Green Physical Needs Assessment (GPNA) and Energy Audit Standards

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Table of Contents

GREEN PHYSICAL NEEDS ASSESSMENT (GPNA) TOOL
GPNA USER GUIDE (JULY 2, 2012)
SUPPLEMENTAL MATERIAL
APPENDIX 1: GREEN PHYSICAL NEEDS ASSESSMENT (GPNA)
APPENDIX 1: ENERGY AUDIT STANDARDS
Green Physical Needs Assessment (GPNA) Tool (July, 2012)

As a part of the new PNA process, HUD has developed a Green Physical Needs Assessment (GPNA) tool.

- The GPNA tool is a standalone Windows-based Microsoft Access® application, compatible with desktop PCs, notebook PCs, and/or network computers. The tool can also be installed and used on compatible handheld devices.
- The GPNA tool includes a comprehensive list of building/site building systems and components, with measurable line items, that make up a complete PNA. Components are based on the Public Housing Capital Fund Financing Program Form-52829, green physical condition assessments, Uniform Physical Condition Standards (UPCS), and other building industry components.
- Components are divided into five categories (same as PASS):
  - Site
  - Building exterior
  - Building systems
  - Common areas
  - Units
- Aggregated capital needs can be identified in several areas, including:
  - Replacement needs
  - Refurbishment needs
  - Accessibility needs
  - Marketability/livability needs
  - Sustainability needs
- Unit-cost and Effective Useful Life (EUL) are applied to all building/site components in the PNA. Unit-costs are based on industry cost indices (e.g., R.S. Means, Marshall & Swift) chosen by the PHA. EUL is used as the basis for the replacement of components as they meet the end of their life cycles. These are entered in the Cost Libraries in the tool.
- The inspection based tool collects Remaining Useful Life (RUL) information for each component as well as the quantity for each component on the inspection forms for each of the component categories.
These basic entries—EUL, cost, RUL, and quantity—are used by the tool to automatically calculate and create a 20 year cost projection for each Development/AMP. Other capabilities of the tool can expand the functionality for PHAs.

**PROTOTYPE POPULATED TOOL**

- A copy of the prototype GPNA populated with generic data for demonstration purposes may be downloaded for viewing and review by clicking the **PROTOTYPE PNA TOOL** link, and using these **INSTRUCTIONS** to install and open the tool. This **USERGUIDE** link will provide access to a draft final version of the user guide for the tool.
- At this time arrangements for technical assistance and other supporting mechanisms to facilitate the implementation of the GPNA are in progress but incomplete. HUD can offer limited assistance to technical questions on the use and structure of the tool at **HUDPNA@hud.gov**.
- Notes on the Prototype GPNA Tool:
  - There are two main page selections upon opening the tool. The Dashboard is the page where data inputs into the tool will be aggregated into summary overview information. The Control Panel is the portal through which all entries of information into the PNA will be made by the PHA. The tool has the functionality to be automatically pre-populated with IMS-PIC data. When the tool goes into general use it will be very important that PHAs have recorded information in the IMS-PIC system that accurately reflects their actual inventory configuration.
  - From the Control Panel the user will enter cost data into a Master Cost Library from the cost index of its choosing and will create sets of sites, buildings, and units from its inventory that represent sample sets. Input forms for physical inspection of a sample of each set are included in the tool and the inputs into these inspection forms automatically populate the Cost Projection table which is also opened from the Control Panel. The cost library, inspection forms, and cost projections are pre-populated with components generally found in residential buildings of various types. PHAs will use only those lines applicable to their inventory and can edit or add line items as applicable. A Reports selection from the Control Panel opens a page where several reports...
are generated based upon input information. Blue circles with a “?” located throughout the tool provide navigation and help information as well as definitions.

**PHA TOOL FOR USE**

- PHAs that would like to proceed with working in the new GPNA tool may download a copy of Version 1.0 by clicking the **GREENPNA** link, and by using these **INSTRUCTIONS** to install the tool. To use the tool, it will need to be loaded with the PHAs current PIC information which will be emailed upon request to **HUDPNA@hud.gov**.

- Once the user has received the PIC data file by email attachment, the PIC data file should be placed on the user’s computer. The user will then select “Import PIC Data” located near the top right of the Control Panel page in the tool. Doing so will prompt the user to select the location of the PIC data file and the loading of the PIC information will proceed automatically.

- It is very important that PIC data be accurately reflected in PIC before requesting PIC data and loading the PIC data into the GPNA tool. When the PNA is completed and the PHA submits the data extracted from the GPNA tool to HUD, the HUD system will validate the submission against the PIC data current at the time of the submission. An inconsistency in the number of units or other inventory information in the submitted PNA may result in the submission being rejected and returned.

- This **USERGUIDE** link will provide access to a draft final version of the user guide for the version 1.0 of the tool. At this time arrangements for technical assistance and other supporting mechanisms to facilitate the implementation of the GPNA are in progress but incomplete. HUD can offer limited assistance to technical questions on the use and structure of the tool at **HUDPNA@hud.gov**.
Green Physical Needs Assessment Tool (GPNA)

FINAL DRAFT User Guide

July 2, 2012
# Table of Contents

## Purpose ........................................................................................................... 5

Appliability ........................................................................................................... 5
GPNA Components ............................................................................................. 7
Standards ............................................................................................................. 8
Protocols ............................................................................................................. 8

## Getting Started with the GPNA Tool ......................................................... 13

Download the GPNA Tool from the HUD Website ......................................... 13
Launching and Navigating the GPNA Tool ....................................................... 13
Using the Dashboard ......................................................................................... 14
Using the Control Panel ................................................................................. 16
Setting-up Multiple Users ............................................................................... 17

## PHASE 1: Pre-Assessment – Preparing for the GPNA ......................... 20

Quick Steps ........................................................................................................ 20
Identify Qualified Staff to Perform the GPNA ............................................... 20
Utilizing Staff Knowledge .............................................................................. 21
Download PIC Data from the HUD website ................................................ 22
Verify PIC Data ................................................................................................. 22
Import PIC Data ............................................................................................... 22
Edit a Housing Authority (HA) .................................................................... 24
Edit a Green Physical Needs Assessment (GPNA) ...................................... 26
Organize Data ................................................................................................. 28
Add a Site ......................................................................................................... 30
Unit Conversion Calculator ........................................................................... 33
Add a Building Set ......................................................................................... 35
Identify Sample Size to Create Unit Sets ..................................................... 42
Identify the Sample Size for Non-Dwelling Spaces, Multiple Building, or Scattered Units ................................................................................................................................. 44
Add a Unit Set ................................................................................................. 44
Add a Common Area Set ............................................................................... 51
Review and Edit Measurements ................................................................... 53
## PHASE 2: Assessment – Conducting the GPNA

- Determine a Method of Data Gathering ............................................. 71
- Perform a Walk-Through ................................................................. 72
  - Print the GPNA Inspection .......................................................... 73
- Evaluate Replacement/Refurbishment Components ........................ 74
- Identify and Confirm Component Types .......................................... 74
- Identify Sustainability Components .................................................. 74
- Identify Accessibility Components ................................................... 75
- Identify Marketability/Livability Components ................................... 76
- Identify and Confirm Component Quantities ....................................... 76

## PHASE 3: Post-Assessment – Completing the GPNA

- Enter GPNA Data into GPNA Tool .................................................. 77
  - Add/Edit/Delete an Inspection ....................................................... 78
    - Add a New Inspection ............................................................... 78
  - Enter Data for Building Set Master Inspection and Set Needs Inspections 82
  - Export an Inspection to an Excel File .......................................... 83
  - Edit a Current Inspection ............................................................ 86
    - Delete an Inspection ............................................................... 90
  - Manually Enter GPNA Data into an Inspection ............................... 91
  - Master Cost Library .................................................................. 93
  - Managing Master Cost Library Line Items ..................................... 93
  - Cost Index ................................................................................. 93
  - EUL Index .................................................................................. 94
  - Soft Cost and Markup Considerations .......................................... 94
Table of Contents

Component Category Filter ........................................................................................................ 95
Edit the Master Cost Library ..................................................................................................... 96
Import Data from the Master Cost Library .............................................................................. 97
Set the Local Multiplier for the Master Cost Library ............................................................... 98
Set the Markup for the Master Cost Library ........................................................................... 99
Export, Import, or Open an Empty Excel File for the Master Cost Library ......................... 100
Update Dev/AMPs with the Complete Library ...................................................................... 101
Edit the Cost Index .................................................................................................................. 102
   Edit the EUL Index ................................................................................................................ 103
Edit Costs and Estimated Useful Life (EUL) ......................................................................... 104
Add a Line Item to the Cost Library ....................................................................................... 107
Set the Default Local Multipliers .......................................................................................... 109
Set the Markup Value ............................................................................................................. 111
Cost Projection ........................................................................................................................ 112
   Create or Reset the Development/AMP Cost Projection ..................................................... 113
   Edit Line Item Quantity and Cost Details on the Cost Projection .................................... 114
   Edit the RUL, EUL, and Costs for a Line Item ................................................................. 114
Add Replacement, Marketability, and Accessibility Needs .................................................... 116
Add/Edit Sustainability Needs ................................................................................................. 119
   Edit a Sustainability Need .................................................................................................. 122
Develop Reports ....................................................................................................................... 123
   Generate, Print, or Export Reports .................................................................................... 124
      Generating, Printing, and Exporting Reports ................................................................. 126
Conduct Quality Assurance Procedures .................................................................................. 127
Annual Updates ....................................................................................................................... 127
   Set the Year of the Annual Update ................................................................................... 128
      Set the Funding Sources ............................................................................................... 130
Finalize the Annual Update ..................................................................................................... 132
Submit Data to HUD Central Database ................................................................................ 134
Export Aggregates to XML .................................................................................................... 134
Export Revision to XML ......................................................................................................... 137
Appendix...................................................................................................... 139
Definitions........................................................................................................... 139
Sample RFP Scope for 3rd Party Assessor............................................................. 141
Purpose

Applicability

This U.S Department of Housing and Urban Development (HUD) PIH Green Physical Needs Assessment (GPNA) Tool Guide assists you in preparing your GPNA by guiding you through the GPNA process using HUD’s GPNA tool. The results of your GPNA:

- Help to identify and prioritize work to be performed at each Development/AMP with Capital Funds and other funding sources,
- Help to make long-term strategic decisions regarding housing portfolios,
- Help to evaluate modernization, repositioning, redevelopment, and inventory removal decisions on the Development/AMP level.

The GPNA tool allows both small and large Public Housing Authorities (PHAs) to assess the needs of their public housing portfolio for a term of up to 20 years.

The primary goals of the GPNA are to:

- Enable HUD to measure the impact of annual Capital Fund appropriations for the physical needs of the public housing inventory.
- Evolve PHA management practices toward a Development/AMP-based capital planning strategy.
- Produce data on sustainable activities for the Capital Fund and support HUD’s high-priority performance goal to create energy-efficient housing.
- Enable PHAs to better assess the position of their portfolios and take advantage of potential opportunities.

Each year, Capital Funds are provided to PHAs to modernize or otherwise develop public housing. The GPNA tool enables HUD to measure the impact of these funds on the public housing portfolio by aggregating the needs data generated by PHAs. The GPNA is expected to be updated annually to ensure any changes in specific needs addressed are reflected. The GPNA is intended to be repeated every 5 years to update cost information, to reflect new needs, and to establish an ongoing basis for strategic planning.

The 20 year assessment term provides greater planning visibility, particularly for major projects which tend to occur less frequently. Development/AMP-based GPNAs combined with HUD’s focus on the Development/AMP-based Asset Management Program ensure PHAs rely on standard industry practices for effective capital planning.
The 2005 Energy Policy Act amended the Capital Fund section of the U.S. Housing Act of 1937 to encourage the integration of “utility management and capital planning to maximize energy conservation and efficiency measures.” HUD’s Agency Performance Goals include a commitment to creating energy efficient housing through energy conservation and green retrofits. The GPNA tool integrates potential energy conservation measures identified by Energy Audit and assists PHA’s in evaluating the cost effectiveness of replacing building systems and other components at the end of their useful life, as well as the cost effectiveness of early replacement of building components. The GPNA will integrate energy efficient and green improvements into future PHA capital planning, and enable HUD to measure progress toward achieving energy-efficient, green public housing.

An important objective of the GPNA tool is for PHAs to engage in an effective Development/AMP-based strategic planning process. The GPNA will enable PHAs to take advantage of new funding opportunities as capital markets change and new programs or incentives are offered.

The GPNA tool is a standalone Windows-based Microsoft Access® application that can be installed on any PC or handheld device. This tool is compatible with desktop PCs, notebook PCs, and/or network computers. The GPNA tool is available for download on HUD’s website. The GPNA tool can be pre-populated with specific PHA’s agency information, along with Development/AMP, building, and unit data from current Inventory Management System/PIH Information Center IMS-PIC records in order to help you start the GPNA process faster. You can also customize the GPNA to meet your more specific local area needs.

As a strategic planning tool for PHAs, the GPNA is less focused on reporting to HUD and more focused on recording real information that is useful to the PHA for its planning purposes. The tool allows for considerable customization and judgment by the PHA and only a subset of the higher level data is actually collected by HUD. For example, HUD collects only the gross component category totals (i.e. site, building exterior, building systems, common areas, and units) and selected major components for each development.

The purpose of this GPNA Tool User Guide is to provide the user with practical step-by-step instructions on how to use the tool, as well as other guidance on protocols for performing the GPNA.
GPNA Components

The GPNA assesses four main Needs Components, which together provide an aggregate Capital Needs number.

These four Needs Components include:
- **Replacement needs**—Replacement needs refer to basic or standard Building and Site building-systems and components.
- **Sustainability needs**—Sustainability needs refer to only those improvements or alternative replacement components, which replace non-green components with green/energy efficient components.
- **Marketability/livability needs**—Marketability/livability needs are those capital improvements, which add new functionality, or which otherwise promote occupancy through current tenant retention or new tenant procurement.
- **Accessibility needs**—Accessibility needs are those improvements necessary for adding accessibility functionality or maintaining current accessibility functionality.

The GPNA tool includes a comprehensive list of measurable building/site building systems and component items based on component lists used by HUD, green physical condition assessments, Uniform Physical Condition Standards UPCS, and other building industry standards. The GPNA also permits the user to add components which may not have been included on the pre-loaded list.

Component Unit Cost and Effective Useful Life (EUL) are applied to all building/Site components as part the GPNA. Component unit costs are based on industry cost indices of to be chosen by the PHA, such as R.S. Means or Marshall & Swift.

The EUL is used as the basis for the replacement of components as they meet the end of their life cycles. The EUL is applicable to most components and is based on industry standards. Other outside sources, manufacturing specifications, and building standard specifications may be used as a basis for EUL, as well as EUL figures from national cost indices.

The GPNA tool includes variance reports that assist the PHA in identifying component costs and EUL values determined by the PHA (not based off an approved national building cost index service). These variance reports are intended for management verification purposes at the local level. These reports also provide a more detailed analysis of anomalous GPNA results for the purpose of HUD quality control.
Standards

Standards refer to established descriptions of assessment components, and facilitate the consistent review of GPNA findings. Assessment components are divided into five categories:

- Site
- Building exterior
- Building systems
- Common areas
- Units

These Standards help to define structure types, based on the defined types within the IMS-PIC building and unit module.

Protocols

Protocols demonstrate the required or recommended procedural methods, or “how to” conduct the GPNA. These include protocols for determining sampling size, utilizing qualified personnel, performing the GPNA, and other protocols to help get the most information from collected data, as well as promote consistency across all PHAs to ensure HUD aggregation provides for an accurate reflection of actual needs across all PHAs.

The performance of the GPNA proceeds in three phases:

- **Pre-Assessment** —focuses primarily on preparing you for the assessment, as well as collecting and recording development data, and utilizing architectural plan measurements and count data.
- **Assessment** —focuses on helping you to identify all building components, including quantities of each present component, establish remaining useful life (RUL), as well as determine eligibility and cost of component refurbishment or replacement.
- **Post-Assessment** —focuses on establishing industry standard parallels through collection, review, data input, and report production.
“The Nuts and Bolts of the GPNA Tool”

The HUD GPNA tool performs two primary functions to effectively guide you through the GPNA process. These functions can be accessed through the two main components of the GPNA tool; The Dashboard, and the Control Panel.

The Dashboard displays a summary-overview of entered assessment data.

The dashboard will allow you to view aggregated data as you input PHA information into the GPNA tool. Available functions allow you to view aggregated data on a PHA-wide level, as well as on development-wide level. The dashboard also allows you to track assessments – the number of completed and remaining assessments.

Additionally, all PNA and Development/AMP Reports may be accessed and/or generated from the Dashboard.

The second main component of the GPNA tool is the Control Panel.

The Control Panel provides a central location for assessment data entry, and allows the user to select and manage PHA and GPNA information from a central location within the tool.
The Control Panel is divided into three sections. The first section can be found at the top of the Control Panel screen and contains controls to initiate a GPNA, including controls to select and manage PHA and GPNA information. PHA-specific information and GPNA data is set and stored within this section of the Control Panel.

