



The CA Quarterly Review

Summer 2012

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North Tampa Housing Development Corporation

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From the Desk of Shawn Steen, State Program Manager



Welcome to the NTHDC Summer 2012 Newsletter. The current edition of our newsletter contains a lot of useful information on the hottest topics of the season including bed bugs, HAP voucher processing and recent changes to the Section 8 Renewal Guide.

The summer heat also welcomes hurricane season to Florida. We included an article to provide helpful tips on preparing for hurricane season.

Summer also brings back PBCA re-bid season for NTHDC. HUD conducted the current PBCA re-bid process as a NOFA and the grant application packages were due on June 11th. NTHDC is confident we will continue to remain your PBCA for Florida when HUD announces the grant winners later this summer. HUD anticipates entering into a two-year agreement for PBCA services in Florida that will start on December 1, 2012. The new two-year Annual Contributions Contract will mark the return of MOR activity under a new risk-based model that includes fewer reviews for properties with higher ratings. This will make the MOR schedule similar to the current REAC protocol.

I hope all of you have a great summer and we will keep you posted on any significant changes to the programs and policies that impact affordable housing.

Cheers,
Shawn D. Steen
NTHDC State Manager, Florida & U.S. Virgin Islands

Changes to the Section 8 Renewal Policy Guidebook

On May 18th HUD issued page changes to the Section 8 Renewal Policy Guidebook. The changes were effective immediately unless otherwise noted. The changes included:

- Eliminate Note 1 following Section 3-2 D which required rents for an Option One B renewal to be restricted to use restricted levels.
- Discontinue the use of Attachment 20 which allowed the Renewal Contract to which it was attached to be extended. The revised text now permits early termination and renewal of the Section 8 contract upon approval by the Hub Director or designee.
- Require the use of current debt service in an owner's budget-based rent increase request for Option Four.
- Permit the rent adjustments in a multiyear contract using a budget basis only if the proposed rents do not exceed comparable market rents for Option Four.
- Remove language in Chapter 16 "Other Issues" that requires original debt service to be used in budget-based rent increase requests in Option Four to make it consistent with the language in Chapter 6.
- Provide for new procedures when rents in a Rent Comparability Study are above 110 percent of the Fair Market Rent or Small areas Fair Market Rent for metropolitan areas. This change is effective 90 days from the date of these page changes.

Below is a summary of the changes. For a complete understanding of the page changes please review them in detail. The page changes can be downloaded here: [Page Changes 5/18/2012](#)

Option 1B Requests and Restricted Rents

Note 1 following Section 3-2D has been removed. Therefore, when an Option 1b renewal request is approved, the new rents will no longer be capped at the use restricted levels. Rents will be set to comparables.

Early Termination and Renewal of the Section 8 Contract Vs. Contract Extension

The Department is no longer allowing Section 8 contract extensions under Section 524 of MAHRA. Attachment 20 "Project-Based Section 8 Housing Assistance Payments – Extension of Contract Term" is being withdrawn. If there is a need for a long term contract on the Section 8 assisted property, for which the original Section 8 HAP contract has already been renewed under MAHRA, the Hub Director or designee may allow the early termination of the existing Renewal Contract and the renewal of the contract under any option for which the property is eligible at the time.

The owner and the Contract Administrator may mutually agree to terminate the existing Renewal Contract, provided that the Owner and Contract Administrator execute a 20-year Renewal Contract, which includes the "Preservation Exhibit" that is provided in [Attachment 1 of Housing Notice 11-31](#). The term of the Renewal Contract must be equal to 20 years. The Preservation Exhibit must be completed to provide that upon expiration, the 20-year Renewal Contract shall renew for an additional term equal to at least the number of years remaining on the Renewal Contract that is being terminated. Should the contract term exceed the Use Agreement, the Use Agreement must be extended to the end of the contract term.

For projects subject to a Full Mark-to-Market Renewal Contract (i.e., issued pursuant to section 515 of MAHRA), the only subsequent renewal option for which the project is eligible is Option 3.

Changes to the Section 8 Renewal Policy Guidebook Cont'd.

