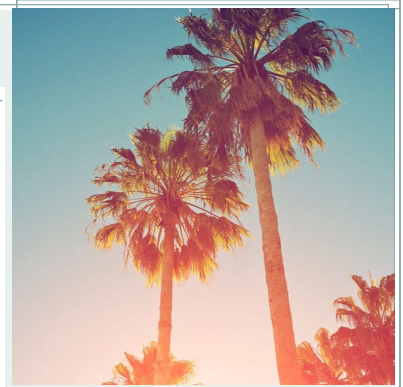




Summer 2023 Edition



The CA Quarterly Review

NORTH TAMPA HOUSING DEVELOPMENT CORPORATION



FROM THE DESK OF LAYLA HARTZ

NTHDC Director and Contract Administrator

Dear Owners, Agents, and Industry Colleagues,

Welcome Summer! Whether you're a beach person or an amusement park fan, please take some time to enjoy all that Florida has to offer.

While the saying certainly is true, that the only constant is change, there are A LOT of HUD changes on the horizon. From HOTMA to NSPIRE to 203A and VAWA. Please be on the lookout for HUD notices and training opportunities as the implementation deadlines for all the various changes approach.

The current PBCA contract has been extended through January 31, 2024 and there are two six-month extensions remaining under the current contract. NTHDC looks forward to future extensions as we continue to work on behalf of our friends and colleagues at HUD.

In this edition of the CA Quarterly review, we offer information on how to prepare for the many changes of HOTMA, the NSPIRE final rule, and 2023 HUD Income Limits, among several other topics.

Enjoy the Summer!

Layla Hartz

NTHDC Director and Contract Administrator

*“Change is the only constant in life. Ones ability to adapt to those changes will determine your success in life”
-Benjamin Franklin*

INSIDE THIS ISSUE

- Reminder to Submit Vouchers Timely2
- Benchmarking Assistance Opportunity2
- Member Spotlight3
- Hurricane Season.....4
- HUD FY2023 Income limits ..5
- HUD Implements New Green and Resilient Retrofit program for Multifamily Housing (GRRP).....6
- Preparing for HOTMA.....7
- Vouchering Tips: TRACS Version 203A Updates.....9
- Introduction of Small Area Fair Market Rent (SAFMR).10
- Data Security.....11
- 1199A Reminder.....14
- INSPIRE Final Rule.....15
- HUD Reminds Industry of Best Practices Regarding Denial of Admissions into Multifamily Housing Programs.....16

IN EVERY ISSUE

- To be added to the mailing list or send article suggestions for future editions of the CA Quarterly Review, see page 2.
- Need to know where to send your voucher, special claim, MOR response, or CSP claim? See page 3.
- NTHDC Call Center Poster, see page 17.

REMINDER TO SUBMIT VOUCHERS TIMELY

Part of the obligation in operating a Section 8 Multifamily Housing property is that you comply with the monthly HAP Voucher Submission requirements. To facilitate a smooth transmission each month, the PBCA has the below recommendations for processing your monthly HAP voucher.

- ⇒ Remember that HUD requires vouchers to be submitted by the 10th of the month. Many vouchers will require a draft reconciliation for corrections to be made, which can delay processing. **Please submit your vouchers timely each month to avoid any processing delays**
- ⇒ Audit and thoroughly review your monthly HAP voucher and certifications **prior to** transmission TRACS to ensure accuracy of billing.
- ⇒ It is the owner's responsibility to ensure that each tenant's eligibility and assistance payment are computed in accordance with HUD regulations, administrative procedures, and the HAP Contract.

- ⇒ Submit requested corrections for any draft reconciliation report **within 3 business days**.
- ⇒ **Communicate early and often** with your assigned Contract Specialist regarding any processing issues you may be experiencing.

Reach out to your Contract Specialist with any voucher related questions, they are there to assist! Your Contract Specialist goal each month is to approve assistance payments for each occupied subsidized unit, if possible. So **please be proactive** in submitting your vouchers, and the certifications/repayment agreements required to support your voucher.

To submit an idea or suggestions for future publications or to register for the mailing list, Please visit the [NTHDC website](#) or send an email to Jenifer.marrs@cgifederal.com

BENCHMARKING ASSISTANCE OPPORTUNITY

HUD recently announced, as part of the landmark Inflation Reduction Act, there will soon be free contractor support to assist with energy and water benchmarking services to HUD multifamily properties through the upcoming HUD Energy and Water Benchmarking Initiative. Property owners who opt into the program later this year will receive free, personalized support in assessing the efficiency of their buildings. Each property will have an energy consultant assigned to support the process at every stage. This includes contacting utility providers to access relevant data and receiving portfolio-wide cost and energy savings recommendations based on energy and water usage. This program is in the final stages of development, so now is a good time to begin to plan for this voluntary opportunity.

Participating in this initiative may provide owners with the following benefits:

- Identifying the greatest opportunity in regards to water and energy saving in your project. HUD provided examples of 2 properties who achieved significant cost savings by implementing energy saving measures: **Colony Plaza** saved \$20,595 per year & **Court Tower Apartments** saved \$56,415 per year.
- Establishing eligibility or preparing you to take advantage of federal, state and utility energy efficiency programs such as:
 - [Greenhouse Gas Reduction Fund](#)
 - HUD's Multifamily [Green and Resilient Retrofit Program](#)
- Supporting compliance with local ordinances as localities across the country are trending towards requiring this data from multifamily properties.
 - [Click here to see a list of state and local policies requiring benchmarking.](#)

Owners can sign up now for the opportunity to receive priority access to this opportunity: [Benchmarking Program](#).

Instruction: Enter your email and select "Benchmarking Program" check box under "Multifamily Headquarters News".

Should you have further questions about the GRRP Benchmarking Initiative, contact MFBenchmarking@HUD.gov



MEMBER SPOTLIGHT

Introducing Dorothy Swayze



Dorothy Swayze, Local Services Manager

Explain your position with NTHDC? Dorothy Swayze is a Local Services Manager supervising Management and Occupancy Reviews (MORs) in North Florida and the Panhandle. In this position, Dorothy oversees the performance of all aspects of the MORs by her team of Local Contract Specialists and issuance of MOR reports. She provides support, training, and expertise in section 8 regulations to the MOR team. Dorothy also conducts training sessions at industry meetings regularly on a wide variety of MOR topics including EIV and top MOR findings.

