The CA Quarterly Review

Fall 2016 Edition

September 22, 2016

North Tampa Housing Development Corporation

From the Desk of Don Shea, NTHDC Director and Contract Administrator

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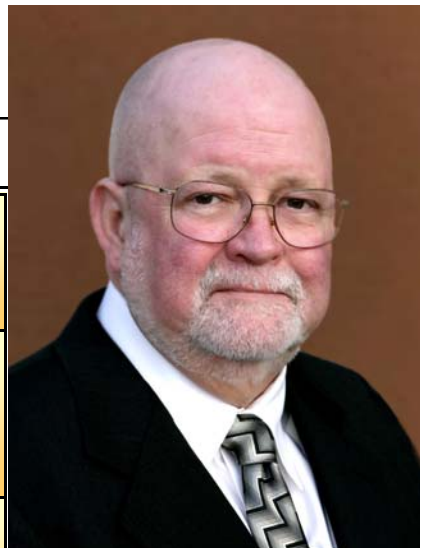


Football season is back and hopefully cooler weather isn't too far away. That means it's time for the Fall 2016 edition of the CA Quarterly Review. It is hard to believe how quickly time is moving this year or that NTHDC has been conducting Management and Occupancy Reviews for more than 3 months already. This publication provides a lot of great information including some tips on the most common MOR findings we are issuing and what you can do to avoid them. You will also be introduced to some of our new staff assigned to conduct MOR activity throughout the state.

We are still executing the MOR Work Plan approved by HUD for this calendar year. We will be proposing a Work Plan for the 2017 calendar year, but we have not received much insight from HUD on how much funding will be available to cover the costs of MOR activity for next year. We are hoping we will be able to visit all of our properties over the course of next year, but the ultimate decision will rest with HUD on which properties will be approved for an on-site visit.

The NTHDC Training and Compliance Team is working on developing some additional Webinar Style Trainings for the fall. We have some ideas for topics based on what we are seeing, but please feel free to share your ideas with your NTHDC contacts or through our website. We want to make sure we are providing the information you need and that will be helpful.

I also want to thank all of you for your cooperation and willingness to work with the NTHDC team in scheduling your Management Reviews, assisting the reviewers while they are at your properties and providing timely responses. We appreciate the great relationships we have developed with all of you and understand how important it is for all of us to work together. It was great seeing many of you at SAHMA in August and having a chance to talk to some of you in person.

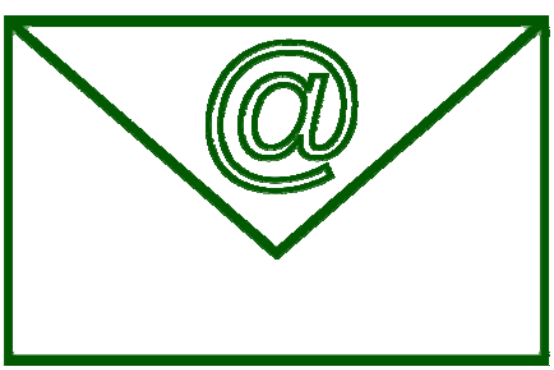
We are looking forward to a great fall and I hope you are too. Please let us know if there is anything we can do to help you and thank you for all you do!

Don Shea,

NTHDC Director and Contract Administrator, Florida & U.S. Virgin Islands

What's New on HUDClips

Posted Date		
9/21/2016	**FR-5969-N-01**	**Eligibility of Independent Students for Assisted Housing Under Section 8 of the U.S. Housing Act of 1937; Additional Supplementary Guidance**
9/1/2016	**FR-5816-OP-01**	**Requirements for Notification, Evaluation and Reduction of Lead- Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance; Response to Elevated Blood Lead Levels**
8/26/2016	**HUD Notice 2016-08**	**Family Self Sufficiency Program in Multifamily**
8/26/2016	**FR-5962-N-01**	**Fair Market Rents for the Housing Choice Voucher Program, Moderate Rehabilitation Single Room Occupancy Program and Other Programs Fiscal Year 2017**
8/10/2016	**HUD Form 52695**	**HUD LIHTC Database Data Collection Form**
8/10/2016	**HUD Form 52697**	**HUD LIHTC Tenant Data Collection Form**



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Please visit: www.nthdc.org OR send an email to: layla.hayavi@cgifederal.com

Management and Occupancy Reviews: Common Findings and Compliance Related Issues

NTHDC resumed Management and Occupancy Reviews (MORs) earlier this year. Our goal is to always work with our owners and agents to ensure continued compliance with all of the published regulations. As such, we recognize that a lot has changed in the five years since MOR activity ceased. Since we began MORs earlier this year, there are certainly some common non-compliant topics, most of which are in the arena of EIV and Change 4. The following compliance issues represent the most common issues or findings that NTHDC has identified this year.