The second section of the Control Panel provides controls to enter, select, and manage PHA housing portfolio information. This area is designed to reflect the hierarchy of a PHA’s housing portfolio – portfolio organization is vital to the overall success of the GPNA process. This second section serves as the principle mechanism, whereby all inspection data is organized according to a housing portfolio hierarchy. Inspection Data types include: Development/AMPs, Sites, Building Sets, Unit Sets, and Common Area Sets.

The GPNA tool has been designed to take into account PHA housing portfolio variability and to organize PHA housing stock in a way which visually represents an established hierarchy.
The hierarchy is as follows:

The sampling size protocol calls for 100% of Sites to be inspected, 20% of buildings within a building set, 10% of units within a unit set, and 100% of common areas. This hierarchy structure is helpful in creating an inspection design and effective sampling size plan.

As illustrated above, the hierarchy flow may be simple or more complex. For instance, in Development 1 in the Figure above, the hierarchy is simple. Development 1 is comprised of one Site, one Building Set, one Unit Set, and one Common Area Set.

Conversely, Development 2 illustrates a more complex development hierarchy. Development 2 is depicted as consisting of two (2) Sites with two (2) building sets each. Building Set 1 for Site 1 consists of two (2) Unit Sets, whereas Building Set 2 for Site 1
has only one (1) Unit Set. Similarly, Building Set 1 for Site 2 consists of two (2) unit sets, whereas Building Set 2 for Site 2 has no Unit Sets, but rather a Common Area set.

The third section contains Costing and Report controls, such as the Master Cost Library, Development/AMP Costs and Projections, and other Reports.

The Master Cost Library serves as the main repository of cost data. Development/AMP Costs and Projections are based on data propagated from the Master Cost Library, as well as Site, Building, Unit, and Common Area inspection data. Cost line-items and projections can be customized to meet Development/AMP needs from within this section.

Report controls within the Control Panel provide you with the ability to present cost projections data in various report formats.

**Other key features include:**

- An Import/Export function is included to help facilitate the data collection and data entry portion of the GPNA process. This feature allows for multiple users to simultaneously work on the GPNA, as well as facilitates an easier transfer of data in a set format. Data sets eligible for export, include: Master Cost Library (Excel export), Site, Building, Unit, and Common Area inspection forms.

- A Master Cost Library allows the user to view and edit the Replacement Cost, Refurbishment Cost, Local Multiplier, Replacement EUL and the Refurbish EUL. Also, this feature allows the user to enter cost data for a master set of line items that are then copied to all Developments/AMPs within the current GPNA and saves the user from having to set up each project’s cost library individually. Furthermore, it is possible to customize the master cost library for each development without affecting the other developments.

- A Cost Projection feature produces projections automatically as the data is entered into the tool. Cost projections reflect anticipated replacement and refurbishment component costs over a set term - up to 20 years. Cost projections can be queried for either the entire PHA’s portfolio or for individual Developments/AMPs. Cost Projections represent estimates of anticipated capital improvements, and not actual cost figures.

- A Unit Conversion Calculator is included and intended for use when converting GPNA measurements and take-off data, including linear distance, area, energy, and/or liquid volume.

- Help features are a part of the tool to assist you in navigating your way throughout the assessment. Look for this icon 📜 to access brief explanations and instructions about various GPNA tool functions.
Getting Started with the GPNA Tool

Download the GPNA Tool from the HUD Website


Launching and Navigating the GPNA Tool

Each time you launch the GPNA tool, you are given the option to navigate to either the Dashboard or the Control Panel by clicking the coordinating button.

The following sections provide instructions on how to navigate the Dashboard and Control Panel.
Using the Dashboard

The Dashboard serves as the home page for the GPNA tool.

From the Dashboard, you can:

- Review PHA and Development/AMP information
- Review projected PHA and Development/AMP needs data by Type, Category, Component, and Year
- Access the Control Panel to enter or edit GPNA data.

PHA Information

PHA needs data for a specific GPNA can be reviewed by type, component, category, and year from within this section of the Dashboard.

To review PHA needs data, select a GPNA from the PNA drop-down.

Then click on any of the following six available tabs to review data:

- **Needs by Type** - Provides a cost breakdown of needs requirements by type, including Replacement, Accessibility, Sustainability, Refurbishment, and Marketability needs.
- **Needs by Category** - Provides a cost breakdown of needs requirements by category, including Site, Common Area, Unit, Building Exterior, and Building System needs.
- **Needs by Component** - Provides a cost breakdown of needs requirements by component, including Window, Roof, Exterior Wall, Kitchen, and Bath needs.
- **Needs by Year** - Provides a cost breakdown of all needs requirements by year for the first five years, and then in 5-year terms through year 20.
- **Category Graph** – Provides a visual breakdown of needs costs by category, including Site, Building Exterior, Building System, Common Area, and Unit.
- **Needs Type Graph** – Provides a visual breakdown of needs costs by type, including Replacement, Refurbishment, Sustainability, Marketability, and Accessibility.
Development/AMP Needs Information

You can also review a Development/AMP’s needs from the Development/AMP Information section of the lower Dashboard. As you update Development/AMP data in the Control Panel for a specific Development/AMP, the Development/AMP needs data on the Dashboard will automatically be updated.

To review Development/AMP needs data for a specific Development/AMP select the Development/AMP from the Development/AMP drop-down:

Then click on any of the following six tabs to review Development/AMP data:

- **Dev Needs by Type** – Provides a cost breakdown of Development/AMP needs requirements by Type, including Replacement, Accessibility, Sustainability, Refurbishment, and Marketability needs.
- **Dev Needs by Category** – Provides a cost breakdown of Development/AMP needs requirements by Category, including Site, Common Area, Unit, Building Exterior, and Building System needs.
- **Dev Needs by Component** – Provides a cost breakdown of Development/AMP needs requirements by Components, including Window, Rood, Exterior Wall, Kitchen, and Bath needs.
- **Dev Needs by Year** – Provides a cost breakdown of Development/AMP needs requirements by Year for the immediate and first five years, and then in 5-year terms through year 20.
- **Dev Category Graph** – Provides a visual breakdown of Development/AMP needs costs by Category, including Site, Building Exterior, Building System, Common Area, and Unit.
- **Dev Needs Type Graph** – Provides a visual breakdown of Development/AMP needs costs by Type, including: Replacement, Refurbishment, Sustainability, Marketability, and Accessibility needs.
Using the Control Panel

The Control Panel allows you to create, review and edit Housing Authority (HA) and Green Physical Needs Assessment (GPNA) data in order to:

- Add, assign, edit, and inspect Sites, Building Sets, Unit Sets, and Common Area Sets
- Add and edit data related to the inspection of Development/AMPs, Buildings, Units, and Common Areas
- Access the Cost Library
- Produce cost projections
- Perform annual updates
- Access reports that provide detailed information on both the Development/AMP and GPNA

**Note:** Exercise caution when making changes to selected Development/AMPs, Sites, Building Sets, Units, and or Common Area sets. Verify all previous selections to avoid confusing edits and updates between Category Needs inspections.
Setting-up Multiple Users

There are two versions of the HUD GPNA Tool available; the Full version and the Client-Database version.

The Full version is available as an Install Pack containing everything needed to setup the HUD GPNA Tool and being conducting the GPNA. The Full version Install Pack must be saved locally and PNA data can only be accessed by a single user.

However, a PHA may choose to simplify the GPNA process by delegating various tasks to multiple users. Accordingly, the HUD GPNA Tool has been designed to allow for a Multiple User configuration using the Client-Database version. The Client-Database version consists of two parts – a Client Install Pack and a Database.

The Client Install Pack is similar to the Full version and should also be installed locally on a computer. However, the Client Install Pack may be installed on several computers to allow multiple, networked, single-users to simultaneously access the PNA. The Client Install Pack was designed to work with the Database.

The Database is the second part of the Client-Database version and functions as a repository for PNA data. However unlike the Client Install Pack, The Database must be saved to a networked or other shared drive to allow multiple users to work on the same PNA.

The HUD GPNA Tool must be installed on a networked or other shared drive to be compatible with multiple users. The following provides instruction on configuring the GPNA Tool for multiple user compatibility.

First, install the HUD GPNA Tool Client-Database version on your computer*

*Help locating the HUD GPNA Tool Client-Database version download can be found on the HUD.gov website.

Once you have successfully installed the HUD GPNA Tool Client-Database version to your computer,

Navigate to the GPNA Tool Client-Database version’s designated local save location from your computer’s desktop.

You will need to make a copy of the Database file to place on your network or other shared drive.
To copy the HUD GPNA Tool Database file to a networked or other shared drive,

1) Select on the file location and right click to access an additional options menu.
2) Select Copy from the options menu –
3) Navigate to the desired networked or other shared drive and create a New Folder*.
4) Open the New Folder* and right click inside the folder window to again access the additional options menu.
5) Select paste from the options menu

A copy of the GPNA Tool Database file should now appear in the recently-created New Folder*

**Note:** The Continue to Dashboard and Continue to Control Panel buttons are initially disabled until the Client Install Pack is linked to the shared Database.
To access the shared Database from your local computer:

1) Open the locally installed Client Install Pack – the above splash page appears.
2) Select on the Link DB button to configure access to the Database.
3) A Browse Files window appears – navigate to the available networked or other shared drive and select on the previously downloaded Database.
4) You will be automatically redirected to the same HUD GPNA tool splash page. However, the Continue to Dashboard and Continue to Control Panel buttons should now be enabled.
PHASE 1: Pre-Assessment – Preparing for the GPNA

Quick Steps

Phase 1 of the GPNA focuses on preparation and pre-assessment. The following overview presents the steps involved in preparing for a GPNA:

1) Identify qualified staff to perform the GPNA
2) Download PHA specific PIC data information from the HUD website
3) Verify Inventory Management System—Public and Indian Housing Information Center (IMS-PIC) data, correct if necessary
4) Organize PHA data and identify architectural take-offs, measurements, and counts
   Input any preliminary data into the GPNA tool prior to the Walk Through
5) Determine sampling size and select units for the representative sample
6) Notify residents of their units' inclusion in the GPNA process

Please keep in mind that help is only a click away! Look for this icon to access brief explanations and instructions about various GPNA tool functions.

Identify Qualified Staff to Perform the GPNA

Selecting the appropriate staff ensures the success of your GPNA. You can choose to have either qualified PHA staff or a third party assessor to perform the GPNA.

If you choose to utilize a third party assessor, remember to start the procurement and selection process several months prior to your assessment completion target date. For your convenience, a sample RFP for 3rd Party Assessors is located in Appendix B.

If you choose to use PHA staff to conduct the GPNA, you may consider delegating specific tasks to various staff members based on their individual knowledge and skill level. This includes assigning a data entry staff to enter GPNA data values into the tool during the PNA process.
Examples of staff qualifications are listed below:

Persons employed by the PHA, with five or more years of direct practical experience in facility assessment and cost estimating experience are considered qualified persons.

Third-party assessors are also considered qualified persons, and include:
- Registered architects and engineers
- Certified home energy raters
- Code inspectors
- Construction managers
- Certified building cost estimators

All qualified persons should have knowledge and experience in the following areas:
- Building systems, health and safety conditions, and physical and structural conditions
- Providing cost estimates for maintaining, rehabilitating, or improving deficiencies for all components
- Estimating the remaining useful life of components based upon a physical inspection
- Building standards and codes, (i.e., federal, state, and local requirements)
- Environmental hazards
- Accessibility requirements
- Green principles - through training, certification, or experience such as through direct involvement in the implementation of an Energy Performance Contract EPC
- Computer and data entry skills to input assessment data into the GPNA tool

**Utilizing Staff Knowledge**

A PHA staff’s historical knowledge on property conditions contributes significantly to the thoroughness of a GPNA. PHAs should consider an interview process to capture data from knowledgeable staff prior to the walk-through survey.

A thorough interview should inquire about:
- The Development/AMP’s historical repairs and replacements and their costs
- The level of preventive maintenance exercised
- Any pending repairs and improvements
- The frequency of repairs and replacements
- The ongoing systemic issues related to the Development/AMP’s physical condition
Supplemental Material

Planning your Work

ELEMENTS OF PLANNING

• There are basic steps or elements to be followed in order to make your planning effective. The seven steps/elements of effective planning are:
  1. Analyze current situation
  2. Develop assumptions about potential problems
  3. Set objectives
  4. Develop alternatives
  5. Decide on a solution
  6. Develop and carry out a plan to implement your solution
  7. Set up procedures to monitor and control your plan.

Analyze Current Situation

• Where are we now? Before you can make any decisions about where you want to go and how you want to get there, you must first figure out where you are. For example:
  - The director of maintenance decides to increase the number of preventive maintenance inspections to two per unit, per year
  - Your first step would be to find out if the preventive maintenance staff is meeting the goal of one inspection per unit, per year. This information gives you a starting point for building your plan.
Develop Assumptions

- What is the worst situation that could happen? Does maintenance have any control over the situation?

- Once you know where performance currently stands, then start thinking about the future. For every type of planning you do, whether short-range, mid-range or long-range, you need to think of problems or special objects that might come up which can affect your plan. For example:
  - With the new preventive maintenance policy, two inspections per unit, per year, the maintenance director has authorized that two new employees be hired
  - For the last six months, your department has had an increasing number of calls about various electrical problems in two 75-unit apartment buildings. You think major electrical work may be needed in those buildings within the next six months. To handle the problems, you have been taking two men off of the preventive maintenance (PM) staff and putting them on electrical jobs. However, if unit inspections increase, you cannot afford to lose any staff from the PM staff and expect to meet the new inspection requirements.

- These types of problems would definitely need to be considered when developing your plans.
Set Objectives

• What do we want to achieve? How long will it take to reach the objective?

• Realistic objectives are critical to effective planning. Your first step was to analyze your current situation, then you identified possible problems that could impact the success of your plan. Now it is time to decide where you want to go.

• When developing objectives, ask yourself the following questions:
  1. What do we want to accomplish?
  2. What is not happening now that we want to happen after we implement our plan?
     • For example, maintenance is only getting done through emergency work orders and maintenance during vacancy turnaround. We need to do maintenance all of the time to eliminate severe maintenance problems from developing.
  3. What will have to happen in order to achieve this objective?
     • For example, we will have to provide the maintenance staff, time, and equipment to conduct preventive maintenance.
  4. Under what conditions are we going to accomplish it? What, if anything, will change?
     • For example, we could have a three-person PM team to accompany managers during their annual inspections or we could schedule a visit with the residents once a year. One thing is that we will have to pull the staff from other activities if we want to do preventive maintenance.
5. How well must the activity be done? Set standards for what you want to accomplish.
   - *For example,* the standard should be one visit per year per unit. This should eliminate at least 50 percent of our emergency work orders and increase our unit turnaround to meet the PHA requirement of three days to turn a unit around.

6. How long will it take to complete the activity? This is an estimate that will help you monitor and control progress.
   - *For example,* we have to establish a permanent program and won't know the full benefits until after the first year. We can monitor work orders and turnaround times quarterly for improvements.

   • When writing and finalizing your objectives, be SMART. Make them:
     - **Simple:**
       • Write your objectives so they are easy to read.
     - **Measurable:**
       • Make sure the condition(s) you want to see changed can be observed for improvement.
     - **Assignable:**
       • To someone or to a group.
     - **Realistic and achievable:**
       • This is very important. If your objectives are not centered in reality, it can be frustrating for your staff to work hard toward an objective that can realistically not be met. You could see motivation problems.
     - **Time-related:**
       • Include in your objectives how long it should take to reach them.
There are several reasons that can cause a plan to fail, and several of them are preventable.

- Poor objectives can cause poorly developed plans which have little chance of success.
- If inaccurate information is used when planning, the plan will have a greater chance of failing.
- If you do not revisit your objectives and measure the results of the plan you will not know if it was successful, or how successful it was.
- Uncontrollable circumstances can cause even the best laid plans to fail.

**Develop Alternatives**

- Developing solutions/alternatives is simply thinking of ideas on how to reach your objectives.
- The purpose of developing alternatives is to:
  - create solutions to your problem
  - “think up” new and/or creative ideas
  - explore all possibilities
Methods of Developing Alternatives

- One way to develop alternatives is just to think of as many ideas as you can, by yourself. This is OK and can be effective when you have limited time to plan. The drawback is that the alternatives come only from one person’s point of view.

- Another method is to “brainstorm.” This is one of the most effective methods because it is done in groups. All group members share their ideas; sometimes ideas begin to feed off of one another; and by the end, creative solutions are invented.
  - The biggest advantage of “brainstorming” is that many solutions are generated.
  - The biggest disadvantage is “group think.” This happens when the group members do not want to go against each other. This makes it difficult for the group to decide on the best solution(s).
  - “Brainstorming” is most effective when there is a leader, sometimes called a “facilitator,” who keeps the group focused on the problem and helps to solve group problems during the brainstorming process.