How long have you been with NTHDC? Dorothy started with NTHDC as one of the original Local Contract Specialists conducting MORs on 12/28/2004, and in January of 2007 moved into her current role. During her time with NTHDC, Dorothy has also contributed to the successful performance on 3 PBCA contracts in Florida, Virgin Islands, and Tennessee.

What was your background prior to joining NTHDC? Prior to joining NTHDC Dorothy worked on several government contracts that provided family housing maintenance to military housing as a dispatcher, office manager, project manager, quality control specialist and trainer in Hawaii and the Washington DC area. Dorothy got her start in the housing industry as an assistant manager and then resident manager for an apartment complex in Tacoma, Washington.

What are your hobbies? Things you enjoy doing after you leave the office? After work Dorothy likes going on long walks with her 2 great danes; and she enjoys hiking, traveling, and experiencing new adventures wherever she goes. Her favorite hobby has always been spending time with her family, and currently that involves traveling to visit her 2 kids who are now married and enjoying the military life while living in fascinating places. Recently Dorothy met up with her kids and their families in Hawaii and went cage diving with sharks, snorkeled in the open ocean with turtles, jumped waves on the North Shore, hiked Diamond Head, and walked through the lava tubes. over the lava fields, and around smoking craters on Kilauea (yes the active volcano!). Dorothy is currently planning her next adventure!

What brings you the most satisfaction in your day-to-day tasks? Connecting with owner/agent and helping them understand the section 8 requirements brings much satisfaction to Dorothy.

What is the best piece of advice that you could provide to an owner/agent? Do not prepare for your MOR after you get your schedule notice. Stay prepared at all times by providing regular section 8 training and checking in on staff and their performance regularly so that you are ready for an MOR at any time without having to scramble. HUD form HUD-9834 is your best friend if you want to know if you are ready of an MOR.

DIRECT ELECTRONIC SUBMISSIONS AS FOLLOWS:

VOUCHERS

voucher@cgifederal.com

SPECIAL CLAIMS

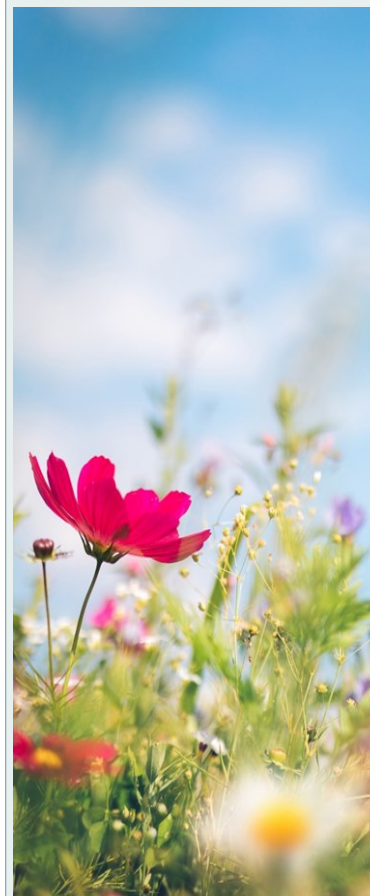
specialclaim@cgifederal.com

MOR RESPONSES

tampageneralmail-box@cgifederal.com

CSP CLAIMS

CSPClaims@cgifederal.com



HURRICANE SEASON

As Hurricane Season begins (began June 1st and runs until November 1st), it is important to be as prepared as possible in order to minimize property damage and minimize potential hazards that may result in staff or resident injury or loss of life. To help agencies understand the functions of emergency and disaster management, FEMA developed five phases of emergency management. Beginning with these phases and following HUD guidelines, can help Owners and Management prepare for Hurricane Season and ensure they are providing decent, safe, and sanitary housing.

Awareness –

In order to prepare and respond effectively to an emergency situation, it is important to understand the potential risks and know the best responses to these conditions.

Here are some helpful websites that provide resources and tips:

HUD Handbook 4350.1: Chapter 38 [Multifamily Housing Guidance for Disasters | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)

U.S. Department of Homeland Security website [Hurricanes | Ready.gov](#)

FEMA fact sheet [Hurricane Information Sheet \(ready.gov\)](#)

NOAA website [National Hurricane Preparedness | National Oceanic and Atmospheric Administration \(noaa.gov\)](#)

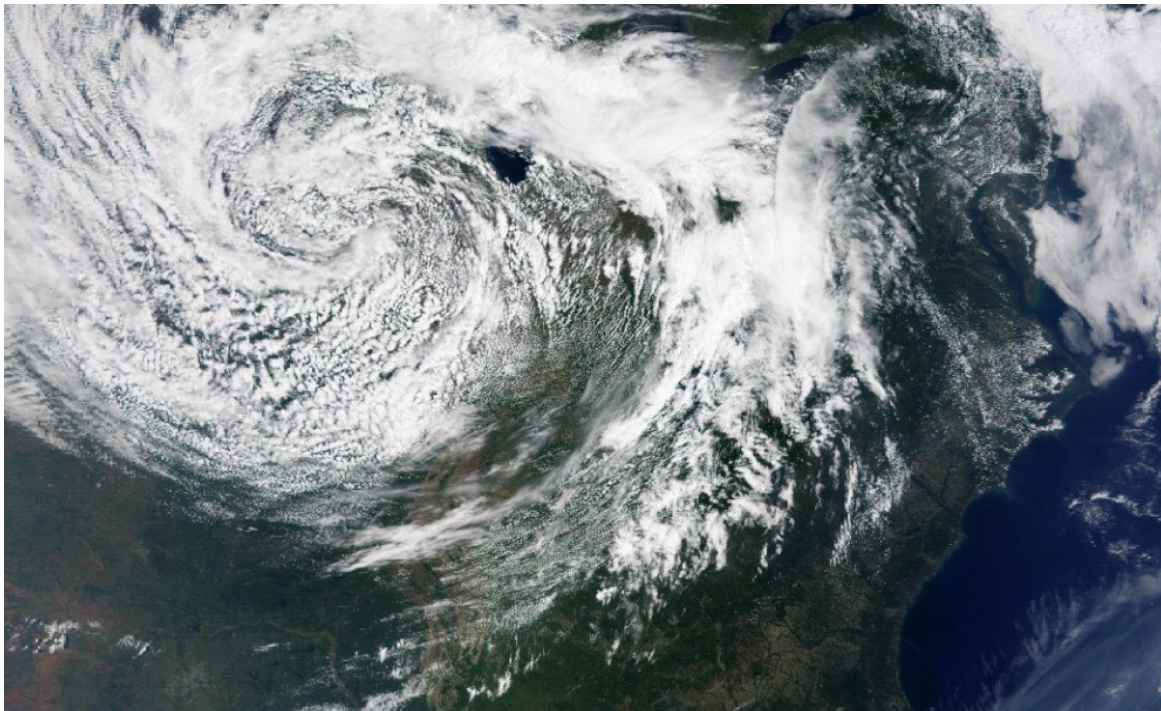
CDC website [Hurricanes and Other Tropical Storms|CDC](#)