Change 4 of the HUD Handbook 4350.3

In November 2013, HUD released change 4 of Handbook 4350.3. The revision implemented numerous changes affecting the day to day leasing and occupancy policies at the property level. Since PBCAs were not conducting Management and Occupancy Reviews at that time, compliance with change 4 has gone unchecked until this year. Here are the most frequent non-compliant change 4 issues we have noted during our current MOR reviews:

Social Security Number Requirements

- Change 4 of the Handbook 4350.3 required all applicant and household members, with some exceptions, to disclose their Social Security Number. This new policy had to be implemented into the owner's written Tenant Selection Plan and Application. In April of this year, HUD added an additional exception to the disclosure of Social Security Number requirement for children under the age of six, which can be found at 24 CFR 5.216.

Sex offender screening

- HUD has determined that any person who is subject to the state sex offender lifetime registry cannot be admitted into Section 8 housing. As a result of this ruling, all persons must be screened prior to tenancy. Owners may utilize the free website www.nsopw.gov, or any other another service to conduct the screening. Screening for the sex offender registration is not limited to those listed on the lease, as Live-in aides must also go through the appropriate screening process.
- Application does not ask the applicant to disclose all states where they have known to reside. Because the Sex offender screening must be conducted in all states where all applicant household members have resided, it is imperative that the application ask the household, regardless of age, to disclose any and all states where they have ever lived.

Approval of Owner created Lease Addenda

- Per chapter 6, 6-4 D of the Handbook 4350.3 Change 4, Lease modifications by owners using a lease addendum must be approved by HUD. Therefore any owner or management created lease addendum must be approved prior to implementation.

Management and Occupancy Reviews: Common Findings and Compliance Related Issues Cont'd…

VAWA not incorporated into the House Rules

- The House Rules must include policies and procedures covering VAWA protections. These policies should specify how the owner will support and assist victims and families of victims of domestic or dating violence and stalking and protect them from losing their housing.

EIV

EIV must be used in its entirety. Chapter 9 of the HUD Handbook 4350.3 is dedicated to EIV, along with relevant attachments. HUD may levy a 5% voucher penalty to any property that is not using EIV in a sufficient manner. Here are some common EIV non-compliant issues noted at the most recent MORs:

EIV Policies and Procedures are missing required information

- Policies for when a household member turns 18 in between certifications.
- Policy not updated to include No Income Reported on the 50059 Report and No Income Reported by HHS or SSA Report.
- Frequency of the reports are not run in accordance with the established policies and procedures.

EIV Reports

- EIV is not being used in its entirety. Either one or all of the reports are not being run or run in accordance with the frequency outlined in the policies and procedures.
- Existing Tenant Search is not being run prior to Move In.
- Income and Income Discrepancy Report are not being run within 90 days from the date the MI or IC cert was transmitted to TRACS.
- Lack of follow up documentation to demonstrate that the reported EIV discrepant information has been investigated and resolved.
- EIV Income, Income Discrepancy and Summary Report is not being run at AR and IR.
- EIV Reports are not being properly maintained.

EIV User Documentation

- For EIV Users who are also TRACS users, the ROB was not completed.
- The Cyber Security Awareness Certificate was missing and/or not completed within 30 days from the date the ROB was signed (for TRACS users).
- The Initial and Current CAAF and UAAF was not available for all users and coordinators.

If you have any questions, please feel free to reach out to your NTHDC Local Contract Specialist.

Utility Analysis FAQ Updated

On August 29, 2016, HUD updated the FAQ regarding Housing Notice H-2015-04, Methodology for Completing a Multifamily Housing Utility Allowance. This article highlights only the changes to the original FAQ. CLICK HERE to view the entire FAQ.

Question 2: What documentation will an O/A be required to submit with a utility analysis and request for approval of a U/A?
Answer: The O/A shall submit backup information that demonstrates how s/he calculated the new utility allowance(s). HUD/CA has discretion to determine the documentation needed to support the utility allowances. Some examples of backup information include:

1. Copies of the tenant data received from utility providers, this is typically in summary format; or
2. Copies of the printouts indicating a summary of monthly data if the tenant was able to obtain data online from their utility provider for the previous 12 months, or 10 months if the case may be; or
3. If the O/A obtained actual monthly utility bills from a tenant, the O/A may submit a spreadsheet summarizing the average of the monthly bills. Actual utility bills may be requested at the discretion of HUD/CA. These bills, regardless of whether they are provided to HUD/CA, must be retained by the owner for three years;
4. At the discretion of HUD/CA, there may be cases where a combination of the above will need to be performed.