- The last method of developing alternatives is called the “checkerboard.” Simply, this lists all the alternatives individually, then they are cross-checked with each other in order to consider all the alternatives individually, as well as every possible combination.
Decide on Alternatives

- Pick the best way to accomplish your objective(s). Choosing the best solution(s) is often difficult because you really don’t know whether the solution you pick will work. Instead of randomly picking a solution, analyze each alternative, weighing the pros and cons. Ask yourself the following questions about each alternative:
  - Can this solution be implemented under current policy and procedures?
    - If the answer is no, that does not necessarily mean to abandon the idea. If you really think it is a worthy alternative, pursue it with the proper administrator(s).
  - Does the housing authority have the resources to implement this solution?
    - If not, does the authority have the funding to obtain the resources?
    - If yes, are they willing to spend the funding on such resources?
  - How will this solution affect other housing authority departments? For example:
    - If you decide to increase community support by having trash picked up three times a week instead of two, that means an possible increase in costs and less money for regular operating expenses.
- The overall purpose of deciding on an alternative is to:
  - select a solution
  - commit to a course of action
  - finalize the decision
Develop and Carry Out the Plan

Developing the Plan

• This involves breaking your solution(s) down into individual tasks that need to be accomplished. For example:
  - A solution to the litter problem may be to use more community involvement by having local groups do regular area cleanups in the PHA
  - You could also have the city pickup trash more often during the week or to provide the PHA with large dumpsters.

• There are many tasks involved in implementing and maintaining these solutions.

• Some of these tasks may include:
  - Setting up and enforcing the “time” by which litter must be picked up by volunteer groups
  - Keeping the groups coming back
  - Getting residents to help the groups
  - Having a backup plan if the litter is not picked up.

• In the case of increasing city services, you have to coordinate, sign agreements, and notify the residents of the new services.

Prioritizing the Tasks

• Prioritizing is very important. You must determine what tasks must be done first, second, third, and so on. Look at your task list and start ranking them—number one being the highest priority, number two the second, and so on.

• There are two ways to prioritize; by importance and sequence.
• **Prioritizing by importance** is simply making a decision of what is critical and what can wait.

  - Emergency maintenance is a perfect example. If Mrs. Jones calls in an emergency work order because her furnace is not working and it is 20 degrees outside, that situation is more important than replacing the cabinet knobs in Mrs. Smith's kitchen.

  - Prioritizing tasks for planning is done the same way. *For example:*
    • Your PHA is in Florida. The fall rainy season is two months away, and two of your apartment units need new roofs; otherwise, they will leak under heavy storms
    • Also, you have modernization efforts getting ready to start, which entail replacing every unit's front door. The door replacement work is scheduled to start in a month and finish three months after that
    • What is more important for your staff to do first?

• **Prioritizing by sequence** is the second way to assign priority to tasks. Sequence comes into play when tasks are dependent on one another, either before or after. *For example:*

  - The PHA needs to replace some power lines, which will knock out power for three to four days. The staff must *first* set up an alternate power source for those residents affected

  - If you do not prioritize by importance and/or by sequence, your efforts will be disorganized, you and your staff will be frustrated, and your plan will probably not be successful.
Carrying out the Plan

- Once you have the details established and prioritized, it is time to implement your plan. You must decide when and how you will do it; then communicate those decisions to those involved.
  - For example, if you start your resident litter pickup this coming Monday, but do not let your staff know, the residents and the staff may show up to perform the same job.

Establish Procedures to Monitor and Control the Plan

- Too often people start something and don’t follow through. The same is true with implementing a plan. You cannot implement a plan, then ignore it. Your plan will fail. As part of the planning process, you need to set up observations so you can supervise and evaluate if your plan is working.
  - For example, if after two weeks, your staff members have to again spend 30 percent of their day picking up litter, something is not working properly in your plan, and you need to find out what that problem is and fix it.

Long-range Planning

- Long-range planning is concerned with the PHA’s future plans, for your purposes, one to five years. Specifically, long-range planning tries to analyze, predict, and solve problems that may happen in the distant future. When planning for the future, think of the maintenance department as a stand-alone business. The communities and residents are your customers. Your goal is to improve and/or keep up these properties and provide safe, affordable housing for your residents.
Principles of Long-range Planning

• All planning is the continuous process of preparing for the future. The primary principle for long-range planning is the development of a vision.

• What is a vision?
  - A vision is a mental image of a possible and desirable state for your organization or department. This state or condition should be better than what now exists.
  - A vision is like the “president” of objectives. It serves the same purpose as an objective, to provide direction, but on a larger, broader scale.
  - A vision is like a wish that is achievable.

• To help develop a vision to use in your planning, ask yourself:
  - What business are we in?
    • Are we in the maintenance business, or the customer service business, or both?
  - What business would we like to be in?
    • Are there any other services we, as the maintenance department, can offer to our customers?
  - What business should we be in?
    • Should we be involved with any of the social services programs, since our staff is in the housing units most frequently?
    • Would that type of involvement benefit our department?
- If we do not change our business in any way, where will we be in five years?
  • Violence is a problem for our maintenance workers. If we take no action to protect them, what will happen to the problem?
- Where would we like to be in five years?
  • What do we want the maintenance department to have accomplished at the end of five years?
  • Will all the communities be renovated and modernized?

Strategic Planning Techniques

Maintaining a “Vision”

• Developing a vision is much easier than maintaining it. For a vision to be successful, it must be communicated. That is, the vision must be known and understood by all who work in your department, as well as the rest of the PHA.

• Most people think that keeping a “vision” alive has to happen from the top down. This is not true; it must be the driving force behind everyone in the department.

• Consequently you, as a maintenance supervisor, are one of the best sources for communicating the vision to your staff. Without employee commitment to the vision, objectives and goals will not be met, which will result in the long-term vision not being met.
Determining a Mission

- A “mission” is similar to a vision, but is more specific. A mission statement is usually developed after a vision and is based on data from your chosen alternative(s).

- The mission statement is stated in measurable terms and has the following components:
  - **Direction**– This states where you want to go.
    - *For example,* “In two years each housing unit will be inspected three times per year– two preventive maintenance inspections and one management inspection.”
  - **A vehicle**– This component states how you are going to accomplish the direction.
    - For example, “The PHA will hire more maintenance personnel and increase the preventive maintenance staff to two groups instead of one.”
  - **An identity**– This states what the direction will look like when you get there.
    - “The housing units will be in better condition with fewer routine maintenance calls.”

- Unlike the vision, the mission is stated in more concrete terms. In other words, it paints a clearer picture of where you are going, how you are going to get there, and what the environment will be like once you get there.

Prioritizing Efforts and Funds

- Funds are not always available for the PHA to do everything it wants. For this reason you must take a hard look at what you want to do and place priorities on each item. Again, prioritizing is one of the most important steps you do in planning, but especially when money is involved. You want to be certain that you are spending your PHA’s money wisely.
To help you “put a price” on what you want to do, ask yourself the following questions. They will help you weed out unnecessary expenses:

- Is this program a necessity or a luxury?
  - *For example*, is it necessary to pay the staff overtime to pick up litter?
- How important is it that this program be funded?
  - *For example*, is staff litter pickup the only way to use the overtime money to make sure the grounds are free from litter?
- What will happen if it does not get funded?
  - *For example*, what if the overtime money went away? How would we make sure the litter was picked up?

**Examples That Require Long-Range Planning**

**Modernization**

- Because modernization is expensive, it must be planned and funded over a period of years. You as a supervisor can play a big role in long-term modernization planning.

- The fact that you and your staff are around the communities and in the units on a daily basis gives you the opportunity to identify modernization maintenance-related problems. Tracking aging properties also requires long range planning. For example, new roofs, new stoves, or renovation of the community center and playground.
Preventive Maintenance

- Preventive maintenance can require planning one to two years in the future depending on how many preventive maintenance inspections are planned per year and the size of the PHA. Most importantly, having adequate personnel, capital equipment, and funding for a program requires that preventive maintenance be planned together with other long-range planning such as budget or hiring.

Reduction of Violence and Drug Use

- The problems of violence and vandalism are increasing. Planning to rid your PHA of these problems is becoming more important every day. Again, you and your staff are at the community, talk to the residents, and witness first-hand what is causing the problems. You are very valuable to setting up and implementing a long-range plan to get rid of them.

Mid-Range Planning

- Mid-range planning is activity planning for a time frame of 6 months to a year. The same elements used in long-range planning are used in mid-range planning. The only difference is how far into the future you are looking.

Coordination with Other Maintenance Activities

- When you start dealing with shorter time frames, there is a greater need to coordinate your long-range objectives with your mid- and short-range activities or plans.

- If you try to implement all of your plans at once, without checking to see how each will affect each other, you may end up with too much work on your hands, a lack of resources (equipment and personnel), frustrated staff, and angry residents.
• The easiest way to coordinate plans is to take all plans and compare them. Note where you have similar tasks. Then figure out if there are any opportunities to combine tasks from the different plans to allow for a more efficient use of time and effort. Also, looking at all plans together gives you the BIG picture of what is supposed to happen and when.

• Taking the time to check is not time consuming, and it will save you time and headaches in the long run. For example:
  - You develop a plan to use one team of three members (electrician, plumber, carpenter) to conduct preventive maintenance on all units once a year
  - In reviewing your unit turnaround plan you see that the number of unit turnarounds expected during the year will cause you to increase turnaround time by two additional days with the addition of a preventive maintenance team
  - Now you need to adjust your long-range plan (hire a new maintenance person) or adjust the mid-range plan to require preventive maintenance to one-half the units each year.

Coordination with Management

• Part of planning is coordinating with management. Your plan is only as good as the cooperation of management. For example:
  - You may plan to conduct unit turnarounds in five days, when the PHA has decided to have a standard of three days
  - You have to coordinate with management to ensure the standard for turnarounds can be met given your resources and other maintenance plans.
• Another example of coordination is your input to management plans such as budget, modernization, and contracts.
  - Your technical knowledge is important in their decision making.
  - You also can provide historical maintenance data from work orders that can accurately prioritize modernization requirements and plans.
  - You can also provide management with knowledge of the quality of contractor work prior to the PHA’s deciding whom to award a contract to.
  - Your technical knowledge can also help in evaluating contractor bids to ensure that quality work can be done at the price quoted.

**Examples of Mid-Range Planning**
- Budgeting
- Personnel decisions
- Procurement
- Seasonal maintenance
- Workforce allocation
- Resource allocation
- Preventive maintenance
- Annual or management inspections
- Procurement
- Staff/Personnel
- Fleet maintenance
SHORT-RANGE PLANNING

• Short-range planning involves anywhere from one day up to six months. Specifically, short-range planning is taking routine operating procedures and distributing your staff in a way that makes sure all work is done. Also, short-range planning is definitely what you as a maintenance supervisor do the most.

Efficient Resource Utilization

• Allocate inventory
• Determine equipment availability
• Determine staff assignments

Handling Emergency/Unanticipated Maintenance

• No one ever plans an emergency; however, you can always be prepared. In the maintenance department, emergency and unanticipated maintenance are very common and can really throw off your daily, and even weekly, planning.
• This is when being a good problem solver really helps. You analyze the situation quickly and coordinate it with the other priorities. Problem-solving steps are very similar to planning principles.
EXPECTED USEFUL LIFE TABLES
<table>
<thead>
<tr>
<th>SITE SYSTEMS</th>
<th>Family Development</th>
<th>Elderly Development</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basketball Courts</td>
<td>15</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Built Improvements (playgrounds/site furniture)</td>
<td>20</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Cach Basin</td>
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<tr>
<td>Cold Water Lines</td>
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<tr>
<td>Compactors</td>
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</tr>
<tr>
<td>DHW/Supply/Return</td>
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<tr>
<td>Dumpsters</td>
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<td>Dumpster Enclosure</td>
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<td>Irrigation System</td>
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<td>Lift Station</td>
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<tr>
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<td>Resurface</td>
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<tr>
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<td>Resurface</td>
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<tr>
<td>Site Electrical Main</td>
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<td>Site Gas Main</td>
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<td>Swimming Pool - Deck</td>
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<td>Resurface Deck</td>
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<tr>
<td>Mechanical Equipment (filter/pump/etc.)</td>
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<td>Tennis Courts</td>
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<td>Transformer</td>
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</tr>
<tr>
<td>Water Tower</td>
<td>50+</td>
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NOTE: 50+ "long-lived" systems: EUL based on location and use specific conditions

"Action" equals replace unless otherwise noted.
## EXPECTED USEFUL LIFE TABLE

### Family Development | Elderly Development

<table>
<thead>
<tr>
<th>Building Architecture</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appurtenant Structures</strong></td>
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<tr>
<td>Porches</td>
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<tr>
<td>Wood Decks</td>
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<td>Storage Sheds</td>
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<td>Greenhouses</td>
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<td>Carports</td>
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<tr>
<td>Garages</td>
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<td><strong>Basement Stairs</strong></td>
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<td>Building Mounted Exterior Lighting</td>
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<tr>
<td>Building Mounted HID Lighting</td>
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<tr>
<td>Canopies</td>
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<td>Ceilings, Exterior or Open</td>
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<td>Chimney</td>
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<td>Common Area Doors (fire/hall/door etc.)</td>
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<td>Common Area Floors</td>
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<td>Wood (strip or parquet)</td>
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<td>Resilient Flooring (tile or sheet)</td>
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## Expected Useful Life Table

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<td>Replace (Paint at 5-8 years)</td>
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<td><strong>Unit Buzzers/Intercom</strong></td>
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<td>Material/User Specific</td>
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### Expected Useful Life Table

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<td><strong>Boiler Room Piping</strong></td>
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<td>With Boiler</td>
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<tr>
<td><strong>Boiler Room Valves</strong></td>
<td>15</td>
<td>15</td>
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</tr>
<tr>
<td><strong>Boiler Temperature Controls</strong></td>
<td>With boiler</td>
<td>With boiler</td>
<td></td>
</tr>
<tr>
<td><strong>Boilers</strong></td>
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<td></td>
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</tr>
<tr>
<td><strong>Oil-fired Sectional</strong></td>
<td>22</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td><strong>Gas or Dual-fuel-fired Sectional</strong></td>
<td>25</td>
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</tr>
<tr>
<td><strong>Oil Gas or Dual-fuel-fired Package, Low MBH</strong></td>
<td>30</td>
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<td></td>
</tr>
</tbody>
</table>

Note: 50+ = "long-lived" systems. EUL based on location and use specific conditions.

(8/17/92)
## EXPECTED USEFUL LIFE TABLE

<table>
<thead>
<tr>
<th>MECHANICAL/ELECTRICAL</th>
<th>Family Development</th>
<th>Elderly Development</th>
<th>Action</th>
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<tr>
<td>Oil Gas or Dual-fuel-fired Package, High MBH</td>
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<td>Gas-fired Atmospheric</td>
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<td>Electric</td>
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<tr>
<td>Bottled Gas Storage</td>
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<tr>
<td>Building Heating Water Temperature Controls</td>
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<tr>
<td>Residential</td>
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<tr>
<td>Commercial</td>
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<tr>
<td>Combustion Air</td>
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</tr>
<tr>
<td>Duct with Fixed Louvers</td>
<td>50+</td>
<td>50+</td>
<td>Replace</td>
</tr>
<tr>
<td>Motorized Louver and Duct</td>
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<td>25</td>
<td>Replace Motor</td>
</tr>
<tr>
<td>Make-up Air</td>
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<td>Replace</td>
</tr>
<tr>
<td>Condensate and Feedwater</td>
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<tr>
<td>Condensate and Feedwater Only (Hydronic)</td>
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<td>Condensate and Feedwater (Steam)</td>
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<td>DHW Circulating Pumps</td>
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<td>With Boiler</td>
<td>By Size</td>
<td>By Size</td>
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<tr>
<td>DHW Generation</td>
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<tr>
<td>Tank Only, Dedicated Fuel</td>
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<td>Exchanger in Storage Tank</td>
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<td>Exchanger in Boiler</td>
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<td>External Tankless</td>
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<td>Instantaneous</td>
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<td>DHW Storage Tanks</td>
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<td>Small (up to 150 gallons)</td>
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<td>Large (over 150 gallons)</td>
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<td>Point Tank Lining</td>
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<td>Domestic Cold Water Pumps</td>
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<td>Fire Suppression</td>
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<td>50+</td>
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<td>Flue Exhaust</td>
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<td>With Boiler</td>
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<tr>
<td>Free Standing Chimney</td>
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<td>Fuel Oil Storage</td>
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<td>Fuel Transfer System</td>
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<td>Heat Exchanger</td>
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<td>Heating Water Circulating Pumps</td>
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<tr>
<td>By size</td>
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<tr>
<td>Line Dryers</td>
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<td>Motorized Valves</td>
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<td>Outdoor Temp Sensor</td>
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<td>Pneumatic Lines &amp; Controls</td>
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<tr>
<td>Purchased Steam Supply Station</td>
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<tr>
<td>Solar Hot Water</td>
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</tbody>
</table>

Replace Collector Panels

A-19

(3/17/92)
MTW Program News

HUD Announces Four New MTW Agencies

In a press release today, the Department of Housing and Urban Development (HUD) announced that it has selected four additional housing agencies to participate in the Moving to Work (MTW) demonstration program:

- Housing Authority of Columbus, Georgia
- Fairfax (Virginia) County Redevelopment and Housing Authority
- Holyoke (Massachusetts) Housing Authority
- Housing Authority of the City of Reno (Nevada)

The four agencies were chosen from among a dozen PHAs that applied earlier this year for MTW slots authorized by Congress in the 2010 and 2011 HUD appropriations acts.

HUD Secretary Shaun Donovan praised the four agencies for what they have already done to forge community partnerships and explore “new and exciting ways to more effectively utilize HUD’s rental assistance programs.” They will join 35 other MTW agencies, he said, “in the mission to empower low-income families to achieve self-sufficiency.”

You can read more about each of the agencies in today’s press release.

