Navigating the Proposed Regulatory Changes

North Tampa Housing Development Corporation

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Session Instructor

Layla Hayavi
Manager of Training and Compliance
North Tampa Housing Development Corporation

Contact Information:
CGI Federal/NTHDC
4300 W. Cypress St. Ste. 970
Tampa, FL 33607
813-554-1267
Layla.hayavi@cgifederal.com
Agenda

• Occupancy Rules

• Section 8 Renewal Policies

• Special Claims

• Auto OCAF

• HUD Funding for FY 2013

• PBCA
Occupancy Rules

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Occupancy Rules

• A draft Bill in the Housing Subcommittee of the House intends to propose a bill that named “The Affordable Housing and Self Sufficiency Improvement Act of 2012.”

• This bill covers aspects of the Section 8 Project Based Occupancy rules.
Minimum Rents

• The AHSSIA includes provisions whereas the minimum rent would increase to $75.
• This figure will be adjusted annually by an inflationary factor.
• Hardship exemptions would continue to be applicable.
Standard Deductions

• The AHSSIA includes provisions to increase the medical deductions from $400 to $550.

• Dependant deduction will increase from $480 to $525 with the ability to increase annually by an inflationary factor.
Section 8 Renewal Policies

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Budget Calculations

• The budget will no longer include a 2 percent contingency reserve for projects owned by nonprofits and those projects once owned by nonprofits but which have been sold to limited dividend partnerships.

• For-profit and nonprofit owned projects with 100% Section 8 may include a vacancy loss rate of 3% in the budget.
Budget Calculations

• For nonprofit owners, a 6% return on initial equity investment will be included in the budget calculations.

• Budgets will reflect the project’s current debt service. (except 202 refi’s with a Debt Service Savings Agreement)
DUNS Requirements

• All project owners must register and obtain a Data Universal Numbering System (DUNS) number.

• This number must be affixed to all contracts, payment vouchers, and contract renewal request forms.

**Make sure that you have registered in the CCR and have obtained a DUNS # by 4/23/2012**
Rent Adjustment Timelines

• If a rent adjustment package is submitted late, the owner will not be penalized on their rent effective date.
Option Four- Renewal of Projects Exempt from or not Eligible for Debt Restructuring

• Projects may renew under option 4 if they are financed under the risk-sharing loan program, Section 542(b) and (c) of the Housing and Community Development Act of 1992.

• Projects renewed under Option 4 who are requesting a budget based rent adjustment must submit an RCS.

• Allow owner to terminate their contract early in order to participate in Capital Repairs Program.
Special Claims

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Special Claims

• During the FY 2013 Budget call, HUD mentioned a proposal to reduce the claim period from 60 to 30 days for Regular Vacancy Special Claims.
HUD Funding

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HUD Funding

• HUD has stated that funding for FY 13 will be impacted due to the reduction in HUD’s overall budget.

• Some contracts will receive less than 12 months of funding reservation.

• 5300 contracts will receive full 12 months funding reservation. 10K+ will be partially funded.
HUD Funding

• Residual Receipts will be used to offset BBRA increases.
• Option 4’s will be limited to OCAF adjustments for properties that are above the published Fair Market Rents.
Auto OCAF

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Auto OCAF Process

• Started in FL on 5/26/2011, nationwide as of 3/1/2012.

• 150 days prior to your contract anniversary date, NTHDC will send you a copy of the rent schedule and letter detailing the adjustment of your rents.

• You may elect to accept to the OCAF, or opt to adjust your rents by any other method that you are applicable for.

• Utility Analysis is still required.
Performance Based Contract Administration

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PBCA Rebid Process

• The NOFA was released on March 9, 2012 and is due by April 10, 2012.
Questions???