NTHDC Comment: HUD updated language in bullet points three and four. Bullet point three clarifies that UA bills obtained by the owner must, in all cases, be maintained in the tenant file. Bullet point four added language that the combination of submission methods is at the discretion of HUD/PBCA.

Question 3: When completing a baseline analysis, is there a limit to the age of data used to make the analysis?
Answer: A utility analysis should be prepared four to six months prior to the anniversary date of the contracts, with submitted data covering the prior 12-month period. Thus, at the time of contract renewal, the data used in the utility analysis to support the utility allowance would generally be no more than 18 months old.

Question 22: Can refusal to sign a tenant release form be considered a lease violation?
Answer: Yes. Tenants refusing to sign a release form constitutes material noncompliance with the lease agreement, as defined in the lease agreement, and repeated violations can result in termination of tenancy. Further, for properties other than 236 and 221(d)(3), not signing the release form is a violation of the regulatory obligations of the family found at 24 CFR 5.659(b)(1). To add clarity to the requirement, owners are encouraged to include language in their House Rules advising tenants of their obligation to sign release forms and to provide any information deemed necessary in administration of the program, or face possible termination. Any changes to a property's House Rules must be done according to the procedures outlined in HUD Handbook 4350.3, REV-1 paragraph 6-9.

Question 26: For properties in California, should the Climate Credit shown on some utility bills be included in the Utility Allowance calculation?

Utility Analysis FAQ Updated Cont'd…

Answer: No. The California Climate Credit should not be used by owners in calculating utility allowances and should be removed from the cost totals. This is because, while the California climate credit is delivered to California residents through their utility bills, the California Public Utilities Commission (CPUC) has held that the climate credits "should not be considered a reduction in the individual customer's electricity bill." Instead of being used to offset utility allowances, California climate credits should be considered "income" for the purposes of recertification. This guidance applies only to the California Climate Credit. Questions about other similar benefits should be submitted to HUD for individual review.

Question 29: When will the UAF be effective?
Answer: Going forward, Utility Allowance Factors will be effective on the same date as the OCAF, which is typically February 11 of each year. Factors for 2017 will be released at the same time as the FY 2017 OCAF.

Question 33: Will the UAF be applied automatically to the previous year's utility allowance?
Answer: No, HUD systems will not automatically apply the UAF to the previous year's utility allowance, nor is it the PBCA's responsibility. Utility allowance regulations require an owner to "submit an analysis of the project's utility allowances" for review and approval each year. This requirement extends to the factor-based years in which an owner will show how the factor was applied and identify the resulting utility allowance recommendation.

Question 34: Are O/As required to phase-in a UA decrease?
Answer: Yes, but only in the initial implementation of the new methodology, and only if the decrease exceeds 15% AND is equal to or greater than $10.

Question 36: Please provide an example of how phase-in of a very large utility allowance decrease would be implemented over three years.
Answer: Here is an example of this type of phase-in.
<u>Year One</u>
Current Utility Allowance
$90
Decrease in First Year
40%
New Calculated Utility Allowance
$54
Year 1 Utility Allowance*
$77*
* With a phase-in cap of 15% each year, the new capped utility allowance is $77 ($90 - 15%). This is the utility allowance that gets implemented in Year 1

Utility Analysis FAQ Updated Cont'd...

Year Two
Second Year UAF (applied to calculated, uncapped new utility allowance)
+ 2%
New Actual Utility Allowance
$55 ($54 + 2%)
Tenant's 2nd Capped Utility Allowance*
$65* ($77 - 15%)
* The utility allowance that gets implemented in Year 2 is $65 even though the calculated utility allowance is $55

Year Three
Third Year UAF (applied to uncapped second year utility allowance)
+ 2%
New Actual Utility Allowance
$56 ($55 + 2%)
Tenant's Third Year Utility Allowance*
$56*
* Implement the actual calculated utility allowance as it is less than 15% lower than the previous year's utility allowance.

In this example, the phase-in occurs over two years of the cycle (baseline year, plus first factor-adjusted year). In each of the factor adjusted years, the factor is applied to the previous year's calculated utility allowance, i.e. what the utility allowance would have been if there were not a cap put on it because of the requirement to phase it in. After that, there is a new baseline and phase-in requirements no longer apply. Any year there is a decrease in the utility allowance, tenant notification must be provided.

Question 42: A Section 811 PRA property with a RAC that specifies use of the HUD Multifamily Housing policy for developing utility allowances will use the methodology outlined in the Notice. Do Section 811 PRA owners have to separate the PRA units from the project-based units or can all units be included in one analysis?

Answer: Section 811 PRA properties must complete an analysis which separates the PRA units from the project-based units.