PH Program News

HUD to Offer Green PNA Training

According to a report posted today by the Public Housing Authorities Directors Association (PHADA), the Department of Housing and Urban Development (HUD) plans to offer three training sessions early next year on the new green physical needs assessment (GPNA) tool:

- A Webcast on January 10 from 1 to 4 p.m.
- An all-day training session at HUD headquarters in Washington, DC, on February 6
- Another Webcast on February 27 from 1 to 4 p.m.

According to PHADA’s report, the trainings are appropriate both for PHAs and for contractors who provide PNA and energy audit services. They likely will precede publication of the final PNA and energy audit rules, which are reportedly still in the clearance process.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 905

[Docket No. FR–5361–P–01]

RIN–2577–AC81

Public Housing: Physical Needs Assessment

AGENCY: Office of the Assistant Secretary for Public and Indian Housing, HUD.

ACTION: Proposed rule.

SUMMARY: This rule proposes to revise HUD’s existing regulations governing a physical needs assessment (PNA) undertaken by a public housing agency (PHA). A PNA identifies all of the work that a PHA would need to undertake to bring each of its projects up to the applicable modernization and energy conservation standards. This rule would require PHAs to project the current modernization and life-cycle replacement repair needs of its projects over a 20-year period, rather than a 5-year period, because the 20-year period coincides better with the useful life of individual properties and their building components and systems to ensure the long-term viability of the property. Additionally, this rule proposes to integrate the performance of the PNA with the performance of an energy audit.

DATES: Comments Due Date: September 19, 2011.

ADDRESSES: Interested persons are invited to submit comments regarding this proposed rule to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW., Room 10276, Washington, DC 20410–0500. Communications must refer to the above docket number and title. There are two methods for submitting public comments. All submissions must refer to the above docket number and title.

1. Submission of Comments by Mail. Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW., Room 10276, Washington, DC 20410–0500.

2. Electronic Submission of Comments. Interested persons may submit comments electronically through the Federal eRulemaking Portal at http://www.regulations.gov. HUD strongly encourages commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt by HUD, and enables HUD to make them immediately available to the public. Comments submitted electronically through the http://www.regulations.gov Web site can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that site to submit comments electronically.

Note: To receive consideration as public comments, comments must be submitted through one of the two methods specified above. Again, all submissions must refer to the docket number and title of the rule.

No Facsimile Comments. Facsimile (FAX) comments are not acceptable.

Public Inspection of Public Comments. All properly submitted comments and communications submitted to HUD will be available for public inspection and copying between 8 a.m. and 5 p.m. weekdays at the above address. Due to security measures at the HUD Headquarters building, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at 202–402–3055 (this is a toll-free number). Individuals with speech or hearing impairments may access this number via TTY by calling the Federal Relay Service, toll free, at 800–877–8339. Copies of all comments submitted are available for inspection and downloading at http://www.regulations.gov.

FOR FURTHER INFORMATION CONTACT: Kevin Gallagher, Capital Program Division, Office of Public and Indian Housing, Department of Housing and Urban Development, 451 7th Street, SW., Room 4116, Washington, DC 20410–8000; telephone number 202–402–4192 (this is not a toll-free number). Hearing- or speech-impaired individuals may access this number through TTY by calling the Federal Relay Service at 800–877–8339.

SUPPLEMENTARY INFORMATION:

I. Background

A PNA provides PHAs with critical information on the physical condition of each project in its inventory and assists PHAs with identifying and prioritizing work items that require repair and modernization. The requirement to conduct a PNA has long been part of the regulations for HUD’s Public Housing Modernization program, found in 24 CFR part 968. HUD’s proposed rule on the Public Housing Capital Fund, published on February 7, 2011, at 76 FR 6654, proposes to remove part 968 and replace it with a single modernization requirement in the regulations governing the Public Housing Capital Fund program in 24 CFR part 905.

Although the requirement to conduct a PNA has long been part of the regulations for HUD’s Public Housing Modernization program, HUD, on July 21, 2009; September 29, 2010; October 14, 2010; and December 2, 2010, hosted meetings with PHAs and their representatives to discuss how repair and modernization needs should be assessed, and the costs and benefits of obtaining that information to PHAs and to HUD. At these meetings, PHAs raised a number of issues regarding costs, the content of the PNAs, and the methodologies that would be involved. Information about these meetings is available at http://portal.hud.gov/huddoc/report-on-pna.pdf.

This rule proposes to revise the regulations governing the completion and submission of a PNA, currently found in 24 CFR part 968, based on consideration of issues raised at the above meetings, experience with public housing capital expenditures under the American Recovery and Reinvestment Act of 2009 (Pub. L. 111–5, approved February 13, 2009 (Recovery Act)), the PNA requirement imposed on PHAs receiving Recovery Act capital funds, and HUD’s further consideration of how a PNA should be undertaken, completed, and submitted by a PHA.

The existing requirements of 24 CFR part 968, subpart C (Comprehensive Grant Program), provide that PHAs with 250 or more units are required to periodically complete a PNA in conjunction with their Comprehensive Plan (see § 968.315(o)(2)). There is currently no requirement for PHAs with fewer than 250 units to conduct a PNA. Throughout this preamble where “small” PHAs are referenced, it is in the context of 24 CFR part 968, subpart B, which applies to PHAs with fewer than 250 public housing units. Section 5A of the United States Housing Act of 1937 (1937 Act) (42 U.S.C. 1437c–1(a)(1)), which establishes the PHA 5-year Plan, requires each PHA to submit to HUD, not less than once every 5 years, a plan that includes a statement of the mission of the PHA for serving the needs of low-income and very low-income families, and “a statement of the goals and objectives * * * that will enable the housing authority to serve the needs identified.” These needs are, in turn, reflected by PHAs in their Annual Statement/Performance and Evaluation Report (form HUD–50075.1) and Capital Fund Program—Five-Year Action Plan (form HUD–50075.2) that are funded under the capital fund formula, as authorized at section 9(d)(2) of the 1937 Act.
Act (42 U.S.C. 1437g(d)(2)) and established by regulation at 24 CFR 905.10. In accordance with these requirements, PHAs are expected to reflect their capital improvement and spending priorities in their Annual Statements and 5-year action plans, which should be based on PNAs that are prepared in accordance with the requirements of 24 CFR part 968.

The current PNA regulation at 24 CFR 968.315(e)(2) requires: A brief summary of the physical improvements needed to bring each development to HUD standards for modernization, energy conservation life-cycle cost effective performance standards, and lead-based paint testing and abatement standards; the replacement needs of equipment and structural elements during the period covered; a preliminary estimate of cost; any physical disparities between buildings occupied predominantly by one racial or ethnic group and the physical improvements required to correct the disparity; and the number of units the PHA is proposing for substantial rehabilitation and subsequent sale, if any (see 24 CFR 968.315(e)(2)). As to energy audits, HUD requires PHAs to complete an energy audit for each PHA-owned project under management, not less than once every 5 years (see 24 CFR 965.302).

II. This Proposed Rule

The need for PHAs to engage in strategic planning has increased considerably over the past decade as PHAs have transitioned to an asset-based accounting and management model more closely aligned to industry-standard real estate management procedures. A focus on the individual project, rather than on the macro level of the entirety of a PHA’s public housing portfolio, further highlights the need for strategic planning over a longer term period. As the public housing portfolio ages, the need to strategically plan impacts all PHAs regardless of size. The opportunities for PHAs to take advantage of a variety of financing vehicles to modernize and develop public housing have also increased over the past decade. Thus, in managing their public housing portfolios, PHAs are increasingly called upon to make long-term reinvestment and portfolio management decisions that may entail demolition, disposition, conversion, financing, redevelopment, or repositioning of real estate assets. A key tool to accomplishing such strategic planning is a PNA.

This rule proposes to supplement the Public and Assisted Housing Programs Capital Fund Program regulation, published on February 7, 2011, at 76 FR 6654, to include new PNA regulations. This proposed rule would add a new paragraph (b)(9) to proposed new section § 905.300 in the rule of February 7, 2011 (see 76 FR 6665), which would require all PHAs, including small PHAs and Moving to Work PHAs, to complete PNAs and provide them to HUD so that PHAs may properly administer their Capital Fund programs, and so that HUD may effectuate its implementation and oversight functions in regard to the Capital Fund. In addition, because the rule refers to Moving to Work PHAs, the rule would add a definition of such PHAs in new proposed § 905.108, entitled “Definitions.” (See 76 FR 6661)

Section 9(d)(1)(L) of the 1937 Act, 42 U.S.C. 1437g(d)(1)(L)), includes in the list of eligible activities related to the Capital Fund “integrated utility management and capital planning to maximize energy conservation and efficiency measures.” While energy audits are already required, HUD is proposing to provide for the most cost-effective, useful, and efficient performance of activities funded under 42 U.S.C. 1437g(d)(1)(L) by requiring PHAs to complete their PNAs in conjunction with energy audits, and adopt or consider the findings of an energy audit, identify work items that correspond to energy conservation measures (ECMs), and incorporate cost-effective data from energy audits and PNAs into their assessment.

The integration of the energy audit and PNA is considered to be most effective when both activities are coordinated. In addition, coordination between an energy auditor and PNA provider is considered to be important for energy efficiency and capital upgrade decision-making. As the consulting industry that services PHAs and the public housing program is introduced to conducting coordinated or integrated PNAs and energy audits, the costs associated with performing both of these assessments may be reduced. HUD invites comment on the potential benefits and challenges of preparing energy audits in conjunction with PNAs. HUD is also interested in comment on the effect of aging on energy audit information as related to its usefulness for cost projection and strategic planning in a PNA.

This rule proposes to require PHAs to project the current modernization and life-cycle replacement repair needs over a 20-year period, rather than a 5-year period, in accordance with the useful life of individual properties and their buildings components and systems, to ensure the long-term viability of the property. This 20-year period is more closely related to the life cycle of buildings and major physical components than the current 5-year period. This proposed life-cycle-based, project-level PNA will enhance capital planning, recapitalization, and portfolio management practices by PHAs.

In addition, PNAs covering 20 years or more of projected capital needs are standard in real estate management. PNAs are standard requirements for refinancing, purchase of existing real estate, and property management. It is recognized that PNAs, especially in the later years of the 20-year period, will provide an estimate of future costs, not a statement of actual cost. These projections will be revised and become more accurate as time passes. The value of this order-of-magnitude estimate is the identification that there will be future obligations that must be planned and budgeted for in advance. Actual cost will be established by a contract for performance of the work; a PNA represents an informed estimate of future cost.

There currently exists no guidance as to the qualifications for the PNA provider. In addition, there exists no professional industry certification standard for providers of PNAs. Providers of such services range from architects and engineers to experienced practitioners from the building and inspection trades. Some PHAs directly employ staff people that perform physical needs assessment for their property. The proposed rule would establish minimum qualifications for the PNA provider, which standards would include experiential qualifications in property inspection and evaluation, cost estimating, energy efficiency and green capital upgrade and construction practices, and working knowledge of common information technology software. The rule would continue to permit the PHA to have its staff perform PNAs, but would give PHAs better guidance as to qualifications staff should have to perform this function. Although this is intended to minimize the compliance burden on PHAs, HUD understands that PHAs must weigh the decreased cost of the in-house assessment against the possibly greater objectivity, and hence validity, of third-party assessments. PHAs that plan to use PNAs to directly support a financial or funding transaction are advised to consider contracting with a third-party provider to the extent they are financially able. HUD invites public comment regarding appropriate qualifications for PNA providers and the appropriateness of PHA staff performing PNAs used for internal strategic planning purposes, PNAs used to directly support a funding
or financial transaction, or both. HUD also seeks comment on the implications of adopting a requirement that PHAs use independent third-party providers to conduct their PNAs and the extent to which such a requirement would affect the compliance burden on PHAs and the validity of the PNA data.

This rule would require that the PNA and energy audit be completed in conjunction with each other once every 5 years to promote coordination of capital planning involving the selection of building materials and supplies, as well as capital expenditures that address life-cycle replacement repairs and energy efficiency improvements. The new PNA regulation and PNA form being developed by HUD will record energy conservation measures as identified in an energy audit. This rule proposes that, using information from the energy audit, the PHA shall identify specific work items and their associated costs in the PNA that match energy conservation measures (ECMs) identified in the energy audit.

While HUD proposes to require PHAs to update the PNA annually (and wholly revise it once every 5 years), HUD proposes to minimize any burden associated with the updates by having the PNA submitted electronically via a mechanism that will allow HUD to both aggregate and analyze the PNA data. Moreover, the annual update of the PNA, as proposed to be required by this rule, will provide HUD with the information it needs to effectively monitor PHA performance. With respect to the life cycle of the PHA, HUD addresses capital repair needs and administers the Capital Fund. PNA updates will be used to show how PHAs reduce capital repair backlog in their inventory and will enable HUD to assess the impact on the physical needs of the entire public housing portfolio.

Annual Update. The specific procedures for annual PNA updates will be determined as the new PNA tool is developed, but HUD plans for these updates to be a simple process performed by PHA staff in an automated format. The PHA, at the conclusion of the fiscal year, would review the PNA that it had prepared and would eliminate capital costs for the year that just ended by eliminating estimated costs for capital improvements actually completed. For capital improvements that were not completed during the year that just ended, the costs for those incomplete improvements would be moved to a future year. The PHA would continue in this manner for each year until the next comprehensive PNA is performed to refresh the data. This is the standard process used in the management of multifamily real estate portfolios. In this way, the PHA and HUD will have continuous visibility of the effectiveness of Capital Funds for long-term capital and financial planning.

Initial Submission and Transition. HUD plans to require that the PNAs, as proposed, be required only after the appropriate submission and evaluation systems are developed. Additionally, for the first two PNAs and first two energy audits, HUD may establish different dates for the submission of this information, recognizing that the initial effort to aggregate PNA and energy audit data may not allow for integration of the information into the 5-year reporting format as contemplated. For example, the 5-year planning cycle places many PHAs in a timeframe to submit their 5-year plans in Fiscal Year (FY) 2011. The new HUD PNA format is not anticipated to be available for use before FY 2012. HUD has provided initial guidance to PHAs to extend their existing PNAs and delay performance of a wholly new PNA until availability of the new PNA tool. It is envisioned that PHAs will report on their 5-year plan in FY 2011 on the basis of their existing PNA, as extended. The PHA will then perform the new PNA when the PNA tool becomes available in 2012. Since the new PNA will provide a 20-year schedule and would be updated annually by the PHA, adequate information from the 2012 PNA would exist for the PHA to use as the basis for its 5-year plan of 2016. The next PNA would be performed in 2020, in advance of the PHA’s 5-year plan for 2021. Thereafter, the timing of completion of new PNAs shall be aligned to support more directly the 5-year PHA plan cycle.

The current PNA regulation assesses the needs and costs to ensure long-term physical viability, while the proposed rule would require the PNA to include all projected capital costs needed to keep the projects decent, safe, in good repair, and in compliance with all public housing requirements. When preparing capital repair and life-cycle repair cost estimates for modernization purposes, PHAs will continue their current practice of complying with local building and construction codes, as well as with all applicable public housing requirements, including uniform physical conditions standards, section 504 of the Rehabilitation Act (see 29 U.S.C. 794), and Uniform Federal Accessibility Standards (UFAS) (see 24 CFR part 40) requirements.

HUD believes that the amendments to the PNA regulations as proposed to be provided in new § 905.300(b)(9) of this rule will make the PNA tool a more effective tool and therefore better address the modernization and life-cycle replacement repair needs of a PHA’s projects. The PNA existing regulation in 24 CFR 968.315(e)(2) was already proposed to be removed by the February 7, 2011, proposed rule. (See 76 FR 6661)

III. Findings and Certifications

Paperwork Reduction Act

The information collection requirements contained in this proposed rule have been submitted to the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520). In accordance with the Paperwork Reduction Act, an agency 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 burden of the information collections in this proposed rule is estimated as follows:

<table>
<thead>
<tr>
<th>Section reference</th>
<th>Number of respondents</th>
<th>Number of responses per respondent</th>
<th>Estimated average time for requirement (in hours)</th>
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</table>
In accordance with 5 CFR 1320.8(d)(1), HUD is soliciting comments from members of the public and affected agencies concerning this collection of information to:

1. Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
2. Evaluate the accuracy of the agency’s estimate of the burden of the proposed collection of information;
3. Enhance the quality, utility, and clarity of the information to be collected; and
4. Minimize the burden of the collection of information on those who are to respond; including through the use of appropriate automated collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

Interested persons are invited to submit comments regarding the information collection requirements in this rule. Under the provisions of 5 CFR part 1320, OMB is required to make a decision concerning this collection of information between 30 and 60 days after today’s publication date. Therefore, a comment on the information collection requirements is best assured of having its full effect if OMB receives the comment within 30 days of today’s publication date. This time frame does not affect the deadline for comments to the agency on the proposed rule, however. Comments must refer to the proposal by name and docket number (FR–5361–P–01) and must be sent to: HUD Desk Officer, Office of Management and Budget, New Executive Office Building, Washington, DC 20503, Fax number: 202–395–6947; and one of the two options below: Colette Pollard, HUD Reports Liaison Officer, Office of the Chief Information Officer, Department of Housing and Urban Development, 451 7th Street, SW., Room 2204, Washington, DC 20410; or Interested persons may submit comments regarding the information collection requirements electronically through the Federal eRulemaking Portal at http://www.regulations.gov. HUD strongly encourages commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt by HUD, and enables HUD to make them immediately available to the public. Comments submitted electronically through the http://www.regulations.gov Web site can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that site to submit comments electronically.