Mitigation –

One goal of prevention is to avert loss of life and property from natural disasters. While every hurricane is different, there are measures Owners can take to mitigate property damage and ensure safety before, during, and after a hurricane. Stay informed of upcoming storms and follow all suggestions and mandates from local authorities and emergency management agencies.

Preparedness –

Being prepared consists of planning, training, and educating. First, having a written plan in place that staff is trained on and tenants are aware of, is the first step to being prepared for a hurricane. All staff and residents should understand safety precautions and evacuation procedures in the event of a hurricane watch or warning.



continued

Response –

There are certain responsibilities that an Owner/Agent should be aware and cognizant of:

- * Applying for assistance with FEMA, SBA, HFA's, etc.;
- * Knowledge of HUD's Occupancy requirements and policies;
- * Contacting the local HUD office following a disaster;
- * Providing a status report for the residents and property condition;
- * Developing an emergency relocation plan to relocate residents prior to the storm especially at 202/811 Elderly or Disabled Properties and nursing homes;
- * Ensuring that residents provide EMERGENCY contact numbers;
- * Developing tracking mechanisms to contact residents and determine the intent to return to the unit;
- * Develop a pre-disaster checklist that is shared with tenants in case of a disaster;
- * Self-reporting to the National Housing Locator (Owners can go to this site to list unit availability);
- * Determine the extent of damage, security needs, resident property protection needs, etc.
- * Maintaining prompt communication with HUD field staff when providing preliminary and final assessment surveys to assist with recovery planning;
- * Contacting the property's insurance provider to apply for property and business interruption claims;
- * Contacting the mortgagee to inquire about forbearance options;
- * Contacting the assigned Section 8 Contract Administrator or PBCA;
- * Maintaining inventory of all residents, property, phone numbers, mailing address, and emails;
- * Determining which residents have been displaced due to unit damage or a failure of a major building system such as the electrical system, etc.;
- * Tracking each displaced resident's temporary location and maintain contact information for each displaced resident, particularly if the property will likely have units off-line for more than 30 days; and,
- * Contacting the Federal Emergency Management Agency (FEMA) for on-going guidance and instruct residents to register with FEMA through 1-800-621-FEMA (3362), or www.fema.gov.

Recovery –

A comprehensive disaster recovery plan should include measures to:

- * Protect residents from displacement and mitigate health and safety concerns;
- * Ensure that displaced residents' property is secure and protected;
- * Ensure that displaced residents are returned to their apartments as rapidly as possible;
- * Protect HUD's assets;
- * Ensure ongoing management operations while reducing disruption; and,
- * Provide key personnel contacts.

Stay safe!

HUD FY2023 INCOME LIMITS

HUD has published 2023 income limits effective 5/15/2023. Owner/Agents must ensure that they utilize these income limits for files with certifications dated 5/15/2023 and after.

Click [here](#) to see new limits.

Please keep in mind the RHIIP Listserv #293 - Timing of Income Eligibility Determinations - Clarification to Existing Policy Published on 12/19/2012.

The RHIIP guidance specifically states: if a unit becomes available and an applicant is selected from the waiting list, is processed for eligibility, and meets all eligibility requirements at the time of processing, the applicant is eligible to move-in to the project even if new income limits have been published.

HUD IMPLEMENTS NEW GREEN AND RESILIENT RETROFIT PROGRAM FOR MULTIFAMILY HOUSING (GRRP)

On May 11, 2023, HUD released Notice H 2023-05 to announce the Green and Resilient Retrofit Program for Multifamily Housing (GRRP). HUD designed the GRRP to implement Section 30002 of the Inflation Reduction Act (IRA) of 2022 with three goals in mind:

1. To reduce energy and water use in HUD-assisted multifamily properties,
2. To make HUD-assisted multifamily properties more resilient to extreme weather events and natural disasters, and
3. To reduce greenhouse gas emissions from HUD-assisted multifamily properties, both directly and by using materials with less Embodied Carbon.

As part of the announcement, HUD presents the availability of funding through the IRA that will not only reduce utility bills, greenhouse gas emissions, and the cost of property operations, but will also benefit tenants, Owners, and communities at large. This is the first HUD program to simultaneously invest in utility efficiency, renewable energy generation, and climate resilience strategies in HUD Multifamily Assisted Housing.

The program's NOFOs and Housing Notice detail the multiple grant and loan funding options building owners can apply for, which are designed to allow them to invest in technologies such as solar panels, heat pumps, wind-resistant roofing, and other measures that will reduce greenhouse gas emissions and make properties healthier and safer for residents in the face of severe weather and a changing climate.



If you are an owner who receives HUD assistance through Section 202, 811, Section 8 project-based rental assistance, or certain other small programs, you may be eligible for a grant or loan award under one of the following cohorts:

Elements Awards cohort – designed for properties already planning renovations to add green or resilient elements to existing scopes of work, and will provide modest funding to allow for additions to the planned scope of work.

Leading Edge Award cohort – provides funding during the early planning stages of a recapitalization efforts to complement an owner's existing finances in order to achieve ambitious carbon reduction and resilience outcomes.

Comprehensive Award cohort – prioritizes properties with high need for investments in energy efficiency, emission reductions and climate resilience and designed for the widest range of properties, including those that have not yet developed a recapitalization plan.