Multifamily Self-Sufficiency Program

HUD notice 16-08, published on August 16, 2016, describes detailed program information and explains the responsibilities of the O/A, the Family, and HUD for the Family Self Sufficiency Program for Multifamily Housing. This newsletter article summarizes salient owner/agent information of HUD notice 16-08. Click Family Self Sufficiency in Multifamily to read the complete program details.

Introduction

Family Self Sufficiency (FSS) is a HUD program that provides incentives and supports to help families living in multifamily assisted housing to increase their earned income and reduce their dependence on public assistance programs. Owners of privately-owned HUD assisted multifamily housing can voluntarily establish and operate an FSS program at their housing sites. Participation in the FSS program is voluntary for families living in these properties.

Families entering the FSS program work to develop goals that will help the families make progress toward self-sufficiency within a 5-year period. These goals may include education, specialized training, and job readiness, placement, and career advancement activities. Families sign a contract of participation (CoP) with the owner, for up to five years. Goals for each participating family member are set out in Individual Training and Service Plans (ITSP) that are part of the CoP. When the family meets its goals and completes its FSS contract, the family becomes eligible to receive funds deposited in an escrow account.

The owner establishes an interest-bearing escrow account for all families, with separate accounting for each participating family. The escrow account is funded by HUD through adjustments to rental subsidy payments to the owner. If family members' earned incomes and rental payments increase while participating in the FSS program, the owner will credit the incremental rent due to the increase in earned income amount to the family's escrow account. Once a family successfully completes the program, they may access the escrow funds and use them for any purpose.

Funding

Owners may use residual receipts to support the position of the FSS program coordinator. HUD will approve requests for releases from the account in accordance with the procedures found in HUD Handbook 4350.1, Multifamily Asset Management and Project Servicing, Chapter 25, "Residual Receipts" and further terms specified in this Notice.

Owners planning to use available residual receipts to employ a FSS program coordinator are exempt from the requirement to use residual receipts to offset Section 8 payments, as set forth in Housing Notice 2012-14, "Use of "New Regulation" Section 8 Housing Assistance Payments (HAP) Contracts Residual Receipts to Offset Project-Based Section 8 Housing Assistance Payments". Should an owner's residual receipts balance exceed FSS program coordinator expenses for a one-year period, the excess amount may remain in the owner's residual receipt account. The owner/agent can then use these funds in the subsequent year(s) to continue paying FSS program coordinator expenses.

Multifamily Self-Sufficiency Program

Owners may use available residual receipts to support the position of the FSS program coordinator. Residual receipts may not be used for any other FSS program expense other than supporting the position of the FSS program coordinator.
There is no account minimum that must be maintained before owners may use available funds. Owners can use any amount they have in their residual receipts account to pay for the FSS program coordinator.

To justify approved residual receipt amounts, owners must establish an acceptable FSS program coordinator to individual FSS participant ratio within nine months of the residual receipts approval date and on an ongoing basis thereafter. HUD may reduce future residual receipt amounts if participant levels fall short of the initial approved program size.

Owners may set salary amounts, but they must be supported by comparables for similar positions in the local jurisdiction. Owners must maintain this supporting documentation in their program files and make the files available to HUD upon request. If the owner does not have comparables on file, or the comparables do not support the approved residual receipts amounts, HUD may suspend or terminate further use of residual receipts.

Summary of Program Requirements
Owner Obligations
The owner is responsible for the following activities:

- Coordinate services with appropriate local entities.
- Write an Action Plan and submit to HUD for approval.
- Recruit program participants and, if desirable, screen for motivation. The planned procedure to screen for motivation must be explained in the owner's Action Plan and applied in a non-discriminatory manner.
- Create and execute a contract of participation (CoP) with participating families.
- Provide service coordination, case management, or coaching, including referring, monitoring, and evaluating supportive services provided to FSS families
- Create FSS Escrow accounts and manage deposited funds.
- Submit quarterly reports to HUD.
- Comply with Fair Housing and Equal Opportunity Requirements. The owner must administer its FSS program in compliance with all applicable fair housing and other civil rights requirements, including the authorities cited at 24 CFR § 5.105(a). This includes, but is not limited to, the Fair Housing Act, Title VI of the Civil Rights Act, Section 504 of the Rehabilitation Act, and titles II or III of the Americans with Disabilities Act, as applicable. The owner must grant reasonable accommodation requests that may be necessary for qualified individuals with disabilities to benefit from the program.

FSS Family Obligations.

