least 2 percentage points higher than the percent of all Section 8 families with children who reside in low poverty census tracts at the end of the last completed PHA fiscal year; or
 - (iii) The percent of Section 8 families with children who moved to low-poverty census tracts in the PHA's principal operating area over the last two completed PHA fiscal years is at least 2 percentage points higher than the percent of all Section 8 families with children who resided in low poverty census tracts at the end of the second to last completed PHA fiscal year.
 - (iv) State and regional PHAs that provide Section 8 rental assistance in more than one metropolitan area within a State or region make these determinations separately for each metropolitan area or portion of a metropolitan area where the PHA has assisted at least 20 Section 8 families with children in the last completed PHA fiscal year.
- (2) HUD verification methods: PHA data submitted for the deconcentration bonus, the IA annual audit report covering the PHA fiscal year entered on the SEMAP certification, and on-site confirmatory review if performed.
- (3) Rating:
- (i) The data submitted by the PHA for the deconcentration bonus shows that the PHA met the requirements for bonus points in paragraph (h)(1)(i), (ii) or (iii) of this section. 5 points.
 - (ii) The data submitted by the PHA for the deconcentration bonus does not show that the PHA met the requirements for bonus points in paragraph (h)(1)(i), (ii) or (iii) of this section. 0 points.

(i) **Payment standards.**

- (1) This indicator shows whether the PHA has adopted payment standard schedule(s) in accordance with § 982.503.
- (2) HUD verification method: PHA data submitted on the SEMAP certification form concerning payment standards.
- (3) Rating:

- (i) The PHA's voucher program payment standard schedule contains payment standards set in accordance with 24 CFR 982.503. 5 points.
- (ii) The PHA's voucher program payment standard schedule contains payment standards that were not set in accordance with § 982.503. 0 points.

(j) **Annual reexaminations.**

- (1) This indicator shows whether the PHA completes a reexamination for each participating family at least every 12 months. (24 CFR 5.617).
- (2) HUD verification method: MTCS report—Shows percent of reexaminations that are more than 2 months overdue. The 2-month allowance is provided only to accommodate a possible lag in the PHA's electronic reporting of the annual reexamination on Form HUD-50058 and to allow the processing of the data into MTCS. The 2-month allowance provided here for rating purposes does not mean that any delay in completing annual reexaminations is permitted.
- (3) Rating:
 - (i) Fewer than 5 percent of all PHA reexaminations are more than 2 months overdue. 10 points.
 - (ii) 5 to 10 percent of all PHA reexaminations are more than 2 months overdue. 5 points.
 - (iii) More than 10 percent of all PHA reexaminations are more than 2 months overdue. 0 points.

(k) **Correct tenant rent calculations.**

- (1) This indicator shows whether the PHA correctly calculates the family's share of the rent to owner in the rental voucher program. (24 CFR part 982, subpart K).
- (2) HUD verification method: MTCS report—Shows percent of tenant rent and family's share of the rent to owner calculations that are incorrect based on data sent to HUD by the PHA on Forms HUD-50058. The MTCS data used for verification cover only voucher program tenancies, and do not include rent calculation discrepancies for manufactured home owner rentals of manufactured home spaces for proration of assistance under the noncitizen rule.
- (3) Ratings:
 - (i) 2 percent or fewer of PHA tenant rent and family's share of the rent to owner calculations are incorrect. 5 points.
 - (ii) More than 2 percent of PHA tenant rent and family's share of the rent to owner calculations are incorrect. 0 points.

(l) **Initial unit inspections.**

- (1) This indicator shows whether newly leased units pass HQS inspection within the time period required. This includes both initial and turnover inspections for the PBV program. (24 CFR 982.305 and 983.103(b) through (d)).
- (2) HUD verification method: MTCS report—Shows percent of newly leased units where the beginning date of the assistance contract is before the date the unit passed the initial unit inspection or, if the PHA employed the PHA initial inspection option for non-life-threatening deficiencies or alternative inspections, the timing requirements for the applicable PHA initial inspection option.
- (3) Rating:

- (i) 98 to 100 percent of newly leased units passed HQS inspection within the time period required. 5 points.
- (ii) Fewer than 98 percent of newly leased units passed HQS inspection within the time period required. 0 points.

(m) **Periodic HQS inspections.**

- (1) This indicator shows whether the PHA has met its periodic inspection requirement for its units under contract (24 CFR 982.405 and 983.103(e)).
- (2) HUD verification method: MTCS report—Shows percent of HQS inspections that are more than 2 months overdue. The 2-month allowance is provided only to accommodate a possible lag in the PHA's electronic reporting of the annual HQS inspection on Form HUD-50058, and to allow the processing of the data into MTCS. The 2-month allowance provided here for rating purposes does not mean that any delay in completing annual HQS inspections is permitted.
- (3) Rating:
 - (i) Fewer than 5 percent of periodic HQS inspections of units under contract are more than 2 months overdue. 10 points.
 - (ii) 5 to 10 percent of all periodic HQS inspections of units under contract are more than 2 months overdue. 5 points.
 - (iii) More than 10 percent of all periodic HQS inspections of units under contract are more than 2 months overdue. 0 points.