Regulatory Planning and Review

OMB reviewed this proposed rule under Executive Order 12866 (entitled “Regulatory Planning and Review”). This rule is a “significant regulatory action” as defined in 3(f) of the order (although not an economically significant regulatory action, as provided under section 3(f)(1) of the order).

The rule is not expected to have a significant economic impact. It is estimated that full compliance with the rule as proposed would cost PHAs, collectively, up to $29 million once every 5 years or an average of $5.9 million annually. The rule would not have any budgetary impact to the Federal Government, as costs to implement the PNA would be accommodated within HUD’s existing budget authority. However, the additional expenses to expand PNA activities would generate some transfers from PHAs to those entities performing PNAs. These changes, however, are necessary for the transition to asset management and to accommodate the growing flexibility of financing granted to PHAs.

This proposed rule would require all PHAs to project the current modernization life-cycle replacement repair needs over a 20-year period. This rule would coordinate the performance of the PNA with the performance of an energy audit and would expand the PNA requirements to apply to PHAs with fewer than 250 units.

The cost to perform PNAs can be approximated using existing examples and HUD’s own experience. HUD is using the PNA format of HUD’s Green Retrofit Program (GRP), a Recovery Act program, as a source for the development of the PNA to be used in public housing and the new HUD PNA will be comparable in complexity/comprehensiveness.

6 The current PNA regulation assesses the needs and costs to ensure long-term physical and social viability over a 5-year period.

7 HUD’s Office of Affordable Housing Programs, in the Office of Housing, manages the GRP, which involves direct engagement of providers to perform Physical Needs Assessment and Energy Audits for affordable housing projects. The GRP PNA is a baseline PNA including all of the components generally understood to be found in a PNA. It should be noted that the GRP includes an energy audit portion and an integrated pest management...
Affordable Housing Programs (OAHP), in the Office of Housing, has shared a summary of its costs to perform PNAs during 2009/10 using its format for a set of 66 projects nationwide. These projects averaged 96 units per project, making them very comparable to the average project size of small PHAs of 84 units.

The average cost for the PNA portion of the GRP for these projects was $6,220 per project or $65.22 per unit.

During 2010, HUD staff in the Office of Public Housing visited a number of PHAs nationwide in an effort to familiarize itself with PNA procedures, forms, and formats used by PHAs, as well as to evaluate the burden of performance. These visits yielded some cost data that can be used as illustrative of the costs to perform PNAs to generally accepted industry standards for a baseline PNA. Notably, a large housing authority provided a copy of a proposal for its completed PNA indicating a cost of $63 per unit in 2007 from a nationally recognized high quality third-party provider. Two other PHAs, each of which had previously engaged third-party PNA providers to complete PNAs, are currently preparing to solicit proposals for new PNAs. Each indicated that their respective budget for the effort was $50 per unit in the context of having contracted for similar work previously and having baseline data from those prior assessments.

The $50 per-unit cost is used in this analysis as the cost to PHAs that are currently performing PNAs.

**EXHIBIT—1**

<table>
<thead>
<tr>
<th>Universe 1</th>
<th>PNA current regulation</th>
<th>PNA proposed regulation</th>
<th>Estimate regulatory cost</th>
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<td>PHAs</td>
<td>% PHAs</td>
<td>Projects</td>
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<td>Over 250 Units .....</td>
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<td>Totals ..........</td>
<td>3,234</td>
<td>100.00</td>
<td>7,300</td>
</tr>
</tbody>
</table>

1 The number of PH units is from the PUD records.
2 This is the average for Baltimore and Boston, each of which has previously hired third-party PNA contractors.
3 HUD is using the Green Retrofit Physical Condition Assessment (GRPCA) as a source for the development of the PNA to be used in public housing and the new HUD PNA will be comparable complexity and comprehensiveness. The average cost of the PNA portion of the GRPCA for these assessments was $65.22 per unit.

Large PHAs that already are required to perform PNAs with 5-year terms will now be required to perform PNAs with 20-year terms and to potentially higher standards than the current PNA requirement. Regardless of the term of the PNA, it is assumed that an assessor would still be required to examine virtually every component of a project in order to determine its remaining useful life and whether that life falls within the term of the PNA. The difference in performance, therefore, is primarily the entry of data over a 20-year term rather than a 5-year term. The cost of greater standards of performance for large PHAs could be estimated at $15,363,616, representing the difference between the cost to perform a PNA to the GRP standard ($65.22 per unit) and the cost to perform a PNA to the PHAs standards in the absence of a new standard from HUD ($50 per unit) multiplied by the number of units (1,009,436) within larger authorities.

These estimates are probably high since it is known that some proportion of small PHAs (with fewer than 250 units) perform a PNA as a capital planning and strategic planning tool. Also, many larger PHAs (with 250 units or more) already perform PNAs to generally similar or higher standards than the baseline PNA required by the PNA rule and many PHAs perform, and will continue to perform, PNAs with in-house staff.

The rule also has significant benefits. Planning is a hallmark of a well-managed property. A Physical Needs Assessment (PNA) is a key planning tool. HUD distributes several billion dollars in capital and operating funds annually to PHAs. The quality and efficiency of property management directly impacts the effective use of these funds. While it is self-evident that efficiently managed real estate costs less to operate, it is not feasible to quantify a dollar cost savings owing to efficient management applicable to all properties, since the implementation of planning varies over a very broad spectrum. It is certainly feasible to assume that such savings would exceed the costs for performing PNAs on an aggregate basis. The following is a list (not exhaustive) of possible benefits of the rule.

1. The identification of capital expenditures far enough in advance of their required implementation to allow for consideration of the most efficient method of paying for the improvement, whether by the application of grant funds, borrowing, or other mechanisms, including repositioning of the property.
2. The identification of synergies in the timing and intensity of capital improvements, and the avoidance of duplicative or wasteful capital expenditures that might be lost in the subsequent comprehensive modernization or obsolescence of a property.
3. Informing a preventative maintenance strategy that most efficiently employs maintenance resources to maximize the useful life of property components and to potentially extend useful lives beyond their expected duration.
4. Minimizing unexpected component failures and the potential for additional costs for tenant relocation, emergency services, premium time, liability exposure, and insurance costs, etc.
5. Promoting the implementation of energy efficiency measures and the utility savings that accrue.
6. Increased occupancy and enhanced health and safety as a result of more habitable units.

Pest management is not a requirement in public housing and is not required by the new PNA.
This analysis also considers transfers. The proposed rule has the potential to generate about $29 million in additional PNA work every 5 years. These additional expenses would constitute a transfer from PHAs to those entities performing PNAs. There exists an active industry engaged in providing PNAs to PHAs.

HUD’s economic analysis can be found at http://www.regulations.gov and in the docket file, which is available for public inspection between the hours of 8 a.m. and 5 p.m., weekdays, in the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW., Room 10276, Washington, DC 20410–0500. Due to security measures at the HUD Headquarters building, an advance appointment to review the docket file must be scheduled by calling the Regulations Division at 202–708–3055 (this is a toll-free number). Hearing- or speech-impaired individuals may access this number through TTY by calling the toll-free Federal Relay Service at 800–877–8339.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538) (UMRA) establishes requirements for federal agencies to assess the effects of their regulatory actions on state, local, and tribal governments and the private sector. This proposed rule does not impose any federal mandate on any state, local, or tribal government or the private sector within the meaning of UMRA.

Environmental Impact

This proposed rule that does not direct, provide for assistance or loan and mortgage insurance for, or otherwise govern, or regulate, real property acquisition, disposition, leasing, rehabilitation, alteration, demolition, or new construction, or establish, revise or provide for standards for construction or construction materials, manufactured housing, or occupancy. Accordingly, under 24 CFR 50.19(c)(1), this proposed rule is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) (5 U.S.C. 601 et seq.) generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. This proposed rule expands the PNA requirements to apply to PHAs that have fewer than 250 units. However, all PHAs, including small PHAs, have been required to complete energy audits, which essentially review building systems for the purpose of assessing whether the project would benefit from energy conservation measures.

With respect to small PHAs that would have to complete PNAs under this rule, while there is some burden, it is not considered a significant economic impact nor is it considered significant in the context of standard operating procedures for real estate management. The burden entails assembling existing physical data for the property and organizing a brief site survey of a sample of the physical property. It is generally acknowledged that the burden is greater the first time a PNA is completed, since a completed PNA becomes a data repository that is largely reusable. There are a total of approximately 3,100 PHAs. Of these, approximately 2,300 are small entities that have previously not been required to complete a PNA. While these 2,300 PHAs represent approximately 74 percent of all PHAs, they only represent approximately 20 percent of the units in the public housing portfolio, or 200,000 of the 1,200,000 units. The total additional paperwork burden imposed by the rule for small entities is 95,220 hours per year for 2,300 parties, or 41.4 hours per small PHA. HUD assumes for the purpose of this analysis that, in most cases, staff at small PHAs would complete the paperwork, thus requiring no additional expenditure beyond salaries. Even were the small PHAs to hire third parties to complete a PNA, the costs for completing a PNA once every 5 years are expected to be minimal when compared to the amount of Capital Funds the PHA will receive during that same 5-year period, and enable the PHA to more effectively expend those funds. Hence, this rule does not have significant economic impact on small PHAs.

Notwithstanding the determination that this rule would not have a significant economic impact on a substantial number of small entities, HUD specifically invites any comments regarding any less burdensome alternatives to this rule that will meet HUD’s objectives as described in this preamble.

Executive Order 13132, Federalism

Executive Order 13132 (entitled “Federalism”) prohibits, to the extent practicable and permitted by law, an agency from promulgating a regulation that has federalism implications and either imposes substantial direct compliance costs on state and local governments and is not required by statute or preempts state law, unless the relevant requirements of section 6 of the Executive Order are met. This rule does not have federalism implications and does not impose substantial direct compliance costs on state and local governments or preempt state law within the meaning of the Executive Order.

Catalog of Federal Domestic Assistance Number

The Catalog of Federal Domestic Assistance number for 24 CFR part 905 is 14.872.

List of Subjects in 24 CFR Part 905

Grant programs—housing and community development, Public housing, Reporting and recordkeeping requirements.

Accordingly, for the reasons stated in the preamble, HUD proposes to amend 24 CFR part 905, as proposed to be revised at 76 FR 6661, February 7, 2011, as follows:

PART 905—THE PUBLIC HOUSING CAPITAL FUND PROGRAM

1. The authority citation for part 905 continues to read as follows:

Authority: 42 U.S.C. 1437g and 3335(d).

2. In § 905.108, add the definition of “Moving to Work PHA” in proper alphabetical order to read as follows:

§ 905.108 Definitions.

* * * * *

Moving to Work PHA means a PHA that participates in the Moving to Work (MTW) demonstration program, which provides PHAs the opportunity to design and test innovative, locally designed strategies that use federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. MTW is funded through annual appropriations acts.

* * * * *

3. In § 905.300, add a new paragraph (b)(9) to read as follows:

§ 905.300 Capital Fund Submission Requirements.

* * * * *

(b) * * *

(9) Physical needs assessment (PNA). Each PHA, including Moving to Work PHAs, shall complete and submit a comprehensive PNA at a time and in a form and manner prescribed by HUD that incorporates the life-cycle repair.
and replacement costs of project systems and components for a 20-year period, for each public housing project in its inventory. The PNA will provide summary level information for the PHA’s overall public housing portfolio, as well as information from the energy audit completed in conjunction with the PNA.

(i) The PNA and the associated estimates shall be completed without regard to whether funds are available at the time the PNA is completed to do the repair and replacement work projected by the PNA.

(ii) The PNA shall capture all capital costs needed to comply with public housing requirements, including section 504 of the Rehabilitation Act (see 29 U.S.C. 794), Uniform Federal Accessibility Standards (UFAS) requirements (see 24 CFR part 40), and Lead Safe Housing Rule (LSHR) requirements (see 24 CFR part 35).

(iii) The PNA shall account for the impact of any projected or actual removal of units from the inventory by the corresponding removal of cost associated with physical needs of those removed units.

(iv) The first two PNAs pursuant to this part and first two energy audits completed after [effective date of final rule to be inserted at final rule stage] shall be completed in accordance with a timeframe delineated by HUD in order to better enable PHAs, after the completion of the first PNA pursuant to this part, to better utilize the PNA in support of their 5-year planning cycle. After the completion of the first two PNAs and first two energy audits, the PHA shall completely update the PNA and energy audit no less often than once every 5 years.

(v) The PNA provider shall be experienced in the performance of residential building assessment including building systems, health and safety conditions, physical and structural conditions, cost estimating, and building modernization. The PNA provider shall have knowledge of energy efficiency and green capital upgrade and construction practices. The PNA submission shall identify the PNA provider(s). Additional qualifications shall include:

(A) Five (5) years or more of direct experience in physical facility inspection and/or assessment;

(B) Five (5) years or more of direct experience in cost estimating;

(C) Knowledge of applicable building standards and codes, including federal, state, and local requirements as demonstrated by experience, training, or certifications;

(D) Knowledge of energy conservation and energy efficiency and green capital upgrade and construction practices, as demonstrated by experience, training, or certifications;

(E) Working knowledge of commonly used computer technology and software.

(vi) The PNA shall be performed in conjunction with an energy audit and the energy audit findings shall be integrated into the PNA. PHAs that will have completed an energy audit within 2 years of the date that the PHA will complete its first PNA, pursuant to this part, shall not be required to complete a new energy audit concurrent with its first PNA if the existing energy audit contains the cost-effectiveness data required by HUD. Using information from the energy audit, the PHA shall identify specific work items and their associated costs in the PNA that match energy conservation measures (ECMs) identified in the energy audit. For each ECM reviewed as part of an energy audit, unless otherwise directed by HUD, the PHA shall incorporate the payback data from the energy audit in a form and manner prescribed by HUD.

(vii) As modernization and repairs of public housing developments are completed, the PHA shall make revisions to its PNA to indicate that repairs to individual buildings have been addressed. These PNA revisions shall be completed on an annual basis.

(viii) The PHA shall submit its PNAs and annual updates to HUD in a timely manner, format determined by HUD. HUD may evaluate the quality and accuracy of PNAs. HUD may require a PHA to revise its PNA to correct errors or inaccuracies, or elements of the PNA that do not comply with HUD requirements, all as determined by HUD. In addition, HUD may directly revise a PHA’s PNA to make such corrections. To the extent such revisions are made, the PHA shall update the corrected PNA in its annual update submission.

(ix) A PHA shall not obligate or expend Capital Funds for administration, for transfers to operations, or for management improvements unless:

(A) A PNA has been submitted in a timely manner, format determined by HUD in accordance with this subpart; and

(B) Corrections to the PNA required in accordance with paragraph (b)(9)(viii) of this section have been completed by the PHA within 3 months of having been notified of the need for correction by HUD.
Appendix 2

Energy Audit Standards

March 2013

Nan McKay & Associates, Inc.
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1-800-783-3100
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www.nanmckay.com
PIH Publishes Proposed Rule on Energy Audits

Today in the Federal Register, HUD’s Office of Public and Indian Housing (PIH) published a proposed rule on public housing energy audits. As the summary explains:

This rule proposes to revise HUD’s energy audit requirements applicable to HUD’s public housing program for the purpose of clarifying such requirements, as well as identifying energy-efficient measures that need to be addressed in the audit and procedures for improved coordination with physical needs assessments (PNAs). In addition, the rule moves the energy audit requirements to a different part of HUD’s title of the Code of Federal Regulations (24 CFR).

More specifically, the rule proposes to move the regulations governing energy audits from 24 CFR 965.302 to 24 CFR 905.300(b)(1)–(15). It also proposes to modify the regulations to:

- Define energy audit, energy conservation measures (ECMs), and “green” measures
- Establish content and submission requirements for an energy audit
- Facilitate the integration of energy audits and PNAs
- Define “core ECMs” that must be considered and require further evaluation of ECMs with the potential for cost-effective implementation
- Recognize “advanced ECMs” that PHAs could, but would not be required to, consider (such as solar and geothermal power and green construction)
- Require that ECMs identified in an energy audit be organized into three groups by length of payback period (less than 12 years, between 12 and 20 years, and more than 20 years)
- Establish minimum qualifications for an energy auditor
- Provide for extension of the requirement to complete an initial energy audit when industry capacity is a constraint

PIH will be publishing a proposed rule on PNAs separately. Comments on today’s proposed rule are due by January 17, 2012. For instructions on where and how to submit comments, see the “Addresses” section of the preamble. For the latest HUD guidance on PNAs, see Notice PIH 2010-46. And for more information about the new green PNA tool that PIH is developing, click here.

OCI Publishes 2011 TDC Limits

On Tuesday the Office of Capital Improvements (OCI) published the public housing total development cost (TDC) limits for 2011, Notice PIH 2011-38, which was issued on July 20,
2011, explains the procedures for establishing the limits as well as the procedures for posting them annually at the HUD Web site. The limits are dated 11/15/2011 and, pursuant to the notice, are effective as of that date. You will find a link to the 2011 TDCs on OCI’s home page.