- Head of household will execute the CoP with owner. Note: The head of household may be changed on the Form HUD-50059 to identify the appropriate household member responsible for the CoP;

Multifamily Self-Sufficiency Program

- Head of household will execute the CoP with owner. Note: The head of household may be changed on the Form HUD-50059 to identify the appropriate household member responsible for the CoP;
- Head of household must seek and maintain suitable employment during the term of the contract (and any extension thereto);
- A determination of "suitable" employment shall be made by the owner based on the skills, education, and job training of the individual designated the head-of-household, and based on the available job opportunities.
- Head of household and those family members who have decided to execute an individual ITSP will work with the owner to set goals that become part of the CoP;
- FSS participants will complete the activities within the dates identified in each ITSP (including any extension thereto);
- All family members must report increases in earned income immediately to property management staff
- All family members must become independent from welfare assistance and remain independent at least one year before the expiration of the term of the CoP (including any extension thereto). Note: This requirement applies to all family members, not just the FSS participants.
- All family members must comply with the terms of the lease.

Program Development and Approval Procedures

FSS program development begins with an Action plan that must be submitted to and approved by HUD. Once a program is approved, the Owner will need to coordinate local services and select families for the program based on the HUD approved Action Plan.

Action Plan

An owner must have a HUD-approved Action Plan that complies with the requirements of this Notice before implementing an FSS program. The owner shall develop an action plan. The Action Plan should be developed in consultation with the public and private entities that will provide tenant services and/or other resources for the operation of the FSS program.

The Action Plan shall describe the policies and procedures of the FSS program and shall contain, at a minimum, the following information:

- Family demographics. A description of the number, size, characteristics, and other demographics (including racial and ethnic data), and the supportive service needs of the families expected to participate in the FSS program;
- An estimate of the number of eligible FSS families who can reasonably be expected to receive supportive services under the FSS program, based on available and anticipated Federal, State, local, and private resources;
- Owners must provide a description of the procedures to select families for participation in the FSS program. Owners must also explain how their proposed selection procedures ensure that families will be selected without regard to race, color, religion, sex, disability, familial status, or national origin. The description should include any ineligibility criteria, such as a record of failing to comply with lease requirements

Multifamily Self-Sufficiency Program

or having been previously terminated from the FSS program.

- A description of the incentives that the owner intends to offer eligible families to encourage their participation in the FSS program. The incentives plan provides for the establishment of the FSS escrow account and lists any other incentives offered by the owner;
- A description of the planned efforts to recruit FSS participants from among eligible families and the notification method that will assure that both minority and non-minority groups are informed about the FSS program, including efforts to ensure meaningful program access for persons with Limited English Proficiency and effective communication with individuals with disabilities;
- A description of the activities and supportive services that both public and private resources will provide to FSS families and a list of those identified agencies. Include a description of who will coordinate supportive services for the FSS family, such as an FSS program coordinator, Program Coordinating Committee (PCC), or other qualified entity. The owner will determine the qualifications of an “other qualified entity”;
- A description of how an FSS program coordinator will be funded, whether from public/private sources or from residual receipts. The funding plan should demonstrate immediate or near-term availability of resources to sustain a program coordinator position, and include a strategy for continuing funding over at least the next five years.
- A description of how the FSS program will identify the needs and deliver the services and activities according to the needs of the FSS families.
- Owner's policies concerning terminating participation in the FSS program and the withholding of escrow funds, due to a family's failure to comply with the requirements of its CoP. The plan must also describe the grievance and hearing procedures that will be available to FSS participants wishing to appeal the owner’s decision related to the family's FSS participation. Owners may also want to include policies for denying FSS participation to families owing money to the owner and actions to be taken if an FSS family underreports income or assets.
- A statement assuring that a family's election not to participate in the FSS program will not affect the family's admission to assisted housing or the family's right to occupancy in accordance with its lease.
- A timetable for implementation of the FSS program.

HUD approval

Action plans and FSS programs will be reviewed and approved by the property’s HUD Account Executive (AE) at the local field. As part of the approval process, HUD will assess owner’s capacity to effectively run an FSS program by reviewing the property’s recent Management and Occupancy Review (MOR) and the Financial Assessment Subsystem (FASS) score. The owner must demonstrate a rating of Satisfactory or higher on the most recent Management and Occupancy Review. In addition, the owner must be current in the submission of Annual Financial Statements in the form required by the Department and Monthly Accounting Reports for the prior three-year period, and have resolved all compliance flags.

HUD will follow up with the owner if there are any questions about the Action Plan and will issue final approval of the Action Plan and residual receipts request, if applicable. Owners shall not begin operating their FSS program before receiving the official approval from HUD.

Multifamily Self-Sufficiency Program

Local coordination.
Each participating owner must coordinate efforts in securing commitments of public and private resources for the operation of the program. This coordination will also assist the owner in developing the Action Plan and in implementing the program.