Option 4 Budget Based Adjustments to Use Current Debt

When requesting to have rents increased by use of a budget based rent increase. Owners must use current debt service when submitting the budget. Language found in Chapter 16 of the Guide has been changed to be consistent with the use of new debt. It will be most helpful to send validation of the current debt to facilitate expeditious processing.

Option 4 Rent Adjustments and the Current Use of a Rent Comparability Study

If submitting a budget-based rent adjustment the owner must submit or have submitted within the preceding 5 years a RCS prepared following the instructions found in Chapter Nine of the Section 8 Renewal Guide.

If the RCS demonstrates that the current rents are above comparable market rents, the request for a budget-based rent adjustment will be denied (except any request for a \$0 budget-based rent adjustment) and the owner will only receive an OCAF rent adjustment.

If the proposed rents as adjusted on the basis of a budget, do not exceed comparable market rents as established by the RCS, the Owner may, at HUD's discretion, receive a budget-based rent increase, not to exceed comparable market rents.

Special Procedures when an RCS Shows that Market Rents Exceed 110% of SAFMR or FMR

The following requirements will apply for all contracts where the owner or HUD-commissioned RCS concludes that project comparable market rents exceed 110% of Small Area Fair Market Rents (SAFMR) in metropolitan areas or Fair Market Rents (FMR) in non-metropolitan areas. This requirement applies to all RCSs where the HUD-92273 S8 is signed by the appraiser following **October 15th 2012**.

The RCS report must include a statement as to the percentage of properties in the market area whose rents exceed 110% of the SAFMR in metropolitan areas or 110% of the FMR in non-metropolitan areas.

Additionally, the RCS should support this conclusion by documenting through paired rents the conditions that differentiate the properties below the 110% threshold from those above it. (e.g., variances in condition, age, neighborhood support facilities, etc.) Specific language changes that must be included and certified by the appraiser are also included in these page changes. When these requirements apply, it is imperative for owners to review the RCS to ensure that the appraiser has properly included the language in the RCS. To assist in determining if the rents in the RCS exceed 100 percent of the SAMFR/FMR rents, Appraisers and owners should use the following: <http://www.huduser.org/portal/datasets/fmr.html>

Note: NTHDC has submitted several questions to HUD HQ, and as soon as we receive any further guidance, we will be sure to send out a notification.

What's New on HUDClips

Posted Date		
4/23/2012	HUD Notice 2012-05	Guidelines on Addressing Infestations in HUD-insured and Assisted Multifamily Housing
4/25/2012	HUD Notice 2012-06	Notice Requiring Owners with Project-Based Section 8 Rental Assistance Contracts or Section 202 or 811 Project Rental Assistance Contracts or Rental Assistance Payments or Rent Supplement Contracts to Obtain Dun and Bradstreet Number System (DUNS) Numbers and to register in the Central Contractor Registration (CCR)
5/4/2012	HUD Notice 2012-08	Updated Requirements for Prepayment and Refinance of Section 202 Direct Loans
5/9/2012	HUD Notice 2012-09	Supplemental Information to Application for Assistance Regarding Identification of Family Member, Friend or Other Persons or Organization Supportive of a Tenant for Occupancy in HUD Assisted Housing
5/9/2012	HUD Notice 2012-10	Guidelines for Assumption, Subordination, or Assignment of Mark-to-Market (M2M) Loans in Transfer of Physical Assets (TPA) and Refinance Transactions
5/18/2012	HUD Form-9808	Request for Prepayment of Section 202 or 202/8 Project
5/18/2012	Section 8 Renewal Policy Guide	Contains information related to the renewal of expiring Section 8 HAP Contracts.
6/11/2012	HUD Notice 2012-11	State Registered Lifetime Sex Offenders in Federally Assisted Housing

DUNS and Central Contractor Registration Requirements

On April 30, 2012 HUD issued Notice 2012-06 which ingenerated HUD Notice 2011-01 requiring legal entities who receive assistance under the Project Based Section 8, 202 ,811 PRAC, Rent Supplement and RAP programs to obtain a DUNS number and have an active, valid registration in the Central Contractor Registration (CCR) within 60 days from the publication of the notice.