(n) **Lease-up.** The provisions of this paragraph (n) apply to the first SEMAP certification due after July 2, 2012.

- (1) **The indicator:** This indicator shows whether the PHA enters into HAP contracts for the number of the PHA's baseline voucher units (units that are contracted under a Consolidated ACC) for the calendar year that ends on or before the PHA's fiscal year or whether the PHA has expended its allocated budget authority for the same calendar year. Allocated budget authority will be based upon the PHA's eligibility, which includes budget authority obligated for the calendar year and any portion of HAP reserves attributable to the budget authority that was offset from reserves during the calendar year. Litigation units and funding will be excluded from this indicator, and new increments will be excluded for 12 months from the effective date of the increment on the Consolidated ACC. Units assisted under the voucher homeownership option and units occupied under a project-based HAP contract are included in the measurement of this indicator.
- (2) **HUD verification method:** This method is based on the percent of units leased under a tenant-based or project-based HAP contract or occupied by homeowners under the voucher homeownership option during the calendar year that ends on or before the assessed PHA's fiscal year, or the percent of allocated budget authority expended during the calendar year that ends on or before the assessed PHA's fiscal year. The percent of units leased is determined by taking unit months leased under a HAP contract and unit months occupied by homeowners under the voucher homeownership option, as shown in HUD systems for the calendar year that ends on or before the assessed PHA fiscal year, and dividing that number by the number of unit months available for leasing based on the number of baseline units available at the beginning of the calendar year.

(3) **Rating:**

24 CFR 985.3(n)(3)(i)

- (i) The percent of units leased or occupied by homeowners under the voucher homeownership option, or the percent of allocated budget authority expended during the calendar year that ends on or before the assessed PHA fiscal year was 98 percent or more. (20 points.)
- (ii) The percent of units leased or occupied by homeowners under the voucher homeownership option, or the percent of allocated budget authority expended during the calendar year that ends on or before the assessed PHA fiscal year was 95 to 97 percent. (15 points.)
- (iii) The percent of units leased or occupied by homeowners under the voucher homeownership option, or the percent of allocated budget authority expended during the calendar year that ends on or before the assessed PHA fiscal year was less than 95 percent. (0 points.)

(o) Family self-sufficiency (FSS) enrollment and escrow accounts.

- (1) This indicator applies only to PHAs with mandatory FSS programs. The indicator consists of 2 components which show whether the PHA has enrolled families in the FSS program as required, and the extent of the PHA's progress in supporting FSS by measuring the percent of current FSS participants with FSS progress reports entered in MTCS that have had increases in earned income which resulted in escrow account balances. (24 CFR 984.105 and 984.305)
- (2) HUD verification method: MTCS report—Shows number of families currently enrolled in FSS. This number is divided by the number of mandatory FSS slots, as determined under § 984.105 of this chapter. An MTCS report also shows the percent of FSS families with FSS progress reports who have escrow account balances. HUD also uses information reported on the SEMAP certification by initial PHAs concerning FSS families enrolled in their FSS programs but who have moved under portability to the jurisdiction of another PHA.
- (3) Rating:
 - (i) The PHA has filled 80 percent or more of its mandatory FSS slots and 30 percent or more of FSS families have escrow account balances. 10 points.
 - (ii) The PHA has filled 60 to 79 percent of its mandatory FSS slots and 30 percent or more of FSS families have escrow account balances. 8 points.
 - (iii) The PHA has filled 80 percent or more of its mandatory FSS slots, but fewer than 30 percent of FSS families have escrow account balances. 5 points.
 - (iv) 30 percent or more of FSS families have escrow account balances, but fewer than 60 percent of the PHA's mandatory FSS slots are filled. 5 points.
 - (v) The PHA has filled 60 to 79 percent of its mandatory FSS slots, but fewer than 30 percent of FSS families have escrow account balances. 3 points.
 - (vi) The PHA has filled fewer than 60 percent of its mandatory FSS slots and less than 30 percent of FSS families have escrow account balances. 0 points.

(p) Success rate of voucher holders.

- (1) This indicator shows whether voucher holders were successful in leasing units with voucher assistance. This indicator applies only to PHAs that established success rate payment standard amounts in accordance with § 982.503(f) prior to June 6, 2024.
- (2) HUD verification method: MTCS Report.

(3) Rating (5 points):

- (i) The proportion of families issued rental vouchers during the last PHA fiscal year that have become participants in the voucher program is more than the higher of:
 - (A) 75 percent; or
 - (B) The proportion of families issued rental vouchers that became participants in the program during the six month period utilized to determine eligibility for success rate payment standards under § 982.503(f) plus 5 percentage points; and

[63 FR 48555, Sept. 10, 1998, as amended at 64 FR 40497, July 26, 1999; 64 FR 67983, Dec. 3, 1999; 65 FR 16733, Mar. 29, 2000; 65 FR 16823, Mar. 30, 2000; 65 FR 58875, Oct. 2, 2000; 66 FR 50005, Oct. 1, 2001; 77 FR 32018, May 31, 2012; 81 FR 80583, Nov. 16, 2016; 89 FR 38338, May 7, 2024; 90 FR 56689, Dec. 8, 2025]