Although the owner is not required to establish a Program Coordinating Committee (PCC), the owner may establish a PCC or coordinate services through the PCC of a local PHA with an established FSS program. The owner may also partner with one or more private owners in the community to have a joint PCC. Refer to 24 CFR Part 984 for additional information on a PCC.

The owner must articulate in the Action Plan all commitments secured and provide a description of who will coordinate supportive services for the FSS family.

FSS family selection procedures.
Eligible families must be selected according to an objective system, such as a lottery, the length of time living in subsidized housing, the date the family expressed an interest in participating in the FSS program, prior participation with poor results, history of on-time rent payments, or no lease violation notices within the past year. The owner must describe the objective selection system in the Action Plan. The FSS selection must comply with all fair housing and equal opportunity requirements.

An owner may screen families for interest in and motivation to participate in the FSS program, provided that the factors utilized by the owner are those which solely measure the family's interest and motivation, and those factors are applied in a non-discriminatory manner. Motivation must be based on reasonable and observable actions, rather than subjective measures.

- Permissible motivational screening factors may include requiring attendance at FSS orientation sessions or preselection interviews, the percentage of adult household members who will participate, or performing certain tasks which indicate the family's willingness to meet the terms of the FSS CoP. Assigned tasks must be readily accomplishable by the family, based on the family members' situations. Reasonable accommodations must be made for individuals with disabilities, including individuals with physical, mental, or developmental disabilities.
- Prohibited motivational screening factors. Any factors which may operate to discriminate because of race, color, national origin, religion, sex, disability, or familial status or have an unjustified discriminatory effect because of a protected class are prohibited. For example, discriminatory treatment toward individuals with disabilities or minority or non-minority groups are prohibited. Examples of prohibited criteria include a family's educational level, educational or standardized motivational test results, previous job history or job performance, credit rating, marital status, number of children, and sensory or manual skills.

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On-site facilities.
Subject to HUD approval, owners may use common areas or unoccupied Section 8 dwelling units to provide space for supportive services and service coordination as part of an FSS program. Subsidy will not be provided for a Section 8 unit used or taken offline for this purpose. Owners must ensure that facilities are accessible to individuals with disabilities and grant reasonable accommodation requests that may be necessary for individuals with disabilities to benefit from the program.

Program Operation
There is no implementation deadline. However, the program cannot begin operation until HUD has approved the owner's action plan. Operation means that activities such as outreach, participant selection, and enrollment have begun.

Owners using residual receipts to employ an FSS program coordinator must begin program operation within 12 months of the approval date to use the residual receipts. If this does not occur, the owner must submit an updated action plan for HUD approval. Amounts not covered by an approved, updated plan of action must be returned to the residual receipt account prior to the close of the project fiscal year.

An owner (or its management agent) may employ one or more FSS program coordinators to administer its FSS program. Owners may retain the services of one or more FSS program coordinators through a contract or other such agreement with an appropriate organization. Owners may also contract with a third party agency to establish and administer the entire FSS program (including managing the FSS escrow accounts).

Owners are obligated to refer FSS participants to appropriate supportive services and programs; support and monitor ongoing participation of the FSS participant, and manage escrow accounts. Owners (or their management agents) may meet this obligation by directly employing one or more FSS program coordinators or they may have property management staff or other contracted professionals perform the FSS program coordinator's functions.

The owner, an FSS program coordinator, or other qualified entity must perform the following functions:

- Build partnerships with employers and service providers in the community to ensure that FSS program participants are linked to the supportive services they need to achieve self-sufficiency;
- Prepare an Individual Training and Services Plan (ITSP) for the head of the FSS family and each adult member of the family who elects to participate in the FSS program;
- Ensure that the services included in the participating family's CoP are provided on a regular, ongoing, and satisfactory basis;
- Provide ongoing case management as needed;
- Work with participants to help them fulfill the responsibilities of their CoPs;
- Ensure that FSS escrow accounts are established and properly maintained; and
- Monitor the progress of participants and evaluate the overall success of the program

Vouchering Tips: Repayment Agreements

When vouchering, maximizing the total HAP requested each month should be the main objective. Below are some tips that can help in achieving this goal.

202D Repayment Agreements

Since 202D, HUD has a strong mandate to track improper subsidy payments and, should it happen, the repayment of payments made in error. With this mandate, the assigning of Repayment Agreement IDs became mandatory and each ID assigned must be unique within the project/community. Once the ID is set, it will need to be transferred should there be a change of software later on.

Note: A new ID must be assigned to each instance of misreporting even if all instances are covered by a single paper agreement.