The notice further stated that any entity failing to comply with the DUNS and CCR requirements faced the possibility of having their Housing Assistance Payments suspended, though at the time of issuance, HUD issued a statement acknowledging that they would not be suspending payments at that time.

However, with the issuance of HUD Notice 2012-06 on April 30, 2012, HUD affirmed resolutely that owners who were found to be out of compliance, that is to say, owners who do not have an active DUNS and CCR registration, would have their Housing Assistance Payments suspended on June 24, 2012.

In order to avoid the suspension of your HAP Payments, please ensure that you have a DUNS number and that your CCR registration is currently active.

Any questions regarding HUD notice 2012-06 and 2011-01 should be directed to Theresa Fields at (202) 402-2703.

Annual Adjustment Factors



On April 13, 2012, HUD announced the FY 2012 Annual Adjustment Factors (AAFs) which are used for the adjustment of Section 8 Contract Rents for Pre-MAHRA HAP Contracts and some Option 5 Contracts. The AAFs are applied for HAP Contracts which have an anniversary date effective after April 13, 2012.

The AAF tables and Area Definitions can be found here: <http://www.huduser.org/portal/datasets/aaf.html>

What's New in EIV: Existing Tenant Search Guidance

Function	Description
EIV System Access	
User Certification	Removed the step to certify the user after approval of CAAF or UAAF. User Certification now happens when a CAAF or UAAF is approved.
Income Reports	
By Head of Household By Contract Number By Project Number	Fixed the discrepancy in decimal amount between the income by head of household and the income by contract and project detail reports.
Verification Reports	
Deceased Tenant Report	Individual month options have been removed leaving only the ability to choose "All" months.
Identity Verification Reports	Individual month options have been removed leaving only the ability to choose "All" months. Number of households represented as Not-Verified (verification in process) is now a clickable link which identifies individuals who have not yet been verified by SSA. The report is arranged by head of household.
System Functionality	
Java Errors	Fixed Java error when displaying Dual Entitlement payment history by head of household or by the SSN link from the summary page. Fixed the Java error when printing the Existing Tenant Search report.

Summarization Job

The Multifamily Housing summarization job that ran on June 3, 2012 failed. Income Discrepancy reports were available at the time, yet all other reports were not.

However, On June 7, 2012, HUD resolved the issue that caused the failure and has reported that all reports are now fully functional.

It's Hurricane Season: Are You Prepared?

Hurricane Season began on June 1st and will end on November 30th. Being prepared for a storm can minimize property damage and in some cases, mean the difference between life and death. Being prepared is not just a task for apartment managers along the coastlines. It is equally important that inland properties be prepared for a storm and have an evacuation plan.

How Can I Prepare for a Storm?

- **Make a plan.** Put the plan in writing and distribute it to all of the residents at your property. Meet with residents to review and discuss preparedness and evacuation procedures in the event of a hurricane watch or warning.
- **Build a hurricane kit.** Ensure that you have emergency contact information for all of your residents and that the list is located in a secondary location apart from the property. Encourage your residents to create a list of important information such as their doctor and pharmacy contact, a list of all medications. Also include insurance information such as agent contact and policy numbers. And be sure to have a plan for your pets.
- **Contact your local or regional planning council.** Most planning councils offer templates and tips and have training materials available to help ensure that you are prepared for hurricane season.

What Should I Do During a Hurricane?

If a hurricane is likely in your area, you should:

- Listen to weather forecasts and radio and television information.
- Ensure that the property is secure by closing storm shutters, windows, outdoor furniture etc.
- Turn off utilities if instructed by emergency management agencies. Otherwise, instruct residents to turn the refrigerators to the coldest settings and keep the doors closed.
- Ensure propane tanks have been turned off.
- Try to avoid using your cell phone, unless absolutely necessary.
- Evacuate if you are instructed to do so by your local authorities.

What Do I Do After the Hurricane?