Improved properties must remain affordable for at least 15 years pursuant to a new use restriction, preserving high-quality, efficient housing for HUD-assisted residents.

Click here to access [HUD Notice H 2023-05](#). And click here to explore information and fact sheets on each of the three [award cohorts](#).



PREPARING FOR HOTMA

As we reach the long days of summer, all anyone can talk about is the upcoming effective date of HUD's HOTMA Final Rule which will go into effect January 1, 2024. With the implementation of Section 102 and 104 of HOTMA (Housing Opportunity Through Modernization Act of 2016), HUD will be making sweeping changes to streamline administrative processes and reduce burdens on PHAs and owners of housing assisted by Section 8 programs.

Come the New Year, Owners must begin implementing the revised regulations for all tenant certifications of income effective January 1, 2024, and after. HUD has posted that a supplemental notice authored by MFH and PIH will provide additional implementation guidance to owners and PHAs and is expected later this summer. For now, along with the resources and guidance provided on the [HUD HOTMA webpage](#), here is some details about the changes that will need to be implemented starting January 1, 2024.



Under Section 102: Income Reviews

Annual Recertifications –

Family income determinations will be made using anticipated income for new admissions and interim reexaminations, and **prior-year income for annual reexaminations.**

New Income Exclusions –

HOTMA establishes new income exclusions, including payments related to civil rights settlements or judgments, veterans aid and attendance income, loan proceeds (such from student loans, car loans, etc.), distributions of principal from irrevocable trusts (including special needs trusts), and State or Tribal kinship or guardianship care payments.

Interim Recertifications –

Fewer IR's will be required as a tenant's adjusted annual income must show an increase/decrease of at least 10%. In addition, when considering an increase of adjusted annual income, an **O/A may not consider any increase in the earned income of the family** (unless the family has previously received an interim reduction during the current certification period) and can choose not to conduct an IR if within three months of next AR.

Deductions (Adjusted Income) –

The Elderly/Disabled Family Deduction will increase to \$525 (from the original \$400).

The \$480 Dependent Deduction will be adjusted annually for inflation.

HOTMA establishes a new hardship exemption for families ineligible for the Child-Care Expense Deduction. Families will continue to receive this deduction if they are unable to pay rent due to the loss of the deduction. This hardship exemption will be reevaluated after 90 days and may be extended for additional 90-day periods.

The Health and Medical Expenses and Auxiliary and Attendant Care Expenses Deduction will be increase from 3% of annual income to 10% of annual income—this change will be phased in over a two-year period: starting 1/1/2024 (and for the entire 2024 fiscal year) the **threshold will be 5%**.

HOTMA establishes hardship relief for families with increased medical/disability expenses or families who experience a financial hardship due to a change in circumstances, as defined in the owner's policies, that would not otherwise trigger an interim reexamination. Eligible families will receive a deduction for eligible expenses that exceed 5% of annual income. Hardship relief ends at the sooner of 90 days or when the hardship circumstance no longer applies. Owners may extend relief for additional 90-day periods while the hardship continues.

continued

Calculation or Reporting Error –

HUD will overlook/forgive an error that results in a difference in the determination of a family's adjusted income of \$30 or less per month (\$360 in annual adjusted income).

Verification and Consent Forms –

EIV will no longer be required to be run at any point during an IR, but still for all other types of certifications.

Tenants must sign a consent form on or after January 1, 2024 (at their next recertification), but then never again during their tenancy—**once the HUD-9887 has been signed come the new year, it will not need to be signed at any of the following recertifications.**

Under Section 104: Asset Limitation and Program Eligibility

At a family's next reexamination after 1/1/2024, the family will be evaluated for compliance with the new asset limitations requirements and changes that include:

- Families who have net family assets that exceed \$100,000 will not be eligible for Section 8 assistance;
- Families who own real property suitable for occupancy are ineligible for admission to or continued occupancy in the Section 8 project-based rental assistance program;
- Owners may delay initiation of termination of assistance/eviction for no more than 6 months for families who are no longer eligible based on assets;
- When calculating income from assets, a family's imputed asset threshold has increased from \$5,000 to \$50,000 –Owners will no longer need to use the greater of actual income from assets or imputed asset income to determine total income from assets (unless asset cash value exceeds \$50,000);
- Retirement accounts and educational savings accounts will not be considered a net family asset; and
- Owners may accept self-certification of net family assets equal to or less than \$50,000 and only verify all assets every three years.



What can MFH owners due to prepare?

While it is important for owners to prepare and be well-informed, it is equally important that none of these changes go into effective until a certification that occurs on January 1, 2024 or after.

In a Q&A, HUD made the following suggestion:

HUD recommends that owners review the rule carefully, take advantage of the training opportunities that HUD will offer prior to January 1, 2024, and submit questions as directed in HUD's forthcoming implementation notice and via the Multifamily HOTMA web page.

We will also be looking for HUD to released additional guidance as the summer continues.

VOUCHERING TIPS: TRACS VERSION 203A UPDATES

The current TRACS Version 202D, is being upgraded to 203A in order for HUD to accept data from Multifamily Housing (MFH) business partners that complies with updated policies and procedures. This upgrade will also encompass all requirements and changes under the **Housing Opportunity Through Modernization Act of 2016 (HOTMA) Final Rule** published in their Federal Register on February 14, 2023 [Federal Register Volume 88, Issue 30](#)

TRACS VERSION 203A IMPLEMENTATION TIMELINE

Note: Dates are subject to change based on stakeholder feedback and/or OMB Forms approval.

TRACS 203A MAT User Guide – Specifications and Edits to the MAT Guide:

- Expected to be completed and posted to TRACS Documents page: [Multifamily Housing - TRACS Documents - HUD](#) by June 30, 2023.
- This is assuming that OMB has approved all Voucher forms (50059, 50059-A, 52670, and Special Claim forms).

203A Testing – TRACS Database made available for both CA and OA software testing.

- Test phases will be rolled out in Sprints to encompass all 203A changes and HOTMA requirements.
- Testing dates are currently TBD.

