(d) Any recommendations by the HA or the appropriate local program coordinating committee for legislative or administrative action that would improve the FSS program and ensure the effectiveness of the program.

PART 985—SECTION 8 MANAGEMENT ASSESSMENT PROGRAM (SEMAP)

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AUTHORITY: 42 U.S.C. 1437a, 1437c, 1437f, and 3535(d).

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

Subpart A—General

§ 985.1 Purpose and applicability.

(a) *Purpose.* The Section 8 Management Assessment Program (SEMAP) is designed to assess whether the Section 8 tenant-based assistance programs operate to help eligible families afford decent rental units at the correct subsidy cost. SEMAP also establishes an objective system for HUD to measure HA performance in key Section 8 program areas to enable the Department to ensure program integrity and accountability. SEMAP provides procedures for HUD to identify HA management capabilities and deficiencies in order to target monitoring and program assistance more effectively. HAs can use the SEMAP performance analysis to assess and improve their own program operations.

(b) *Applicability.* This rule applies to HA administration of the tenant-based Section 8 rental voucher and rental certificate programs (24 CFR part 982), the project-based component (PBC) of the certificate program (24 CFR part 983) to the extent that PBC family and unit data are reported and measured under the stated HUD verification method, and enrollment levels and contributions to escrow accounts for Section 8 participants under the family self-sufficiency program (FSS) (24 CFR part 984).

§ 985.2 Definitions.

(a) The terms *Department, Fair Market Rent, HUD, Secretary,* and *Section 8,* as used in this part, are defined in 24 CFR 5.100.

(b) The definitions in 24 CFR 982.4 apply to this part. As used in this part:

Corrective action plan means a HUD-required written plan that addresses HA program management deficiencies or findings identified by HUD through remote monitoring or on-site review, and that will bring the HA to an acceptable level of performance.

HA means a Housing Agency.

MTCS means Multifamily Tenant Characteristics System. MTCS is the Department's national database on participants and rental units in the Section 8 rental certificate, rental voucher, and moderate rehabilitation programs and in the Public and Indian Housing programs.

Performance indicator means a standard set for a key area of Section 8 program management against which the HA's performance is measured to show whether the HA administers the program properly and effectively. (See § 985.3.)

SEMAP certification means the HA's annual certification to HUD, on the form prescribed by HUD, concerning its performance in key Section 8 program areas.

SEMAP deficiency means any rating of 0 points on a SEMAP performance indicator.

SEMAP profile means a summary prepared by HUD of an HA's ratings on

each SEMAP indicator, its overall SEMAP score, and its overall performance rating (high performer, standard, troubled).

§985.3 Indicators, HUD verification methods and ratings.

This section states the performance indicators that are used to assess HA Section 8 management. HUD will use the verification method identified for each indicator in reviewing the accuracy of an HA's annual SEMAP certification. HUD will prepare a SEMAP profile for each HA and will assign a rating for each indicator as shown. If the HUD verification method for the indicator relies on data in MTCS and HUD determines those data are insufficient to verify the HA's certification on the indicator due to the HA's failure to adequately report family data, HUD will assign a zero rating for the indicator. Similarly, if the HUD verification method for the indicator relies on the HA's annual audit report and HUD does not receive the audit report within the nine month reporting period, HUD may assign a zero rating for the indicator.

An HA that expends less than $300,000 in Federal awards and whose Section 8 programs are not audited by an independent auditor (IA), will not be rated under the SEMAP indicators in paragraphs (a) through (g) of this section for which the annual IA audit report is the HUD verification method. For those HAs, the SEMAP score and overall performance rating will be determined based only on the remaining indicators in paragraphs (i) through (o) of this section as applicable. Although the SEMAP performance rating will not be determined using the indicators in paragraphs (a) through (g) of this section, HAs not subject to Federal audit requirements must still complete the SEMAP certification for these indicators and performance under the indicators is subject to HUD confirmatory reviews.

(a) *Selection from the waiting list.* (1) This indicator shows whether the HA has written policies in its administrative plan for selecting applicants from the waiting list and whether the HA follows these policies when selecting applicants for admission from the waiting list. (24 CFR 982.54(d)(1) and 982.204(a))

(2) HUD verification method: The latest independent auditor (IA) annual audit report.

(3) Rating:

(i) The latest IA audit report states that:

(A) The HA has written waiting list selection policies in its administrative plan and,

(B) Based on randomly selected samples of applicants and admissions, documentation shows that at least 98 percent of the families in the samples of applicants and admissions were selected from the waiting list for admission in accordance with these policies and met the selection criteria that determined their places on the waiting list and their order of selection. 15 points.

(ii) The latest IA audit report does not support the statement in paragraph (a)(3)(i) of this section. 0 points.

(b) *Reasonable rent.* (1) This indicator shows whether the HA has and implements a reasonable written method to determine and document for each unit leased that the rent to owner is reasonable based on current rents for comparable unassisted units: at the time of initial leasing; if there is any increase in the rent to owner; and at the HAP contract anniversary if there is a 5 percent decrease in the published fair market rent (FMR) in effect 60 days before the HAP contract anniversary. The HA's method must take into consideration the location, size, type, quality and age of the units, and the amenities, housing services, and maintenance and utilities provided by the owners in determining comparability and the reasonable rent. (24 CFR 982.4, 24 CFR 982.54(d)(15), 982.158(f)(7) and 982.503)

(2) HUD verification method: The latest IA annual audit report.

(3) Rating:

(i) The latest IA audit report states that:

(A) The HA has a reasonable written method to determine reasonable rent which considers location, size, type, quality and age of the units and the amenities, housing services, and maintenance and utilities provided by the owners; and