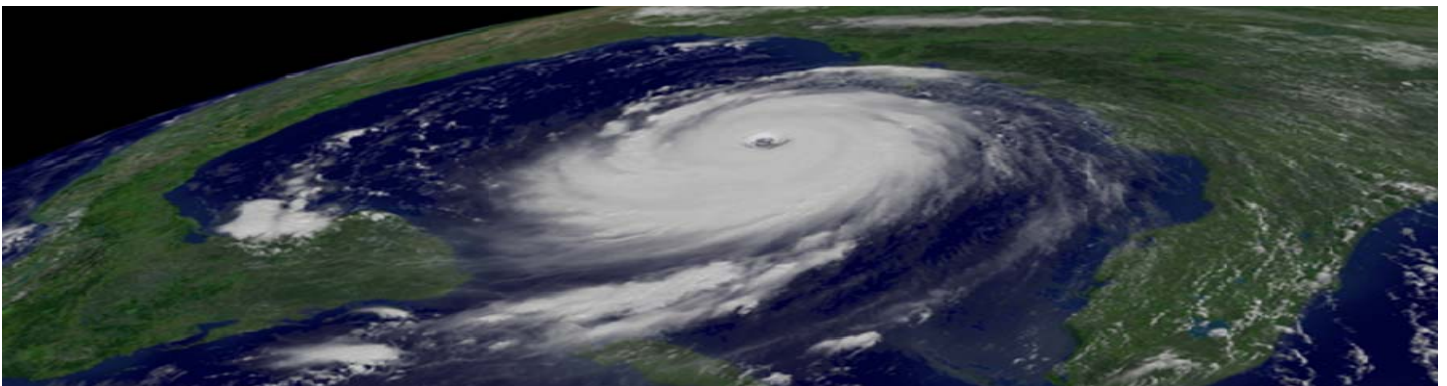
- Continue to stay informed by listening to the NOAA weather radio and news information.
- If a catastrophic situation has occurred, contact FEMA.
- Residents should be informed that if they are displaced in an emergency, they are responsible for advising the owner and/or the owner's representative of their temporary housing location and their intentions during and after the emergency/disaster.
- If the displaced resident has a new, temporary address or telephone number, they should provide it to the owner or agent of the development from which they were displaced.
- Residents should also be advised that due to potentially dangerous conditions, they may not have ready access to their possessions.

It's Hurricane Season: Are You Prepared?

- Owners are responsible for securing the property to the best of their ability immediately after the emergency, and to protect the personal property of the residents. The resident will need to contact their insurance agent (rental insurance) for any coverage on their personal property.
- Disposal of any personal property must be done in accordance with local law. Additionally, owners may take action to terminate a lease and dispose of personal property in accordance with local law when displaced residents indicate their intention not to return or fails to respond to the owner's notice.
- In the event a property's rental office has to be vacated, the owner should publish where he or she can be contacted and should regularly inform residents as to progress making repairs and when they might re-occupy their residence.
- Owners also have a responsibility to ensure that the property is secured and that residents' possessions and valuables are secured and protected to the greatest extent possible.
- It is very important that you notify your HUD Project Manager immediately in the event your property has sustained physical damage as a result of fire, flood, wind, or any other natural disaster.
- The owner must submit a damage report to the HUD Project Manager via fax or owners can email reports to hurricane.mailbox@hud.gov.

Residents' Right to Return

- Residents displaced by a hurricane have the right to return to the unit with which they were displaced, however if a tenant signs a lease at an alternative location during the displacement they are no longer considered displaced and is no longer eligible to return. The owner has no further obligation to the resident and may therefore proceed to re-rent the unit. Owners and agents are encouraged to allow residents to return, even in cases where the owner has no obligation to allow the resident to return.
- Once a disaster-displaced resident has chosen alternative means of permanent housing, the resident is required to give the landlord notice of termination as outlined by their lease. The resident may need additional time to arrange for their belongings to be moved, and owners are encouraged to be flexible.
- When disaster-displaced residents have been placed in mass shelters, hotels and other non-permanent housing, owners should make every effort feasible in order to locate the disaster-displaced residents as soon as possible. Owners should also encourage the residents to keep them informed regarding their whereabouts.



It's Hurricane Season: Are You Prepared?