203A Go Live Transition

- Proposed go live date is 12/1/23 (tentative).
- Go Live date is tentative as it is dependent on OMB forms approval.
- TRACS and CA software begins accepting both 202D and 203A Voucher and Certification transmissions.
- OA transition period will be determined and announced later.
- All certifications with an effective date of 1/1/24 and after **must** follow HOTMA rules.
 - All certifications that are effective in 2023 and submitted under 203A, pre-HOTMA rules are applied per the 203A MAT User Guide.
 - All certifications effective from 1/1/2024 through 4/30/2024 **and submitted under version 202D**, must be resubmitted as a correction within three months (the first three voucher submissions) of implementing 203A.
 - New **HOTM** Miscellaneous Adjustment Code:
 - If 203A certification corrections cannot be completed in 30 days or more prior to the effective date of the 2024 certification and if there is an increase to Tenant Rent, the OA has 90 days (three voucher submissions) to submit an HOTM Miscellaneous Accounting Request to offset the retroactive increase.
 - Since 2023 vouchers are submitted using Pre-HOTMA rules, the HOTM Misc. Accounting Request Code is not valid on a 2023 voucher.



INTRODUCTION OF SMALL AREA FAIR MARKET RENT (SAFMR)

Substantive changes have been made to Chapter 9 of the Section 8 Renewal Policy Guidebook, and those updates became effective on May 1, 2023. This article addresses Chapter 9 updates particularly concerning the introduction of Small Area Fair Market Rent (SAFMR) which impacts HUD alternative RCS guidance, and the mandatory market rent threshold criteria used to determine when a HUD-commissioned independent RCS is required. It is highly recommended that you review the Chapter 9 updates in full by referring to ‘Explanation of Changes’ on page 1 of the [Section 8 Renewal Policy Guidebook](#), and the applicable corresponding sections throughout the Guidebook.

Alternatives to the Rent Comparability Study (RCS) have been expanded. For Option 2 renewals and comparability adjustments, some renewals may use 90 percent of the Small Area Fair Market Rent (SAFMR) in lieu of an RCS. Additionally, for Option 1 and 2 renewals and comparability adjustments, unassisted units in a project may be used in lieu of an RCS in some scenarios.

There are two methods under the updated ‘Alternative to RCS’ guidance:

Method One: Using this method, the SAFMR rent level serves as the comparable market rent ceiling that would otherwise be established by an RCS. Owners requesting an Option 2 or those who want to use this Alternative to the RCS to establish a fifth-year comparability adjustment rent ceiling may request HUD approval if the proposed Section 8 gross rent potential at renewal is less than 90 percent of the SAFMR potential for the units under the HAP contract being renewed. Since the SAFMRs are inclusive of utilities, the Section 8 gross rent potential must include utilities in order to make the two figures comparable.

Method Two: Owners requesting Options 1 or 2, or those who want to use this Alternative to the RCS may compare their proposed Section 8 rents to rent charged for comparable unassisted units in the same project. Occupancy rates in the units available for occupancy by unassisted tenants must not be significantly lower than occupancy rates for the same unit types in the overall market area. At least 25 percent of each unit type being renewed must be occupied by unassisted tenants. The Section 8 units and the units occupied by unassisted tenants must be nearly identical. All rent concessions must be taken into account.

For both methods, HUD processing is required. The HUD Account Executive for your property must approve your selected method and render a decision within 20 calendar days of receiving the request. It is important to note, HUD’s approval is a complete package requirement. So please be proactive in communicating your intent of using an Alternative to the RCS with your Contract Administrator considering this processing delay.

As for the **mandatory market rent threshold criteria**, special procedures are outlined in Section 9-14 for all contracts where the Owner’s RCS concludes

that the project’s gross rent for the assisted units, determined by the RCS, exceeds 150 percent of the SAFMR gross rent for the property ZIP code as published annually by HUD. All RCS submissions (other than those for the MTM process) to HUD/CA must include a distribution of RCS rents and subject project’s gross rent.

The Owner and RCS appraiser will compare the Project’s gross renewal rent to 150 percent of SAFMR Gross Rent. If the Project’s assisted units’ estimated/median rent does not exceed 150 percent of the SAFMR gross rent, a HUD-commissioned RCS will not be required for the purposes of mandatory market rent threshold requirements. However, if the gross renewal rent exceeds this threshold, then a HUD-commissioned RCS will be required.

Based on the HUD-commissioned RCS, the final market rent will be determined as follows:

1. When the HUD comparable gross rent potential is greater than the Owner’s comparable gross rent potential, the final comparable market rents will be the Owner’s comparable market rents.
2. When the HUD comparable gross rent potential is less than the Owner’s comparable gross rent potential, the final comparable market rents will be determined as follows:
 - a. If the Owner’s comparable gross rent potential is less than 105 percent of the HUD comparable rent potential, then the final comparable market rents will be the Owner comparable market rents.
 - b. If the Owner’s comparable gross rent potential is greater than or equal to 105 percent of the HUD comparable rent potential, then the final comparable market rents will be 105 percent of the market rents as determined by the HUD-commissioned RCS.

As for an RCS that includes both “as-is” and “post-rehabilitation” market rents, if either the “as-is” or the “post-rehabilitation” estimated rents exceeds the threshold, then a HUD-commissioned RCS will be required. But, if the “as-is” rents do not exceed the mandatory market rent threshold, then a HUD-commissioned RCS will be procured only for the “post-rehabilitation” condition of the property.

As a reminder, HUD will not commission a third-party RCS until the Owner’s RCS has been substantively reviewed and deemed acceptable, with no outstanding appeals. Again, please be sure to review all the Chapter 9 updates in the [Section 8 Renewal Policy Guidebook](#) to ensure your RCS and Rent Adjustment/Contract Renewal package submitted to HUD/CA is compliant.



DATA SECURITY

Owner/Agent's, this article is intended to serve as a reminder on the importance of redacting PII prior to submitting documents to the Contract Administrator. As of late, there have been increased occurrences of O/A's transmitting documents without redacting PII, particularly when submitting Special Claims. Please take a moment to read this article, and review the guidance found by clicking the links within this article, that was originally published in the Summer 2022 Newsletter.