**General News**

**OLR Updates Labor Standards Training Schedule**

HUD’s Office of Labor Relations (OLR) has added to its training schedule a new seminar on federal labor standards for PHAs. The seminar will be held on November 30 in Greensboro, North Carolina. To find out more about the seminar or to register, click here.

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Energy Audits

Before spending money on materials and equipment, it is important to identify the energy efficiency strategies that are most cost effective in a specific situation. An energy audit is a way to gather this information. Tools are available to perform these audits, including the resources provided below. The DOE hosts a website of useful energy audit tools as well.

Consumer Energy Audit Tools

Several websites allows consumers to perform their own energy audit. A consumer brief on home energy audits is available from the U.S. Department of Energy's Energy Efficiency and Renewable Energy Clearinghouse.

The Lawrence Berkeley Lab has also created the Home Energy Advisor, which will use detailed information to estimate a home's energy usage. You can use the Energy Advisor to examine how changes to your home (such as increasing the insulation in the attic) will change your home's energy usage and monthly energy bills.

Additionally, the Home Energy Audit website provides information for performing an energy audit. The Home Energy Audit Survey allows residential customers to give a detailed account of their household energy usage patterns. This Survey is broken into several pages devoted to various areas of energy usage, such as: air conditioning, heating, appliances, etc.

Finally, all grantees should contact their state to determine if state or local standards for acceptable energy audits have been established.

National Energy Audit Tool

An easy-to-use but advanced computer audit software, the National Energy Audit Tool (NEAT), was developed at Oak Ridge National Laboratory (ORNL) for DOE’s Weatherization Assistance Program. Designed for state and local agencies and utilities, this computer program helps determine the most cost-effective retrofit measures for single-family homes to increase the comfort of occupants and reduce monthly utility costs.

After the user inputs data on building characteristics, including the types of heating and cooling systems, NEAT produces a prioritized list of cost-effective measures customized for each dwelling. The output also includes an estimated dollar value for the projected energy savings, savings-to-investment ratios, and a list of the quantities of materials necessary to perform the recommended retrofit.

Manufactured Home Energy Audit Tool

Like NEAT, the Manufactured Home Energy Audit (MHEA) was also prepared for the Weatherization Assistance Program. The Center for Buildings and Thermal Systems of DOE’s National Renewable Energy Laboratory in Golden, Colorado, developed the software. MHEA is a tool that predicts manufactured home energy consumption and recommends Weatherization retrofit measures. MHEA evaluates each manufactured home individually and takes into account local weather conditions, retrofit measure costs, and fuel costs. The recommended package of Weatherization retrofit measures is tailored to the home being evaluated.

MHEA stands apart from other building energy analysis tools in many ways. Calculations incorporated into the computer code specifically address manufactured-home heating and cooling load trends. The retrofit measures evaluated by MHEA are all applicable to manufactured homes. Help messages describe common Weatherization practices for manufactured home and provide hints on how to install retrofit measures. These and other features make MHEA easy to use when evaluating energy consumption and the effects of Weatherization retrofit measures for manufactured homes.

The Weatherization Assistant package, which includes both NEAT and MHEA, can be ordered through the Energy Science and Technology Software Center (ESTSC). The package is available at no cost to regional, state, and local weatherization agencies. Other organizations should contact ESTSC for pricing information.

Content current as of 29 March 2010
General News

HUD Offers Green Technical Assistance

Yesterday we reported on the free green building training that the Department of Housing and Urban Development (HUD) is offering through the first component of its Affordable Green Initiative, the Green Academy. The second component of the initiative, Green Technical Assistance, is also available now. Through the second component, PHAs and other HUD grantees can apply for technical assistance in six different areas:

- Diagnostic assessments and measurement verification
- Energy performance contracting
- Green design and specifications/construction review
- Green operations and management
- Financing energy and green building improvements
- Renewable energy

If you’re interested in applying for technical assistance under the second component of HUD’s Affordable Green Initiative, you’ll need to act quickly because the window of opportunity will close next Friday, November 16. To read more about the information you will need to pull together for your application, click here. To apply for technical assistance, click here.

HUD Publishes CoC Program NOFA

Today at Grants.gov, HUD published the notice of funding availability (NOFA) for the 2012 Continuum of Care (CoC) program competition. The NOFA makes available approximately $1.6 billion in funding. Applications must be completed and submitted in e-snaps by January 18, 2013. For the general section applicable to the 2012 CoC program NOFA, click here. For training and resources related to the NOFA, click here.

HUD Showcases Homeless Vet Who Finally “Got It Right”

On its blog today, HUD celebrates Veterans Day by telling the inspiring story of Ellis Thompson, a veteran who was homeless for nearly two decades and now, thanks in part to the HUD–Veterans Affairs supportive housing (HUD-VASH) program, is in the process of buying a home. Thompson urges those who care for the homeless not to give up on veterans who keep coming back because eventually, like him, they may “get it right.” “It can be done,” he said. “I’m living proof. I’m a living witness.”

CBO Issues Report on Deficit Reduction Options

Yesterday the Congressional Budget Office (CBO) released a report entitled “Choices for Deficit Reduction.” The report seeks to answer five main questions:

- How big are projected U.S. deficits and debts?
- What factors are putting increasing pressure on the budget?
• What are the consequences of rising federal debt?
• What kinds of policy changes could lead to a more sustainable budgetary path?
• What criteria might be used to evaluate policy changes?

You'll find a summary of the report here and a blog post here.

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General News

HUD Extends Opportunity for Green Technical Assistance

As we reported last Friday, HUD is offering free green technical assistance through the second component of its new Green Affordable Initiative. Although the initial request period for the technical assistance closes today, HUD has announced that a second request period will open tomorrow, November 17, and remain open until the end of the month. To learn more about how to request free green technical assistance, click here.

There is also news today about the first component of the Green Affordable Initiative, the Green Academy. Because of Hurricane Sandy, HUD has announced that the Green Academy training planned for December 10–14 in Newark, New Jersey, has been postponed because of Hurricane Sandy. HUD has not set new dates for the training yet.

CBPP Issues Report on Reform Legislation

Yesterday the Center on Budget and Policy Priorities (CBPP) issued a report analyzing the comparative merits of two pieces of housing reform legislation under consideration by Congress, the Small Public Housing Agency Opportunity Act (S. 3538) and the Affordable Housing and Self-Sufficiency Improvement ACT (AHSSIA). CBPP summarizes its conclusions in the first paragraph of the report:

Legislation that Senators Mike Johanns (R-NE) and Jon Tester (D-MT) introduced in September (S. 3538) seeks to reduce administrative burdens and complexities for small local agencies that operate the federal low-income housing programs. These public housing agencies (PHAs) would realize administrative savings under the bill, but it likely would also produce unintended and undesirable consequences—potentially including higher federal costs, fewer low-income families receiving federal housing assistance, and higher rents for substantial numbers of vulnerable households. Other housing reform legislation before Congress—in particular, the Affordable Housing and Self-Sufficiency Improvement Act of 2012 (AHSSIA), developed on a bipartisan basis by members of the House Financial Services Committee—would streamline and improve the public housing and Section 8 voucher programs for all PHAs, not just small ones, and do so without posing the risks that S.3538 does.

You’ll find a blog post on the report here. For the full 23-page report, click here.

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General News

HUD Publishes Final Small Area FMRs for 2013

In a Federal Register notice today, the Department of Housing and Urban Development (HUD) published the final fair market rents (FMRs) for federal fiscal year (FFY) 2013 for PHAs participating in the small area FMR demonstration. The FMRs are adjusted to be effective October 1, 2012.

NHLP Posts Comments on 3/28/12 Proposed Rule

Today the National Housing Law Project (NHLP) posted comments that it submitted on the March 28, 2012, proposed rule aimed at streamlining the portability process in the housing choice voucher (HCV) program. To view other comments submitted on the rule, go to this page at Regulations.gov.

PD&R Applies Green Building Standards to Affordable Housing

HUD’s Office of Policy Development and Research (PD&R) last week posted a new report entitled “An Evaluation of Affordable Housing Using the National Green Building Standard.” PD&R provides this introduction to the report:

Using the National Green Building Standard (NGBS) as the benchmark, this report provides a retrospective evaluation of affordable housing designs that were built in compliance with various green building programs. In addition, the report identifies how green remodeling can enhance older houses (residential structures built on or before December 31, 1979). The National Association of Home Builders (NAHB) Research Center selected eight affordable house designs and four multifamily apartment units to evaluate.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 905
[Docket No. FR–5507–P–01]
RIN 2577–AC84

Public Housing Energy Audits

AGENCY: Office of the Assistant Secretary for Public and Indian Housing, HUD.

ACTION: Proposed rule.

SUMMARY: This rule proposes to revise HUD’s energy audit requirements applicable to HUD’s public housing program for the purpose of clarifying such requirements, as well as identifying energy-efficient measures that need to be addressed in the audit and procedures for improved coordination with physical needs assessments. In addition, the rule moves the energy audit requirements to a different part of HUD’s title of the Code of Federal Regulations.

DATES: Comment Due Date: January 17, 2012.

ADDRESSES: Interested persons are invited to submit comments regarding this proposed rule to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW., Room 10276, Washington, DC 20410–0500. Communications must refer to the above docket number and title. There are two methods for submitting public comments. All submissions must refer to the above docket number and title. 1. Submission of Comments by Mail. Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW., Room 10276, Washington, DC 20410–0500.

2. Electronic Submission of Comments. Interested persons may submit comments electronically through the Federal eRulemaking Portal at http://www.regulations.gov. HUD strongly encourages commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt by HUD, and enables HUD to make them immediately available to the public. Comments submitted electronically through the http://www.regulations.gov Web site can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that site to submit comments electronically.

Note: To receive consideration as public comments, comments must be submitted through one of the two methods specified above. Again, all submissions must refer to the docket number and title of the rule.

No Facsimile Comments. Facsimile (fax) comments are not acceptable.

Public Inspection of Public Comments. All properly submitted comments and communications submitted to HUD will be available for public inspection and copying between 8 a.m. and 5 p.m. weekdays at the above address. Due to security measures at the HUD Headquarters building, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at (202) 402–3055 (this is not a toll-free number). Individuals with speech or hearing impairments may access this number via TTY by calling the Federal Relay Service, toll-free, at (800) 877–8339. Copies of all comments submitted are available for inspection and downloading at http://www.regulations.gov.

FOR FURTHER INFORMATION CONTACT: Jeffrey Riddel, Director, Office of Capital Improvements, Office of Public and Indian Housing, Department of Housing and Urban Development, 451 7th Street SW., Washington, DC 20410–8000; telephone number (202) 402–7378 (this is not a toll-free number). Hearing- or speech-impaired individuals may access this number through TTY by calling the Federal Relay Service at (800) 877–8339.

SUPPLEMENTARY INFORMATION:

I. Background

Because of the increasing importance of energy conservation, HUD is taking a more proactive approach toward encouraging energy efficiency in its housing programs. In order for public housing agencies (PHAs) to improve their capital planning processes, HUD determined that there is a need for stronger energy audit data.

Under existing regulations, all PHAs must complete an energy audit for each PHA-owned project under management at least once every 5 years. The existing regulations also require that standards for energy audits be equivalent to state standards. However, state standards for energy audits are variable or nonexistent (see, for example, the map of state energy codes by the Department of Energy at http://www.energycodes.gov/states/). Accordingly, it is HUD’s view that energy audit standards present an opportunity to integrate physical needs assessments (PNAs) that will require the completion of PNAs in conjunction with energy audits. In order to integrate the audit properly with the PNA, the PNA rule proposes to require data derived from the energy audit to be included in a PNA, to facilitate the identification of cost-effective ECMs. ECMs also include water-related efficiency measures. If a PNA and energy audit are performed together, there could be cost savings to PHAs to the extent that many of the same components are reviewed for each. Through this rule and the PNA rule, HUD seeks to have PHAs move toward coordinating the performance of PNAs and energy audits with each other, to maximize the effective use of this type of information.

HUD specifically seeks comments from PHAs and other interested parties as to an appropriate time frame for performance and submission requirements.

Coordination between an energy auditor and PNA provider is considered to be important in the capital improvement decision-making process. As the consulting industry that services PHAs and the public housing program is introduced to coordinated or integrated PNAs and energy audits, the costs associated with performing both of these assessments may be reduced. Since energy conservation products are often newer technology whose prices tend to be reduced over time and because utility costs are more volatile than general costs, 2 years is considered by HUD to be the maximum time frame between the performance of an energy audit and a PNA that maintains cost and pricing alignment. In addition, coordination between an energy auditor and PNA provider is considered to be important for the evaluation of technical issues in the selection of component products and the sequencing of improvements. Coordination of the timing of these activities may reduce the possibility of additional cost to the PHA for consulting services outside of the contract cycle of professional providers.

In this rule, HUD proposes the energy conservation measures (ECMs) that a PHA must consider at a minimum when performing an energy audit. This rule also proposes certain minimum qualifications for energy auditors procured by PHAs to perform energy audits.

While this rule proposes ECMs that must be considered, as well as certain standards for energy audits and minimum qualifications for energy auditors, HUD specifically seeks public comment on whether there are other standards and qualifications that HUD should consider adopting.

HUD will be publishing separately a proposed rule on physical needs assessments (PNAs) that will require the completion of PNAs in conjunction with energy audits in order to integrate the audit properly with the PNA. The PNA rule proposes to require data derived from the energy audit to be included in a PNA, to facilitate the identification of cost-effective ECMs. ECMs also include water-related efficiency measures. If a PNA and energy audit are performed together, there could be cost savings to PHAs to the extent that many of the same components are reviewed for each. Through this rule and the PNA rule, HUD seeks to have PHAs move toward coordinating the performance of PNAs and energy audits with each other, to maximize the effective use of this type of information.

HFD specifically seeks comments from PHAs and other interested parties as to an appropriate time frame for performance and submission requirements.

Coordination between an energy auditor and PNA provider is considered to be important in the capital improvement decision-making process. As the consulting industry that services PHAs and the public housing program is introduced to coordinated or integrated PNAs and energy audits, the costs associated with performing both of these assessments may be reduced. Since energy conservation products are often newer technology whose prices tend to be reduced over time and because utility costs are more volatile than general costs, 2 years is considered by HUD to be the maximum time frame between the performance of an energy audit and a PNA that maintains cost and pricing alignment. In addition, coordination between an energy auditor and PNA provider is considered to be important for the evaluation of technical issues in the selection of component products and the sequencing of improvements. Coordination of the timing of these activities may reduce the possibility of additional cost to the PHA for consulting services outside of the contract cycle of professional providers.
HUD is interested in receiving feedback concerning the feasibility of requiring PHAs to coordinate the performance of energy audits and PNAs. HUD specifically invites comment on the potential benefits, feasibility, or challenges of preparing energy audits in conjunction with PNAs. HUD also specifically seeks public comment on how quickly energy audit information becomes obsolete for cost projection and strategic planning in a PNA.

II. This Proposed Rule

A. Overview of Changes

This proposed rule moves the regulations pertaining to energy audit requirements, which are currently codified in 24 CFR 905.300(b)(10)–905.300(b)(15), and clarifies HUD’s requirements for energy audits performed in conjunction with PNAs.

Also through this rule, HUD proposes to modify these regulations to:

1. Define an energy audit, ECMs, and “green” measures.
2. Establish content and submission requirements for an energy audit, and facilitate the integration of the energy audit with the PNA that PHAs are required to conduct every 5 years. While many states have not adopted auditing standards (see http://www.energycodes.gov/states/), the PHA would still be required to comply with standards adopted for their state, where applicable. HUD is not at this time prescribing a specific energy audit form, so long as the required data is collected, and so long as energy auditing systems and formats are available from a number of sources, including the Department of Energy, Building Performance Institute (BPI), and the Residential Energy Services Network (RESNET).
3. Define Core ECMs that must be considered and require further evaluation of those ECMs that have the potential for cost-effective implementation. Core ECMs generally represent commonplace conservation measures that have demonstrated track records of reducing energy and water consumption in a cost-effective manner and that can be routinely evaluated by an energy auditor. This rule defines Core ECMs in broad categories. Examples within the categories include: Changes to the building envelope such as insulation; energy-efficient mechanical equipment; low-flow water devices and other water conservation measures; energy-efficient lighting systems, including compact fluorescent lighting and motion controls; and Energy Star-certified appliances. As technology advances over time, HUD will provide further examples of ECMs in guidance.
4. Recognize Advanced ECMs that may be addressed. PHAs are encouraged, but not required to consider Advanced ECMs, which represent alternative measures comprising advanced or experimental technology which, compared to the Core ECMs, can be more challenging to evaluate and implement. These are not alternatives that auditors would normally consider unless directed to do so, or unless there were local precedents that caused the measures to become commonly accepted local alternatives. Examples of Advanced ECMs include renewable energy technologies, such as solar and geothermal power, and green construction.
5. Require that ECMs identified in the energy audit as cost-effective be organized into those with: Paybacks of 12 years or less, paybacks of greater than 12 and less than or equal to 20 years, and paybacks of more than 20 years. The 12-year and 20-year benchmarks correspond with the benchmarks for an Energy Performance Contract (EPC).
6. Establish minimum qualifications for an energy auditor, and
7. Provide for extension of the requirement to perform an initial or baseline energy audit in instances where industry capacity is a constraint. This rule would not require PHAs to implement particular ECMs; however, the energy audit must provide PHAs with accurate information about ECMs for the PHAs to consider. It is HUD’s position that when PHAs capture the cost-effectiveness data for ECMs, PHAs will implement the measures more frequently.