- Owners are required to inform residents in writing at least 60 days prior to the expected date their unit will be ready for re-occupancy. Residents must respond within 30 days to inform the owner of their intention to return or not. In the event the tenant wishes to return to the unit upon readiness, the owner must give the resident a minimum of 60 days from the date the unit was ready for re-occupancy to re-occupy the unit.

Providing Temporary Housing to Disaster-Displaced Residents

- Owners are required to give a waiting list priority to applicants who are victims of presidentially declared disasters for either temporary or permanent multifamily housing financed under 221(d)(3), 221(d)(3) BMIR, 221(d)(4) and 236 programs.
- Owners are encouraged to lease units to people displaced by a disaster. HUD recommends a 30-day renewable lease.
- Disaster-displaced residents must pay market rent for a unit being leased as temporary housing. Since the resident is to pay market rent, there is no need to process income certifications.
- If a disaster-displaced resident leases a project-based unit permanently, FEMA and other disaster related assistance is excluded from income. The only exception to this rule is in the case where funds are deposited into an account or investment.



Links:

<http://www.fldisasterhousing.org/>

<http://www.vitema.gov/>

<http://www.ready.gov/hurricanes>

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/dri

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/disasterguide

HUD Issues Notice Regarding Bedbug Control and Prevention

On April 23, 2012, HUD issued Notice H 2012-5, Guidelines on Addressing Infestations in HUD-insured and Assisted Multifamily Housing. The notice, which supersedes Notice H 2011-20, reaffirms existing program requirements with regard to infestations and provides updated information to prevent and address infestations, including but not limited to bedbugs, insects and all manner of vermin. The notice was prompted by inquiries and comments from the industry and HUD residents requesting clarification and information on the appropriate steps to address infestations.

The primary focus of the notice is prevention efforts related to bedbug infestations. HUD is strongly encouraging multifamily owners and agents to develop an Integrated Pest Management Plan (IPM) outlining the steps that will be taken to prevent and respond to pests. Additionally, owners are encouraged to provide training to staff to identify bedbugs and to perform preventative actions outlined in the Integrated Pest Management Plan; to actively engage and educate residents in bedbug identification and prevention; to provide orientation for new tenants and staff; and to post signs and handouts related to bedbug prevention.

Other key points outlined in the notice include:

- Owner/Agent's responsibility to respond to reports of infestation(s) with urgency.
- Tenant responsibilities, including:
 - Reporting suspicion of infestations;
 - Allowing the owner/agent to enter the unit to perform inspections;
 - Allowing pest treatments to occur;
 - Following the pest treatment protocol; and
 - Removing infested furniture or other items from common areas such as hallways or community rooms, if necessary.
- Project resources such as Residual Receipts and Reserves for Replacement that may be used (with HUD approval) for control of infestations.
- Procedures for preventing and addressing recurring infestations.
- Procedures for Owner/Agent's response when bedbugs are reported during a Real Estate Assessment Center (REAC) inspection.

The notice does not supersede existing lease provisions that comply with state and/or local landlord/tenant laws and that have been approved by HUD (where such approval is required). All parties should refer to the property lease agreement and the House Rules for details on owner and resident rights and responsibilities related to infestations and housing physical condition standards.

Be sure to read the notice in its entirety at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg

For more information about the development and implementation of Integrated Pest Management Plans, please refer to the online guide at: <http://www.stoppests.org>.

Maximizing the Voucher Payment

The PBCA’s role in the processing of HAP payments is to review 100% of monthly vouchers submitted by owners and to administer the HAP payment on units with an approved and fully processed HUD Form 50059. In order to meet this requirement, our vouchering software is designed to meet the TRACS standards based on the MAT User Guide <http://www.hud.gov/offices/hsg/mfh/trx/trxmatg.cfm>.

Certifications that fail to meet this standard will receive an error code that begins with F00. HUD has allowed the PBCA to implement additional error codes that will help ensure proper payments are made per unit/household. These error codes begin with PO0 which are PBCA policy errors. Although, these error codes will not be listed in the MAT User Guide, they will be transmitted back through iMAX as the standard TRACS error messages are and will most likely appear on the Reconciliation Report generated by the Contract Specialist when discrepancies exist.