Data Security refers to the protective measures of securing data from unapproved access and data corruption. It is essential to safeguard all your data both physically and on-line. HUD requires that Owner/Agents protect the privacy of individual's information and has provided some suggested guidance to better assist in enhancing the data security measures at your property. The steps that will be discussed to help ensure guidance include:

- Create (and adhere to) a written policy and procedures manual.
- Review HUD policy for safeguarding Personal Identifying Information (PII)
- Attend Security trainings
- Never send a document to the PBCA with PII

Protecting Privacy Information

The Department of Housing and Urban Development (HUD) is committed to protecting the privacy of individuals' information, stored electronically or in paper form, in accordance with the Privacy Act of 1974, as amended, and other federal privacy-related laws, guidance, and best practices. HUD expects its third-party business partners who collect, use, maintain, or disseminate HUD information to protect the privacy of that information. Definitions that will be used through this article include:

- Personally Identifiable Information (PII). Defined in OMB M-07-16 as "...information which can be used to distinguish or trace an individual's identity, such as their name, social security number, biometric records, etc., alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother's maiden name, etc."
- Sensitive Personally Identifiable Information (SPII). PII that when lost, compromised, or disclosed could substantially harm an individual. Examples of sensitive PII include social security or driver's license numbers, medical records, and financial account numbers (credit or debit card numbers).

Create a Written Data Security Policy

Chapter Nine, Section Four of the HUD Occupancy Handbook (4350.3) provides the guidance and security requirements that properties need to implement to safeguard EIV data. However, EIV policies and procedures should be a subset of an overall strategy and policy handbook to safeguard all potential tenant/applicant PII that HUD requires to be collected and maintained.

As the opening paragraph reminds, data security is much more than protecting PII, a comprehensive policy should discuss Phishing attempts, using social media, and protecting all forms of sensitive information that is maintained in your place of business. We strongly recommend a comprehensive written policy that takes into consideration multiple HUD sources that we will discuss in this article.

continued

Review HUD Policy

- HUD has created and published numerous handbooks and materials that discuss the various requirements for data security. When creating a comprehensive plan, be sure, at minimum to review these resources:
- HUD Handbook [4350.3 Rev-1 Change 4: Chapter 9](#) section four contains the required information to safeguard HUD's EIV information.
- HUD Handbook [4350.3 Rev-1 Change 4: Chapter 5](#) paragraphs 5-19, 5-20, 5-23 discuss the framework to ensure privacy of applicant and tenant information
- HUD Handbook [4350.3 Rev-1 Change 4: Chapter 8](#) paragraph 8-14 emphasizes the importance of privacy requirements when obtaining criminal background reports and , 8-20 discusses EIV income reports
- Chapter Four of the [EIV Multifamily Program User Manual](#) provides specific Security information and guidance that must be adhered to when developing Policies and Procedures.
- [The Security Administration Manual for EIV Systems](#) provides an overview and details the process for how access to the EIV system is granted. The guidance found within this document should be reviewed when determining who to grant access to EIV, how to grant the applicable access, and how to terminate that access.
- HUD Handbook [2400.25 TECHNOLOGY SECURITY POLICY](#) is the comprehensive overview of all of HUD's policies and safeguards. This handbook should be reviewed by the person developing the project's policy and procedures documents as well as the person/company responsible for maintaining the property's computer system.

The most succinct publication for protecting privacy information can be found in HUD's 2015 [Protecting PII Capacity Building Guidance](#) document distributed by HUD. For your convenience, we have summarized this document's guidance here:

Manage Access to Sensitive PII

- Only share or discuss sensitive PII with those who have a need to know for work purposes.
- Do not distribute or release sensitive PII to others until the release is authorized.
- Before discussing sensitive PII on the telephone, confirm that you are speaking to the right person and inform him/her that the discussion will include sensitive PII. Do not leave messages containing sensitive PII on voicemail.
- Avoid discussing sensitive PII if there are unauthorized persons in the adjacent cubicles, rooms, or hallways who may overhear your conversations.
- Hold meetings in secure spaces (no unauthorized access or eavesdropping possible) if sensitive PII will be discussed.
- Treat notes and minutes from such meetings as confidential unless you can verify that they do not contain sensitive PII. Record date, time, place, subject, chairperson, and attendees at any meeting involving sensitive PII.

Protect Hard Copy and Electronic Files Containing Sensitive PII

- Clearly label all files containing sensitive PII. Examples of appropriate labels might include – For Official Use Only, or For [Name of Individual/Office] Use only.
- Lock up all hard copy files containing sensitive PII in secured file cabinets. Do not leave sensitive PII in an open area unattended.
- Protect all media (e.g., thumb drives, CDs, etc.) that contain sensitive PII and do not leave unattended. This information should be maintained either in secured file cabinets or in computers that have been secured.
- Keep accurate records of where PII is stored, used and maintained.
- Periodically audit all sensitive PII holdings to make sure that all such information can be readily located.
- Secure digital copies of files containing sensitive PII. Protections include encryption, implementing enhanced authentication mechanisms such as two-factor authentication and limiting the number of people allowed access to the files.
- Store sensitive PII only on workstations that can be secured, such as workstations located in areas that have restricted physical access.

Protecting Electronic Transmissions of Sensitive PII via fax, email, etc.

- When faxing sensitive PII, use the date stamp function, confirm the fax number, verify that the intended recipient is available, and confirm that he/she has received the fax. Ensure that none of the transmission is stored in memory on the fax machine, and that all paper waste is disposed of properly (shredded). If possible, use a fax machine that uses a secure transmission line.
- When sending sensitive PII via email or via an unsecured information system, make sure the information and any attachments are encrypted.

continued

- If a secure line is not available, contact the recipient office prior to faxing to inform them that information is coming. Then, contact the recipient office following transmission to ensure they received it. For each event, the best course of action is to limit access of PII only to those individuals authorized to handle it, create a paper trail, and to verify information reached its destination.
- Do not place PII on shared drives, multi-access calendars, the Intranet, or the Internet.
- Do not let PII documents sit on a printer where unauthorized employees or contractors can have access to the information.

Protecting Hard Copy Files Containing Sensitive PII

- Do not remove records with sensitive PII from facilities where HUD information is authorized to be stored, or access remotely (i.e., from locations other than such physical facilities), unless approval is first obtained from a supervisor.
- Do not use interoffice or translucent envelopes to mail sensitive PII. Use sealable opaque solid envelopes. Mark the envelope to the person's attention
- When using the U.S. postal service to deliver information with sensitive PII, double wrap the document (use two envelopes – one inside the other) and mark only the inside envelope as confidential with the statement – To Be Opened by Addressee Only.
- If PII needs to be sent by courier, mark “signature required” when sending documents, in order to create a paper trail in the event items are misplaced or lost.