The proposed rule would require payback analysis for Core ECMs. Current guidance for a payback analysis is contained in the HUD publication “Energy Conservation for Housing—A Workbook,” dated September, 1998 (available at http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/ phhec/resources), and this proposed rule would clarify and modify that guidance. The payback analysis in the proposed rule would recognize that for a replacement component, the incremental cost of a more efficient component should be used to determine cost-effectiveness. For example, if an Energy Star appliance costs $100 more than a standard appliance with the same estimated life and the component has to be replaced, in order for the Energy Star appliance to be cost-effective, it must cost $100 less to operate than the standard component over the designated payback period.

The result of a payback analysis would be considered in the context of this rule as a threshold for further evaluation of an ECM. A more detailed cost analysis may be conducted that includes complete lifecycle cost analysis; however, the baseline audit requires only that those lifecycle costs be generally identified, not that they be subjected to detailed cost analysis.

The proposed rule would not prevent PHAs from pursuing more advanced utility conservation and green measures, at their option. In making the distinction between Core ECMs and Advanced ECMs, HUD is recognizing extensive opportunities in public housing for simple cost-effective energy conservation improvements, while acknowledging that more advanced work may be possible in certain circumstances. The engineering and implementation costs of advanced technologies often make them impractical outside of the context of a comprehensive redevelopment, remodeling, or incentivized program, such as an EPC or targeted grant program. HUD’s view is that it is preferable to concentrate limited funding on improvements that have been proven to be generally cost-effective and broadly available to PHAs. PHAs have different priorities and local requirements with respect to utility conservation and green improvements. Many improvements, while not providing monetary cost effectiveness, provide benefits in the form of an improved living environment for residents or a contribution to broader societal environmental goals. HUD recognizes those benefits, and encourages PHAs to consider a wide variety of measures, HUD’s Office of Healthy Homes and Lead Hazard Control and the Environmental Protection Agency’s Indoor Air Quality Standards, as well as Office of Public and Indian Housing (PIH) notices on green building, are useful resources for a PHA that is considering a program of green improvements.

While it is HUD’s position that the performance of the energy audit at the same time as the PNA would be more efficient for PHAs, particularly in circumstances where a single provider can perform both services, HUD also recognizes that circumstances may not allow a PHA to perform both services together. Accordingly, this rule does not require the performance of the energy audit simultaneously with the PNA. HUD recognizes circumstances where an energy audit would be performed outside the 5-year cycle, such as an energy audit performed in relation to an EPC or another development project, or
to meet another HUD requirement. As in the case of a PNA, the first energy audit under the new final rule resulting from this proposed rule is likely to be the most costly and require the most intensive effort, with subsequent updates benefitting from the information collected in prior audits. HUD also recognizes that the capacity of the energy auditing industry might be limited in some areas, and allows for a delay in the performance of the audit in cases where local shortages in these professional services exist. The rule does not propose to require an investment grade energy audit such as one that might be prepared for an energy performance contract or in order to evaluate a financial transaction. HUD is especially interested in receiving comments about appropriate energy audit requirements, as well as certification requirements and professional standards for energy auditors. HUD is interested in hearing from both the energy auditing industry and entities that have experience managing a real estate portfolio and have integrated energy audits into their planning process. HUD is also interested in receiving comments about any multiple purposes for which portfolio managers have used energy audits. HUD also invites comments about the proposed categories of ECMs that should be addressed in an energy audit, and conservation measures that are appropriate for use on a nationwide basis. HUD further invites comments from public housing and other interested parties on the needed capacity for performing integrated energy audits and PNAs.

### III. Findings and Certifications

#### Paperwork Reduction Act

The information collection requirements contained in this proposed rule have been submitted to the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520). In accordance with the Paperwork Reduction Act, an agency 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 burden of the information collections in this proposed rule is estimated as follows:

**Reporting and Recordkeeping Burden:**

<table>
<thead>
<tr>
<th>Section reference</th>
<th>Number of respondents</th>
<th>Number of responses per respondent</th>
<th>Estimated average time for requirement (in hours)</th>
<th>Estimated annual burden (in hours)</th>
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<tbody>
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<td>905.300(b)(10)</td>
<td>620</td>
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<tr>
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<td>15,500</td>
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<td>62</td>
<td>1</td>
<td>45</td>
<td>2,790</td>
</tr>
<tr>
<td><strong>Total Paperwork Burden for the New Rule</strong></td>
<td></td>
<td></td>
<td></td>
<td>61,380</td>
</tr>
<tr>
<td><strong>Total Burden from Previous Rule (24 CFR 965.302)</strong></td>
<td></td>
<td></td>
<td></td>
<td>29,440</td>
</tr>
<tr>
<td><strong>Total additional burden as a result of this rule</strong></td>
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<td></td>
<td></td>
<td>31,940</td>
</tr>
</tbody>
</table>

In accordance with 5 CFR 1320.8(d)(1), HUD is soliciting comments from members of the public and affected agencies concerning this collection of information to:

1. Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
2. Evaluate the accuracy of the agency’s estimate of the burden of the proposed collection of information;
3. Enhance the quality, utility, and clarity of the information to be collected; and
4. Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated collection techniques or other forms of information technology; e.g., permitting electronic submission of responses.

Interested persons are invited to submit comments regarding the information collection requirements in this rule. Under the provisions of 5 CFR part 1320, OMB is required to make a decision concerning this collection of information between 30 and 60 days after today’s publication date. Therefore, a comment on the information collection requirements is best assured of having its full effect if OMB receives the comment within 30 days of today’s publication. This time frame does not affect the deadline for comments to the agency on the proposed rule, however. Comments must refer to the proposal by name and docket number (FR–5361) and must be sent to: HUD Desk Officer, Office of Management and Budget, New Executive Office Building, Washington, DC 20503, Fax number: (202) 395–6947, and

Collette Pollard, Reports Liaison Officer, Department of Housing and Urban Development, 451 7th Street, SW., Room 4160, Washington, DC 20410.

Interested persons may submit comments regarding the information collection requirements electronically through the Federal eRulemaking Portal at http://www.regulations.gov. HUD strongly encourages commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt by HUD, and enables HUD to make them immediately available to the public. Comments submitted electronically through the http://www.regulations.gov Web site can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that site to submit comments electronically.

#### Regulatory Planning and Review

OMB reviewed this proposed rule under Executive Order 12866 (entitled “Regulatory Planning and Review”). This rule was determined to be a

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1. Burden of energy audit performed once every 5 years for each of 3,200 PHAs, including data collection and site inspection.
2. Burden of analysis and comprehensive report.
3. Optional burden of considering green measures as directed by PHA, estimated to be exercised by 10 percent of respondents.
4. Optional burden of expanded analysis as directed by PHA, estimated to be exercised by 10 percent of respondents.
5. OMB Control No. 2577-0062.
affordable housing projects. The GRP energy audit includes all of the components generally understood to be found in a baseline energy audit. HUD is using the GRP format as a source for the development of energy audit standards to be used in public housing, and the energy audit standards in the new rule will be comparable in complexity/comprehensiveness. OAHP has shared a summary of its costs to perform PNAs during Fiscal Year 2009/10 using its format for a set of 66 projects nationwide. These projects averaged 96 units per project. The average cost for the energy audit portion of the GRP for these projects was reported as $3,314 per project or $32.86 per unit.

In the absence of detailed cost figures for the energy audits currently being performed by PHAs, the most conservative approach to estimating the burden is to use the GRP figure of $32.86 per unit. Even without a mitigating adjustment for the current economic investment that PHAs are making to this activity, the economic burden to PHAs would be $39,864,536 ($32.86 x 1,213,163) every 5 years, or $7,972,907 annually. A mitigating adjustment of 50 percent to account for the existing burden is not an unreasonable assumption. Such an adjustment would reduce the 5-year and annual additional burden to $19,932,268 and $3,986,453, respectively.

There are also benefits to the rule. Nationwide, PHA-paid utility costs total around $1.3 billion annually, or about 25 percent of the costs to operate public housing. It is estimated that an additional $430 million in utility costs are paid by residents, but indirectly are paid by PHAs in the form of utility allowances that reduce resident rents. Assuming that this rule is effective and, for example, only 10 percent efficiency were achieved, that would translate into about $173 million in budget savings annually that could be affected to other uses. When tenant-paid utilities are included, the annual savings may be up to $1.2 billion is budgeted for utilities for housing authorities. Assuming that this rule is effective and energy audits are successfully translated into energy savings, where, for example, only 10 percent efficiency and cost were achieved, it would translate into about $120 million in budget savings annually that could be affected to other uses. When tenant-paid utilities are included, the annual savings may be up to $1.2 billion is budgeted for utilities for housing authorities. Assuming that this rule is effective and, for example, only 10 percent efficiency and cost were achieved, it would translate into about $120 million in budget savings annually that could be affected to other uses.

Environmental Impact

This proposed rule that does not direct, provide for assistance or loan and mortgage insurance for, or otherwise govern, or regulate, real property acquisition, disposition, leasing, rehabilitation, alteration, demolition, or new construction, or establish, revise or provide for standards for construction or construction materials, manufactured housing, or occupancy. Accordingly, under 24 CFR 50.19(c)(1), this proposed rule is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) (5 U.S.C. 601 et seq.) generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. All PHAs have been required to complete energy audits, which essentially review building systems for the purpose of assessing whether the project would benefit from energy conservation measures. This rule also clarifies the scope of the energy audit that would be made pursuant to the existing energy audit requirements, rather than creating a new requirement for PHAs. To the extent that the standards for the energy audit pursuant to this rule are more burdensome than the current state standards required for energy audits, there may be some incremental cost to some PHAs to perform audits to this standard. However, the burden would be miniscule fraction of each PHA’s capital grant, and so would not be a significant economic impact. For example, making the most conservative assumption—that each small PHA would be required to hire an independent auditor rather than using existing staff time—the incremental cost would be $32.86 per unit per 5 years, or $6.57 per unit per year. The capital fund grant averages $1595 per unit, per year, so that the cost as a percentage of capital grant is only 0.4 percent. In actuality, the costs may be lower, because at least some small PHAs will have the staff resources to perform the audit in-house.

Notwithstanding the determination that this rule would not have a significant impact on PHAs, HUD specifically invites any comments regarding any less burdensome alternatives to this rule that will meet...
Energy audits required by this part may, potential energy conservation measures.

(ii) The purpose of this subpart is to provide minimum standards with respect to the performance of energy audits. PHAs are not required to implement any specific energy conservation measure identified in an energy audit, except to the extent required by other statutes, rules, or regulations. An energy audit, however, must provide PHA staff with accurate information about the condition of the PHA’s properties with respect to energy conservation measures and to the payback associated with energy conservation measures. The audit may also provide information about the environmental or potential health benefits of green measures.

(iii) PHAs shall integrate utility management with capital planning, to maximize energy conservation and efficiency measures in a comprehensive approach to building design, development, and maintenance. Energy audits shall be conducted in conjunction with HUD’s required PNA. Any planned, ongoing, or completed energy, utility, and green improvements must be captured in the PNA in a form and manner prescribed by HUD.

(iv) PHAs shall not be required to complete an energy audit for any project that is less than 5 years old at the time the PHA is required to complete the energy audit. PHAs shall not be required to complete an energy audit for any project for which a removal from the public housing inventory has been approved by HUD, such as a demolition, disposition, conversion to homeownership, or other conversion action.

(v) The first two energy audits completed under this section shall be completed in accordance with a time frame delineated by HUD.

(vi) When a PHA is required to submit an energy audit pursuant to this part for the first time, a PHA has the option of submitting an existing audit completed within the last 2 years if:

(A) The audit meets the data requirements under this section; and

(B) The audit was completed by an auditor that meets the requirements of this section.

(vii) When a PHA is required to complete and submit an energy audit for the first time, a PHA may request an additional 2 years to submit the audit if it cannot find a qualified auditor. To obtain HUD’s approval, a PHA must provide documentation to its field office that demonstrates it issued a well-structured Request for Proposal (RFP) in accordance with 24 CFR 85.36, and received no bids from qualified respondents.

(11) Energy and water conservation measures (ECMs). ECMs are devices, systems, or processes that may reduce utility and energy consumption. For the purposes of this subpart, ECMs include “Core ECMs” and “Advanced ECMs.”

(12) Core ECMs are defined as broadly available energy conservation measures that have proven track records of reducing energy and water consumption in a cost-effective manner. Core ECMs include, but are not limited to, the following ECM categories:

(i) Building envelope (ECMs such as, but not limited to, wall or attic insulation, roofs, storm doors, weatherization, radiant barriers, and windows);

(ii) Heating, cooling, and other mechanical equipment systems and controls (ECMs such as, but not limited to, energy efficient furnaces, air handlers, fans, condensers, boilers, hot water heaters, programmable thermostats, equipment refurbishment and commissioning, duct sealing, duct insulation, pipe insulation, water heating controls, and ventilation);

(iii) Water conservation (ECMs such as, but not limited to, low flow toilets, faucets, showerheads, and alternate irrigation);

(iv) Power, lighting systems, and controls (ECMs such as, but not limited to, compact fluorescent lighting, LED fixtures and exit signage, photocell controls, and motion controls);

(v) Appliances (ECMs such as, but not limited to, Energy Star-rated refrigerators, clothes washers, and dishwashers).

(13) Advanced ECMs are defined as alternative measures comprising advanced or experimental technology which, compared to Core ECMs, can be more challenging to evaluate and implement. These are not alternatives that auditors would normally consider unless directed to do so, or unless there were local precedents that caused the measures to become commonly accepted local alternatives. Advanced ECMs include, but are not limited to:

(i) Fuel conversions;

(ii) Conservation technologies (e.g., green construction techniques, building energy management systems, and xeriscaping†); and

† Xeriscaping is the conservation of landscape irrigation water through creative and efficient landscape design.
(iii) Energy generating technologies and renewable energy systems (e.g., solar, geothermal, and cogeneration.

(14) Energy audit technical requirements and reporting. (i) An energy audit shall analyze utility consumption, review property and building data, and evaluate Core ECMs that could result in cost-effective energy and water conservation. At the option of the PHA, an energy audit may also evaluate Advanced ECMs and green measures.

(ii) Energy audits for public housing shall at a minimum consider the Core ECMs and provide a comprehensive assessment report that includes:

(A) A summary review of the findings of any previous energy audits;
(B) An assessment of the existing property physical components affecting energy consumption, including an evaluation of the performance and condition of components within the Core ECM categories;
(C) An assessment of building operations, maintenance, and resident education as it relates to energy conservation and green practices;
(D) Analysis of fuel, electricity, and water bills and usage for at least the PHA-held accounts for trend analysis and industry benchmarking, and for tenant-held accounts where usage information is in the possession of the PHA;
(E) Identification and evaluation of all energy conservation measures considered, which shall include at least those that have the potential for cost-effective implementation;
(F) Categorization of recommended energy conservation measures into improvements with payback periods of 12 years or less, greater than 12 and less than or equal to 20 years, and more than 20 years;
(G) Projected cost of ECMs, and where a standard (less energy-efficient) building component is available, the projected cost of the standard component and the incremental cost of the ECM;
(H) Projected annual savings in water consumption;
(I) Projected annual energy consumption savings in the appropriate unit of measurement (i.e., kilowatt-hours, British Thermal Unit (BTU)).

9 Cogeneration is the use of the byproduct of energy generation, primarily thermal energy, for other purposes that would normally require additional energy.

A BTU is defined as the amount of heat required to raise the temperature of 1 pound (0.454 kg) of liquid water by 1 °F (0.556 °C) at a constant pressure of one atmosphere.

7 Investment Grade Energy Audits are prepared specifically to support a financial transaction such as an energy performance contract.

8 Investment Grade Energy Audits are prepared specifically to support a financial transaction such as an energy performance contract.
or performed in relation to an energy performance contract) conducted on the same property, if the previous audit was completed within 2 years of the time of a required PNA or energy audit, and if the previous audit meets the data requirements of the audits prescribed by this section.

(xii) While the timing of an energy audit is coordinated with a PNA, there are several instances when HUD may require a current or updated energy audit. These include but are not limited to:

(A) When requesting HUD permission to transfer excess cash from one project to another;

(B) At the direction of HUD, when HUD energy consumption data or industry benchmarks indicate that a project’s energy consumption levels are excessive when compared to similar projects within the project’s climatic zone;

(C) When required to substantiate an exception to the Total Development Cost Limit in reference to 24 CFR 941.306; and

(D) When the PHA is substandard under any applicable performance rating system used by HUD to assess project-level performance both in terms of operations and financial condition.

(xiii) The energy auditor shall be experienced in the performance of residential building energy audits and shall hold a current, valid certification from a state energy audit certifying agency for the state where the property is located or a nationally recognized energy audit certification provider, or hold other certification acceptable to HUD or expressed in HUD guidance.

(15) Green measures. (i) Green measures are products, systems or processes that do not necessarily conserve energy, but result in other environmental benefits. These include, for example: use of low volatility or nonvolatile organic compound cabinets, flooring, paints, or sealants; physical changes required to effectively implement integrated pest management; and hazardous waste or construction debris removal processes.