Below are the top 5 error codes generated by the PBCA vouchering software and recommended solutions. Our top priority is to assist the O/A with identifying errors that may occur while vouchering, providing a resolution, allowing the resubmission of those certifications and maximizing the voucher payment for the property.

Error Code	Error Message	Reason for the error	Recommended Solution
PO006	Gross Rent submitted does not match Gross Rent in CATS database.	The new Rent Schedule has not yet been implemented.	The Owner/Agent should contact the Contract Specialist to inform them the voucher month in which the Gross Rent will be implemented. This will allow the Contract Specialist an opportunity to update the CA database with the GR change and be prepared to accept all applicable certifications. The Owner/Agent should ensure they are billing correctly by confirming the proper effective date and rents for each bedroom type. Once this information is updated and processed in the O/A database, the certifications should be compared to the Rent Schedule and the paper copy of the voucher for accuracy. Running a preliminary voucher and reviewing it prior to submitting it to the PBCA allows the O/A to ensure all Gross Rent certifications have successfully applied to every household and the proper adjustments appear for full payment of the voucher.
PO022	GR Effective Date does not match effective date of Applied Rent Schedule.	The effective date on the GR certification <i>is not</i> the same as the effective date on listed on the Rent Schedule. This error message can also appear when other certifications are used in place of the GR (AR, IR, IC, MI and UT).	The Contract Specialist will update the PBCA system with the proper rent schedule using the approved effective date. All certifications submitted will be compared to that information on file. If the rents submitted on that certification would not have been in effect during that time, the certification will fail. For example, say the 1 BR contract rent is now \$500 and the effective date is 3/1/2012. If a MI certification effective 2/25/2012 is submitted using the newly approved rents of \$500 it will fail the system because the system will be comparing the Rent Schedule effective date of 3/1/2012 with the effective date of the MI 2/25/2012 and the contract rent of \$500. The proper resolution would be to submit the MI at the old contract rent and a GR certification effective 3/1/2012 with the proper contract rent of \$500.

<p>F0036</p>	<p>Cannot process record; no certification exists for this household in CATS</p>	<p>This means that the Head of Household (HOH) on the certification submitted by the Owner/Agent does not match the HOH on the most recently <u>approved</u> certification on file with the PBCA. The PBCA vouchering software has attempted to match the certification submitted by the site, with a tenant/household that should exist in the database. This process is the same process TRACS uses when we (PBCA) transmit certification from our database to HUD.</p>	<p>If the Owner/Agent attempts to change the Head of Household or any information related to the HOH, the Previous Head of Household fields (60 through 65) must be completed on the 50059. If the O/A has failed to do so and the HOH or information related to the HOH has changed, our system will fail the cert because the information does not match. Prior to transmitting the certification review the printed copies of the 50059 to ensure the proper fields have been completed.</p>
<p>F0089</p>	<p>Certification exists on the CATS database</p>	<p>A duplicate partial certification (TM, MO, UT or GR) was transmitted that was already processed in the PBCA database.</p>	<p>Most software vendors offer a feature in which you can review a list of certifications that are set to be transmitted with the voucher submission. Reviewing that certification list against your system will allow for duplicate certifications to be removed from the out box prior to being sent.</p>
<p>F0145</p>	<p>Certification effective date must be unique unless the baseline indicator is "Y" or the certification is a correction.</p>	<p>A duplicate full certification (MI, AR, IR or IC) was transmitted that was already processed in the PBCA database. In some cases, there is a different certification <u>type</u> being transmitted that shares the same effective date of a certification already processed.</p>	<p>Most software vendors offer a feature in which you can review a list of certifications that are set to be transmitted with the voucher submission. Reviewing that certification list against your system will allow for duplicate certifications to be removed from the outbox prior to being sent. If there is a need to correct information on a previously processed 50059, you must mark that certification as a <u>correction</u> prior to resubmission. If there is a mistake in the certification type that was previously chosen, the proper way to resolve that issue will be to mark the certification as a correction, change the certification type and resubmit the certification.</p>



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