Records Management, Retention and Disposition

- Follow all applicable records management laws, regulations, and policies.
- Do not maintain records longer than required.
- Destroy records after retention requirements are met.
- Dispose of sensitive PII appropriately – permanently erase electronic records. Shred hard copy records.

Attend Additional Security Trainings

HUD requires all TRACS users and EIV users (or those that view EIV reports) to sign a Rules of Behavior form and complete an annual security awareness training. Users must complete the [FY2023 Cyber Awareness Challenge](#). Users are reminded of the requirement to print and maintain the certificate as this will be requested during the onsite portion of the MOR.

In addition to the required training session, there are a few additional trainings located at the IASE web page. It is highly suggested to have staff members also complete the following training modules.

Phishing Awareness Version 4

This training was created to enable users to recognize phishing, spear phishing, and whaling attempts, determine the steps to take when targeted in a phishing attempt, and to take appropriate actions to avoid the potential losses that these social engineering scams can cause. The user is provided with examples of different types of phishing, as well as techniques used to conduct phishing, including deceptive e-mails, websites, and browser “tab nabbing”. Finally, the course reviews ways to combat phishing attempts, even from people within their own organization. (Length - 30 Min)

Identifying and Safeguarding Personally Identifiable Information (PII) Version 3

This course explains the responsibilities for safeguarding PII and PHI on both the organizational and individual levels, examines the authorized and unauthorized use and disclosure of PII and PHI, and the organizational and individual penalties for not complying with the policies governing PII and PHI maintenance and protection. This training is intended for DoD civilians, military members, and contractors using DoD information systems. This course may also be used by other Federal Agencies. (Length - 1 hr.)

continued

Never send a document to your PBCA that contains PII that has not been redacted

Despite the information contained within our letters and reports, there are still occasions when Owners will send documents to the PBCA that contain PII. Please update your procedures to address the following concerns.

MOR responses

Never send a paper certification to respond to a finding on an MOR. All corrected certifications can be reviewed and verified within our vouchering software. The finding will be closed out once the corrected certification is transmitted and approved via the typical vouchering protocol.

Never send any form of EIV report with your response. Although the Handbook and HUD specifically focus on income reports when discussing PII, the PBCA requests that no EIV reports are ever electronically submitted to the PBCA. The PBCA, if needed, can either verify via the EIV system or via the tenant file documentation during a subsequent visit to the property.

Special Claims Submissions

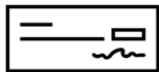
In our experience, the single largest breach of HUD’s security policy occurs when Owner/Agents submit materials to support a special claim. Prior to sending information to the PBCA, **REDACT** all information from Section C, Section D, and Section E from the MI 50059. This information is not required for the review and approval of the special claim.

In addition to this specific item, ensure that all potential Personal Information is redacted from all documents sent to support a special claim. If in doubt, redact from the document prior to submission and error on safeguarding tenant PII. If needed, the PBCA can follow-up with a phone call to discuss a specific omission.

Take a moment to review the policies and procedures that are currently in place at your property, review the resources that have been mentioned in this article, update your documents accordingly, and disseminate/educate all your employees of the expectations to maintain the integrity of the data security at your place of business.

Remember, in today’s world it is easy to be tricked, and it only takes once. When in doubt, always ask questions. Request the caller’s contact information, they will either hang up, or give it to you. Reach out to HUD, provide the information to the Account Executive, and enable the AE to respond.

1199A REMINDER



As a reminder, any PBCA property that needs to change their banking information **must send their 1199A form directly to NTHDC** to avoid a lapse in voucher payments. NTHDC handles this type of request, and not your HUD Account Executive.

Please remember to attach a voided check (can be a copy) or a letter from the bank confirming the routing and account numbers. This will allow NTHDC to verify the information on the 1199A form and eliminate any errors to expedite the process.

To access the current 1199A form prescribed by the Treasury Department, click [here](#).

INSPIRE FINAL RULE

On May 10, 2023, the U.S. Department of Housing and Urban Development (HUD) published the Final Rule for the National Standards for the Physical Inspection of Real Estate (NSPIRE) in the Federal Register. The rule proposed a new approach to defining and assessing housing quality and reduces regulatory burden.

“HUD is transforming how the Department manages the quality of affordable housing units with NSPIRE. We are raising the bar because everyone deserves to live in safe and decent living conditions. Stronger standards, better inspections, and greater insights about living conditions will result in healthier and safer homes for residents. That’s a win for everyone” as stated by HUD Secretary Marcia L. Fudge.

NSPIRE’s objective is to strengthen HUD’s physical condition standards, formerly known as the Uniform Physical Condition Standard (UPCS) and the Housing Quality Standards (HQS). As you know, HUD’s Real Estate Assessment Center (REAC) conducts the inspections of HUD-assisted properties in the public and Multifamily Housing programs. The rule effective dates for the start of physical inspections using the NSPIRE Standards are:

- **July 1, 2023** - Public Housing Inspections Begin

October 1, 2023 – Housing Choice Voucher, Project-based Vouchers and Multifamily Inspections Begin
Some of the key changes included in NSPIRE Final Rule follows:

- **New Self-Inspection Requirement and Report.** PHAs and Owners will be required to conduct self-inspections of all units at least annually and correct all identified deficiencies. If the property scores under 60, these reports must be provided to HUD. Records related to the self-inspection should be maintained for three years.
- **Timeline for Deficiency Correction.** HUD clarifies the timeline for the correction of health or safety deficiencies. For life-threatening and severe deficiencies, the PHA or Owner must correct the deficiency within 24 hours after the inspection report is received, and upload evidence of that correction within 72 hours to HUD.
- **New Affirmative Requirements.** HUD developed new “affirmative standards” for all units that participate in HUD’s rental assistance programs. These include basic requirements for habitability – like kitchens and flushable toilets – but also important safety concerns like Ground Fault Circuit Interrupter (GFCI) outlets, a permanent heating source, and safe drinking water.