(ii) An energy audit shall identify green measures if the PHA directs the energy auditor to include them in the energy audit, but they are not required to be included. Where an energy audit includes green measures, it shall identify the projected cost of the green measure, and where a standard building component is available, it shall identify the projected cost for the standard component and the incremental cost of the green measure.

Dated: October 21, 2011.

Sandra B. Henriquez,
Assistant Secretary for Public and Indian Housing

[FR Doc. 2011–29640 Filed 11–16–11; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF THE TREASURY
Office of the Secretary

31 CFR Part 1

RIN 1505–AC37

Privacy Act; Implementation

AGENCY: Office of the Secretary, Treasury.

ACTION: Proposed rule.

SUMMARY: In accordance with the requirements of the Privacy Act of 1974, as amended, the Department of the Treasury (Treasury) amends this part to partially exempt a new Internal Revenue Service (IRS) system of records entitled “Treasury/IRS 2011–Preparer Tax Identification Number Records” from certain provisions of the Privacy Act.

DATES: Comments must be received no later than December 19, 2011.

ADDRESSES: Please submit comments to David R. Williams, Director, Return Preparer Office, 1111 Constitution Ave. NW., Washington, DC 20224. Phone: (202) 927–6428 (not a toll-free number). Comments will be made available for inspection at the IRS Freedom of Information Reading Room (Room 1621), at the above address. The telephone number for the Reading Room is (202) 622–5164 (not a toll-free number). You may also submit comments through the Federal rulemaking portal at http://www.regulations.gov (follow the instructions for submitting comments).

FOR FURTHER INFORMATION CONTACT: David R. Williams, Director, Return Preparer Office, 1111 Constitution Ave. NW., Washington, DC 20224.

SUPPLEMENTARY INFORMATION: Under 5 U.S.C. 552a(k)(2), the head of an agency may promulgate rules to exempt a system of records from certain provisions of 5 U.S.C. 552a if the system is investigatory material compiled for law enforcement purposes. Treasury is hereby giving notice of a proposed rule to exempt “Treasury/IRS 37.111–Preparer Tax Identification Number Records” from certain provisions of the Privacy Act of 1974, pursuant to 5 U.S.C. 552a(k)(2). The proposed exemption pursuant to 5 U.S.C. 552a(k)(2) is from provisions (c)(3), (d)(1)–(4), (e)(1), (e)(4)(G)–(I), and (f) because the system contains investigatory material compiled for law enforcement purposes. The following are the reasons why this system of records maintained by the IRS is exempt pursuant to 5 U.S.C. 552a(k)(2) of the Privacy Act of 1974:

(1) 5 U.S.C. 552a(c)(3). These provisions of the Privacy Act provide for the release of the disclosure accounting required by 5 U.S.C. 552a(c)(1) and (2) to the individual named in the record at his/her request. The reasons for exempting this system of records from the foregoing provisions are:

(i) The release of disclosure accounting would put the subject of an investigation on notice that an investigation exists and that such person is the subject of that investigation.

(ii) Such release would provide the subject of an investigation with an accurate accounting of the date, nature, and purpose of each disclosure and the name and address of the person or agency to which disclosure was made.

(iii) The release of such information to the subject of an investigation would provide the subject with significant information concerning the nature of the investigation and could result in the alteration or destruction of documentary evidence, the improper influencing of witnesses, and other activities that could impede or compromise the investigation.

(iv) The release of disclosure accounting would alert the individual as to which agencies were investigating the subject and the scope of the investigation and could aid the individual in impeding or compromising investigations by those agencies.

(2) 5 U.S.C. 552a(d)(1)–(4), (e)(4)(G), (e)(4)(H), and (f). These provisions of the Privacy Act relate to an individual’s right to be notified of:

(i) The existence of records pertaining to such individual,

(ii) Requirements for identifying an individual who requested access to records,

(iii) The agency procedures relating to access to and amendment of records,

(iv) The content of the information contained in such records, and

(v) The civil remedies available to the individual in the event of an adverse determination by an agency concerning access to or amendment of information contained in record systems. The reasons for exempting this system of records from the foregoing provisions are that notifying an individual (at the individual’s request) of the existence of an investigative file pertaining to such

What is the purpose of this guidance?

This guidance provides Public Housing Agencies (PHAs) and HUD Field Offices with a reminder that they must complete both a baseline energy audit and a post energy audit per the American Recovery and Reinvestment Act of 2009 (“the Recovery Act”) for Capital Fund Recovery Competitive (CFRC) Grants. It also clarifies what required information must be collected.

Why is a baseline and post energy audit required?

On February 17, 2009, the President signed the Recovery Act. The Recovery Act required that $1 billion be distributed through a competitive process.

Under the Notice of Funding Availability (NOFA) PHAs who received a CFRC Category 4, Option 2: Creation of Energy Efficient, Green Communities: Moderate Rehabilitation Grant must complete both a baseline energy audit and a post energy audit. Section VI.B.2.f.(4)(b)(ii)(E) (page 116) of the NOFA states “For Category 4 CFRC Grants, HUD will conduct an evaluation of the effectiveness of the approaches proposed and will require the grantee collect and provide baseline and post project energy consumption at the building level, contract scopes and cost.”

Additionally the Annual Contribution Contract (ACC) amendment executed for CFRC grants states that PHAs must complete all NOFA requirements.

Which PHAs are affected by this guidance?

This applies to PHAs awarded a Category 4, Option 2 Competitive Grant established under the revised NOFA published on June 3, 2009.

Why are PHA’s required to perform a baseline and post energy audit?

Section VI.B.2.f.(4)(b)(ii)(E) (page 116) of the NOFA states “For Category 4 CFRC Grants, HUD will conduct an evaluation of the effectiveness of the approaches proposed and will require the grantee collect and provide baseline and post project energy consumption at the building level, contract scopes and cost.” The ACC amendment executed for CFRC grants states that PHAs must complete all NOFA requirements.

Who performs the Baseline Energy Audit?

An independent 3rd party, defined as either an Energy Savings Company (ESCO), Architectural/Engineer firm, local utility company, or other trade company. All PHAs
awarded a Category 4, Option 2 Grant must have a baseline energy audit completed by an independent 3rd party for any property being renovated with funds awarded as established in the NOFA under Section VI.B.2.f.(4)(b)(ii)(F) (page 116).

What should be included in the Baseline Energy Audit?

The audit must be an official document complete with letterhead of performing 3rd party. Audits should also include a list of potential energy conservation measures (ECM’s) that the PHA may want to implement along with their potential payback. The audit must also clearly define how energy consumption following energy conservation retrofits will be measured to confirm intended reduction goals.

How are Baseline Energy Audits Calculated?

Energy audits must be calculated by either (1) using a minimum of one year’s worth of utility bills (monthly or quarterly) with two to three years preferred, or (2) using computer modeling (i.e. DOE2 software). Energy consumption must be presented in British Thermal Units (BTU’s) for both gas and electricity usage as instructed in the NOFA under Section VI.B.2.f.(4)(b)(ii)(F) (page 116). If replacing plumbing fixtures or appliances (i.e. refrigerators), present savings in either CCF/yr or annual savings in dollars with the use of Energy Star figures.

Who performs the Post Energy Audit?

It is preferred that the post energy audit be performed by the same party that completed the baseline audit, but it is not required. However, the same qualifications apply for the post audit as they do for the baseline audit. Following the completion of work performed with CFRC grant funds, Category 4, Option 2, all PHA’s are required to have a post energy audit performed by an independent 3rd party in accordance with the guidelines established in the NOFA under Section VI.B.2.f.(4)(b)(ii)(H) (page 116).

How are Post Energy Audits Calculated?

Post energy audits must be calculated using at least one year of actual utility records. All PHA’s should wait a minimum of one year following substantial completion of the facility and the building should be at a level of occupancy equal to or greater than it was prior to improvements before conducting the post energy audit. For example if substantial completion for a project was issued on 12/31/10 the first year of actual utility recording would take place between 1/1/12 and 12/31/12.

What should be included in the Post Energy Audit?

The audit must clearly define how energy consumption following energy conservation retrofits will be measured to confirm intended reduction goals. Utility consumption may be adjusted for conditions such as weather and occupancy if substantially greater, but PHA’s are required to provide both adjusted and unadjusted levels along with the data used to make the adjustments. Strategies for weather adjustments must be consistent with
industry principles and clearly described in the post audit report. For further information and examples of how weather adjustments are made reference The International Performance Measurement & Verification Protocol (IPMVP) may be a useful reference on how weather adjustments are made.

What is the Independent Audit and is it different from the Post Energy Audit?

In addition to the post energy audit, all PHA’s are required to substantiate proper installation of specified systems (i.e. geothermal, photovoltaic, cogeneration, etc.) through the certification of an independent audit in accordance with the guidelines established in the NOFA Section VI.B.2.f.(4)(b)(ii)(G) (page 116). It is separate from both the baseline and post energy audits.

What should be included in the Independent Audit?

The independent audit should include: 1) a description of the property, 2) equipment being reviewed, 3) and findings of the audit. If corrections were required as part of the initial independent audit, the auditor must document in writing when the rework was performed/completed along with the date of the final approval.

Why are Independent Audits required and who performs them?

Independent audits must be performed by a company/representative that is certified by the manufacturer of said system or by a national certification board pertaining to the specified system. It is required to ensure proper installation of complex systems.

What if the initial Independent Audit does not pass initial inspection?

If corrections were required as part of the initial independent audit, the auditor must document when the rework was performed/completed along with the date of the final approval in writing.

What are PHA’s to do with the Independent Audit once complete?

This independent audit, along with validation that the auditor is approved by the manufacturer of the system being inspected or national certification board, should be retained by the PHA and must be available upon request.

Are there any reporting requirements?

There are no new reporting requirements. However, PHA’s, in accordance with the criteria established in the NOFA, must continue to report quarterly the following information to HUD via the Recovery Act Management and Performance System (RAMPS):

- the number of units successfully developed/rehabilitated
• the number of units utilizing renewable energy sources
• the number of units developed/rehabilitated to provide safe/healthy living environments

Also, all PHA’s must have the following available upon request:

• contract scopes and costs for all work scheduled to be completed on the site
• the cost of interventions per unit

CONTACTS: If you have any questions about the requirements of the baseline and/or post energy audit, please contact Derek Juhl, Engineer, Office of Capital Improvements, Public and Indian Housing at 202-402-2140 or at derek.t.juhl@hud.gov.

____________________________________
Sandra B. Henriquez,
Assistant Secretary for
Public and Indian Housing
Welcome to Energy and Performance Information Center (EPIC), a HUD system that collects information on energy certified new developments and energy efficient rehabilitations made with Capital Fund Formula and RHF grants. This system also tracks the submission, approval, and performance of Energy Performance Contracts (EPCs) utilizing HUD's utility cost savings incentives.

A recipient of Indian Housing Block Grant (IHBG) funds may use this site to complete and submit HUD-52737, the Indian Housing Plan / Annual Performance Report (IHP/APR), IHP Amendment, or IHP Waiver.

EPIC Registration Instructions:

If you were registered and able to log on to the Recovery Act Management and Performance System (RAMPS) prior to March 29, 2012, your login ID and password were automatically transferred to the EPIC system. If you were not registered with the RAMPS system, you will need to register as a new user in EPIC.

If you are a HUD user, you must request access to EPIC through CHAMP. If you are not a HUD user, you first need to get a Secure Systems login ID and password. If you do not have one, you can obtain one by going to the Secure Systems user registration page: https://hudapps.hud.gov/public/wass/public/pha/phaepg_page.jsp. An IHBG recipient should use its Tax ID in place of the Organization ID and Public Housing Authority code. (To receive access to EPIC you need to only register as a "user" rather than as a "coordinator" - registration as a "user" takes one or two days to process whereas registration at a "coordinator" takes potentially longer.) Once you have your Secure Systems login ID and password, to request access to EPIC, please click here to send an email to EPICHelp@hud.gov. In your email, include your Secure System Logon Id (WASS id), your associated Public Housing Authority code and your telephone number.

If you are "kicked back" to the login screen after clicking the login button, either your password needs to be reset or your account needs to be unlocked. Please contact the HITS Help Desk at 1-888-297-8689. You may also use the password reset self-service utility at: https://hudapps.hud.gov/reac/wass/resetPwd.html

If you have an EPIC account but are having other difficulties logging in, such as 403 “forbidden access” or 500 “internal server errors”, please click here to send an e-mail to EPICHelp@hud.gov. In your e-mail, include your name, telephone number, your User ID, your organization's name, and the specific type of error you are receiving. It would also be helpful (but not required) if you could send a screen shot of the problem screen (in Windows use the print screen button) and then paste the screen shot into the email.

All EPIC users are required to re-certify every 365 days. EPIC will disable users who have not logged into system in 365 days.
What is an Energy Performance Contract (EPC)?

An agreement that provides for design, acquisition, installation, testing, operation, and - where appropriate - maintenance and repair of energy conservation measures in a building or a group of buildings.

What motivates Public Housing Agencies (PHAs) to enter into EPCs?

The need or desire to:

- Make capital energy improvements while preserving limited budget dollars
- Reduce their utility expenses
- Reduce repair and maintenance costs caused by inadequate, aging, or obsolete equipment
- Modernize building operations
- Provide technical and operations training for building operating personnel
- Improve indoor air quality (IAQ)
- Create incentives for ESCOs to develop highly efficient projects by linking their compensation to project savings
- Conserve energy and water resources and improve the environment

What is an Energy Services Company (ESCO)?

An engineering firm that develops, finances, and installs projects designed to improve energy efficiency and maintenance costs for facilities. Many states have enacted laws to govern EPC use, which may require the ESCO to provide a savings guarantee. This reduces the potential risk to the building owner and manager. If the guaranteed savings do not materialize, the ESCO is contractually liable to pay for any shortfall. This "reconciliation" is done.
annually. Even in states without regulations an ESCO should always guarantee performance.

**What is an Investment Grade Energy Audit?**

A detailed energy (and water) audit with an accompanying engineering analysis of proposed energy conservation measures (ECMs), their costs, and savings. The Investment Grade Energy Audit should enable detailed rehab designs to be prepared and financed.

**How do I finance the audit?**

When building owners and the ESCO enter into a contract, the cost of the audit is financed as a part of the project. If the building owner decides not to enter into a contract after the audit is performed, the building owner pays for the audit services performed and the contract is cancelled.

**What HUD regulations govern energy performance contracts?**

24 CFR 85.36 ? Procurement Requirements
24 CFR 990 ? Revisions to the Public Housing Operating Fund Program:
   - 24 CFR 990.170 (b) ? Payable consumption level
   - 24 CFR 990.185 ? Utilities expense level: Incentives for energy conservation improvements
   - 24 CFR 990.190 ? Other formula expenses (additions)

**What do typical Energy Conservation Measures (ECM) target?**

- Appliances
- Water (toilets and other low flow fixtures)
- Lighting
- Domestic hot water and related controls
- Heating, ventilation (and cooling) systems and related controls
- Windows
- Fuel Switching
- CHP (Combined Heat & Power, or cogeneration)

**What HUD incentives are available for EPCs and ECMs?**

PHAs can take advantage of the add-on subsidy or the
frozen rolling base subsidy. PHAs can now administer their
own EPC if they meet certain qualifications as described in
the new HUD Field Office EPC Procedures. This can be
the more profitable route, however, using an ESCO will
often be easier for the PHA.

Add-On Subsidy: A PHA can request an additional subsidy
as an "add-on" to its total operating subsidy eligibility. This
additional subsidy would be applied to amortizing
payments for a loan contracted to finance energy-
conservation improvements with a repayment period not to
exceed 12 years. With HUD's approval of a waiver request
the repayment period can be extended to 20 years. The
add-on subsidy is often used to do straightforward retrofits
such as lighting, refrigerators and other bulk purchases.

Frozen Rolling Base: This incentive freezes the 3-year
rolling base utility allowance at the level of consumption
before installation of the energy improvements. This
incentive applies when payments by the PHA to an ESCO or
third party financier are dependent on the amount of
energy cost savings realized. The PHA retains 100 percent
of the cost savings during the contract period, and at least
75 percent of these yearly profits are used to pay off the
loan until it is fully amortized. This portion of the profits
would be applied to amortizing payments for a loan
contracted to finance energy-conservation improvements
with a repayment period not to exceed 12 years. With
HUD's approval of a waiver request the repayment period
can be extended to 20 years. This incentive gives the PHA
additional funds to use for energy-conservation
improvements compared with the 3-year rolling base
incentive.

Where can I find out about EPC training
opportunities?

The PHECC Web site has a list of events including
trainings.

How much risk is involved?

ESCOs should always work under a performance guarantee
that shifts the risk to the ESCO. The guaranteed energy
savings pay for the upgrades, so the PHA will have no
up-front costs. If energy savings don't materialize in the end, the ESCO pays the difference. The PHA is responsible for overseeing the implementation and financial progress of the EPC to ensure proper tracking and accounting and to make sure the ESCO fulfills its contractual obligations. **Measurement and Verification (M&V) provisions to assess the function of the ECMs are mandatory for every EPC, whether administered by an ESCO or the PHA.**

**More questions?**

To contact the Public Housing Energy Conservation Clearinghouse email [pheccinfo@drintl.com](mailto:pheccinfo@drintl.com) or call (800) 955-2232.