Tenant Meeting

When meeting with the tenant to discuss the unreported/underreported income it's best to have both the certification(s) and the repayment agreement documents there at the same time. If the form is blank, this time can be used to type or write in all pertinent information regarding the amount owed, any amount paid at the time of the meeting and the agreed upon installment payments. Most importantly, the required signature for the repayment agreement can be obtained at the same time that the tenant signs the 50059's. This helps to prevent the gap between the certifications being signed and processed on a voucher in advance of the repayment agreement being signed.

Payment Options

The tenant can repay amounts due:

1. In a lump sum payment
2. By entering into a repayment agreement with the O/A (no money paid at the time)
3. A combination of (1) and (2) above (down payment with agreed upon installments)

Please Note: Tenants are obligated to reimburse the O/A if they are charged less rent than required by HUD's rent formula due to underreporting or failure to report income. See HUD Notice: H 2013-06 found at http://portal.hud.gov/hudportal/documents/huddoc?id=13-06hsgn.pdf for specific lease and handbook violations.

Repayment Agreement Types

T = Tenant Repayment Agreement transaction.

O = Owner/Agent Repayment Agreement transaction.

N = None or No Agreement.

Repayment Scenarios

Below are several scenarios regarding when corrected certifications are submitted and whether or not adjustments related to transmitted certifications may be reversed if there is no repayment agreement and the household has not paid the amount owed. Please see the 202D MAT Guide, Chapter 4.9 - Repayment Agreements and Improper Payment Tracking.

1. Tenant refuses to cooperate in the investigation and moves out without signing any certifications. There is no repayment agreement.
    - No retroactive certifications are created or transmitted.

Vouchering Tips: Repayment Agreements Cont'd…

2. Tenant remains in unit; verifications are completed; tenant does not sign certifications. There is no repayment agreement.
    - No retroactive certifications are created or transmitted.
3. Tenant signs certifications but does not sign a repayment agreement
    - Certifications are transmitted and the total adjustments caused by the certifications are reversed with a Section 7 record. The Agreement Type is N (None). Additional information can be found in HUD Handbook 4350.3 Revision 1, Paragraph 8-21
4. Tenant signs certifications and repayment agreement.
    - Certifications are transmitted and the total adjustments caused by the certifications are reversed. The owner/agent uses the Repayment Agreement record to record the reversal. The Agreement Type is T (Tenant). Additional information can be found in HUD Handbook 4350.3 Revision 1, Paragraph 8-21

Certification, Adjustments and the Voucher

It is imperative that repayment agreements and certifications are processed timely and together on the same monthly voucher. This provides a consistent audit trail for all parties involved (HUD, PBCA and O/A). As the PBCA we are tasked to ensure that the proper certifications have been completed that correlate to the repayment agreement we have received. Once the certifications are processed O/As should make a negative retroactive adjustment on the O/A voucher which will return all overpaid subsidy in error based on the unreported/underreported income. Once the PBCA receives the certifications and they are processed the same negative adjustment will be made.

Prior to honoring the positive offset for these agreements we are looking for the following with every submission:

1. Is the repayment agreement signed by both the tenant and O/A?
2. If it is not signed, then is the Repayment entry listed with the proper **Agreement Type: "N"**?
3. Does the adjustment for this tenant (located in the Retroactive Adjustment section of the voucher) match the amount owed on the agreement?
4. Are all certifications received?
5. Is the total amount owed, lump sum paid at the time of the execution of the repayment agreement (if applicable) and time period for the repayment agreement valid based on the certifications submitted?

The following entries on the MAT30, Section 7 Repayment Agreement record (Please see the 202D MAT Guide, Chapter 6) are also verified prior to approving the positive offset request:

1. **Fields 3, 4 and 5: Head of Household & Unit Number** – Tenant's last name, first name and the unit number reported in the repayment agreement.
2. **Field 6: Agreement ID -** Must be unique within the project/community.
3. **Field 7:** Agreement Date - If the transaction is associated with a signed repayment agreement; fill with the date of the repayment agreement or, in the absence of an agreement date, the tenant signature date.