Tenant Involvement. HUD will allow tenants to make recommendations regarding units to be inspected. HUD will require that the PHA or Owner correct all identified deficiencies within established timeframes and provide inspection results to residents.

Some additional changes included in NSPIRE Final Rule to align and consolidate the inspection regulations used to evaluate HUD housing across multiple programs are:

- HUD Committing to Reviewing Standards at Least Every 3 Years
- Retaining 3-2-1 Rule
- Changes to Deficiency Categories: Life-threatening, Severe, Moderate, Low (New)
- Post-Inspection Report (New)
- Smoke Detector and Carbon Monoxide Alarms Requirement
- Removal of the Occupancy Requirement Related to Children of the Opposite Sex

Elimination of Cosmetic Deficiencies

For more information, we highly recommend that you review the complete NSPIRE Final Rule by visiting [hud.gov](https://www.hud.gov).

For more information on NSPIRE, visit the [NSPIRE Resources page](#) and view YouTube recordings of the NSPIRE Get Ready sessions in [English](#) and in [Spanish](#). Questions about NSPIRE can be sent to NSPIRE@hud.gov.



HUD REMINDS INDUSTRY OF BEST PRACTICES REGARDING DENIAL OF ADMISSIONS INTO MULTIFAMILY HOUSING PROGRAMS

Communication from the HUD Deputy Assistant Secretary in May of 2023 reminded the industry of program requirements and best practices regarding denial of admissions into Multifamily Housing Programs. This communication references the [Blueprint for a Renter Bill of Rights](#), which was released by the White House in January of this year and was intended to support the development of policies and procedures that promote fairness for those living in rental housing. HUD encourages owners and agents to become familiar with this document and the outlined principles which aim to increase fairness in the rental market, encourage affordability, and strengthen tenant protections.

HUD also acknowledges that throughout the housing industry, owners and agents rely on [tenant screening](#) reports as part of their selection criteria. However, research has shown that these reports often [provide inaccurate information](#) in credit history, eviction records, and criminal records, which raises costs and barriers to quality rental housing. If the prospective renters are given an opportunity to review and potentially correct the information in these reports, housing providers may find more qualified applicants.

HUD aims to remind HUD multifamily assisted project owners and agents of their legal requirements regarding the use of tenant screening reports and the disclosure of the contents of those reports to tenants/applicants.

HUD Requirements

As a reminder, under HUD rules, multifamily owners and agents must promptly notify applicants in writing of the denial of admission HUD Handbook 4350.3, Chapter 4, Section 4-9 C. Notification of Applicant Rejection:

1. Rejection notices must be in writing
2. The written rejection notice must include:
 - a. The specifically stated reason(s) for the rejection;
 - b. The applicant's right to respond to the owner in writing or request a meeting within 14 days to dispute the rejection, and
 - c. That persons with disabilities have the right to request reasonable accommodations to participate in the informal hearing process.

HUD Handbook 4350.3, Chapter 4, Section 4-9 D: Owner Meetings with Applicants to Discuss Rejection Notices

1. Any meeting with the applicant to discuss the applicant's rejection must be conducted by a member of the owner's staff who was not involved in the initial decision to deny admission or assistance.
2. Within 5 business days of the owner response or meeting, the owner must advise the applicant in writing of the final decision on eligibility.

Obligations Under Fair Credit Reporting Act

Under FCRA, owners or management agents are required to inform rental applicants of the factors that played a role in them rejecting a rental applicant or taking another action unfavorable to the applicant. This requirement is known as the adverse action notice and failure to provide the notice correct may subject the multifamily assisted property owner to legal liability under state and federal law. As Federal Trade Commission guidance explains, the adverse action notice must communicate the following:

- the name, address, and phone number of the consumer reporting company that supplied the report;
- a statement that the company that supplied the report did not make the decision to take the unfavorable action and can't give specific reasons for it; and
- a notice of the person's right to dispute the accuracy or completeness of any information the consumer reporting company furnished, and to get a free report from the company if the person asks for it within 60 days.

There are additional resources available [here](#) from the Federal Trade Commission about using Consumer Reports and complying with FCRA.

Recommended Best Practices

When a multifamily assisted property owner denies an applicant for its assisted program, HUD strongly encourages you to:

- Provide written adverse action notices as part of your denial letter
- Provide a copy of any tenant screening report you relied on when making an adverse action determination to an applicant. A written notice paired with a report copy allows multifamily assisted property owners to demonstrate that they have fulfilled their legal obligations under the Fair Credit Reporting Act, and also permits applicants to understand the basis for any denial, fully assert their rights with tenant screening companies, and more effectively correct their records.



ALL RESIDENTS OF H.U.D. SUBSIDIZED PROPERTIES

North Tampa Housing Development Corporation (NTHDC) is the HUD Contract Administrator and is responsible for responding to resident concerns. NTHDC Call Center has a team of Customer Relation Specialist (CRS) that will receive, investigate and document concerns such as, but not limited to the following:

- ◆ Questions or concerns regarding work order follow-up.
- ◆ Questions regarding the calculation of your rent.
- ◆ Address health & safety and HUD Handbook 4350.3 concerns.

Call Center Purpose:

- ◆ Call Center aids in ensuring HUDs mission of providing Decent, Safe and Sanitary Housing.
- ◆ Serve as a neutral third party to residents, owners and the public.
- ◆ Assist with clarifying HUD Occupancy Handbook 4350.3 requirements.

Call Center Contact Information and Business Hours:

- ◆ Hours of Operation: Monday – Friday, 8:30am to 5:30pm
- ◆ Contact Numbers: 800-982-5232 fax: 614-985-1502
- ◆ Written Summaries: 107 South High Street, 2nd Floor, Columbus, Ohio 43215
- ◆ Email: PBContactCenter@cgifederal.com
- ◆ Website: www.nthdc.org

Concerns can be submitted by the following:

- ◆ Phone
- ◆ Fax
- ◆ Mail
- ◆ Email
- ◆ Voicemail
- ◆ FOIA- Freedom of Information Act request must be submitted directly to HUD

Required Information to open an inquiry:

- ◆ Property name
- ◆ Caller's name (anonymous calls accepted)
- ◆ Caller's telephone number with area code
- ◆ Caller's address including apartment number
- ◆ A brief, detailed description of the caller's concern(s)

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Contact Center (800) 982-5232