Vouchering Tips: Repayment Agreements Cont'd…

4. **Field 8:** Agreement Amount - Original agreement amount - prior to any payments.
5. **Field 9:** Agreement Type - T = Tenant Repayment Agreement transaction. O = Owner/Agent Repayment Agreement transaction. N = None or No Agreement.
6. **Field 10:** Agreement Change Amount - The amount by which the agreement amount is changing with this transaction. For an original reversing entry, the change amount is equal to the agreement amount. (See 202DCalculationsForRepayments.xls under TRACS 202D Final Industry Specification Documents for examples)
7. **Field 11:** Total Payment - For a tenant or owner payment this is the amount collected this month. For Agreement Type N, the Total Payment is always 0. Note: a regular payment is reported as a positive number.
8. **Field 12:** Amount Retained - The amount of expenses retained is the lesser of expenses or 20% of the Total Payment.
   Note: The amount retained related to a regular payment is reported as a positive number and it is important to remember that rounding is down for retention calculations.
9. **Field 13: Ending Balance -** Balance remaining to be paid on the agreement. For Agreement Type N, the Ending Balance equals the Agreement Amount = Amount Requested.
   - When there is a discrepancy in the ending balance, providing the Contract Administrator a copy of the payment ledger for the tenant will be pertinent in finding where the error occurred along the line (i.e. missing payments, duplicate payments posted, etc.).
9. **Field 14:** Amount Requested - The amount of this repayment agreement transaction.

If any of the above criteria are not met, the O/A will receive a Draft Reconciliation Report confirming what error has occurred and our recommended solution. The goal is always to ensure the repayment agreement is accurately completed with the proper 50059 support.

Gross Rents/Repayment Agreements

When vouchering we have to consider that the changes in both the contract rent and the utility allowance can also impact the repayment agreements. The change in contract rent (up or down) is money owed to the property or back to HUD and ***should not*** be used to offset the tenant repayment agreement. By processing the two together on the same voucher the adjustments may not work out the proper way. To avoid confusion and more calculation errors there are two approaches to implementing a Gross Rent change and tenant repayment agreement on the same voucher:

- **Process them 1 month apart -** If the Gross Rent is effective 11/1/2016 the earliest voucher it can be implemented on is November 2016. If the meeting with the tenant has already occurred and he or she has signed the repayment agreement and all 50059s, then submitting the repayment agreement and certs on the October 2016 voucher may be the best course of action. This is a month prior to when the GR change can actually post to a voucher so there will be no impact to the adjustments for November 2016.
- **Process them together but back out the change in Contract rents/UA -** This approach is acceptable and using the same scenario above both the Gross Rent change and the corrected 50059s can be applied. However, the change in subsidy if the contract rent or utility allowance had not changed will have to be manually calculated. Repayment agreements only take into consideration the change in tenant income

Vouchering Tips: Repayment Agreements Cont'd…

that went unreported, not the change in rent at the property. The voucher adjustments are not pure in these cases as the GR change and corrected certs are blended in the adjustments. Excel spreadsheets can be helpful when using this blended method.

Communication

When discrepancies occur between the PBCA and O/A amounts a Draft Reconciliation Report (RR) is transmitted to the site. The Draft version of the RR is the time to facilitate communication between the PBCA and O/A to resolve all issues that exist. Emails and phone calls can also assist in this process. The goal is to maximize the HAP voucher payment each month!

New Member Spotlight

NTHDC would like to extend a warm welcome to our newest staff members!

Steve Senate– Steve is a Local Contract Specialist (LCS) out of the Miami region. Steve has a dual Master's Degree in Justice and Business Administration from Lynn University and is committed to helping students in his community by providing one-on-one mentorship. Steve was a previous LCS in our Miami office, so you may recognize him!

Jacqueline Phillips-Clark—Jacqueline is a Local Contract Specialist (LCS) out of the Miami region. Jacqueline is a graduate of Temple University and comes to us with a plethora of government contracting experience. Outside of her career, Jacqueline is a volunteer in support of children's programs and is a proud mother of her two children, her daughter, a University of Miami graduate, and son, a member of the University of Miami's Tennis Team.

Angela Paredez- Angela is a Local Contract Specialist (LCS) out of the Tampa region. She comes to us with a background in working with Public Housing Authorities in the Section 8 HCV Program. Angela is a Florida native and spends her free time with her husband and children enjoying all the activities Florida has to offer.

Marva Bonner– Marva is a Local Contract Specialist (LCS) in the North Florida region. Marva comes to us with over 17 years in the affordable housing industry, including PBCA, HCVP, Public Housing, RD, LIHTC and other various HUD programs. In her free time, Marva likes to read, walk, attend Broadway shows and she is an active member of the Toastmasters organization.

Karen Wherry—Karen is a Central Contract Specialist (CCS) located in the Tampa office. Karen is a previous employee of NTHDC, and comes back to us with experience in healthcare management and HUD Property management. In her free time, Karen enjoys biking, body building, and reading. She loves spending time with her grandson, family and friends.

All Residents of HUD 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 Specialists (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: 8:30am to 5:30pm
Contact Numbers: 1-800-982-5232 fax: 614-985-1502
Written Summaries: 2000 Polaris Parkway, Suite 110, Columbus, Ohio 43211
Email: PBCA@NTHDC.org
Website: http://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)

EQUAL HOUSING OPPORTUNITY