



# The CA Quarterly Review

Spring 2014 Edition

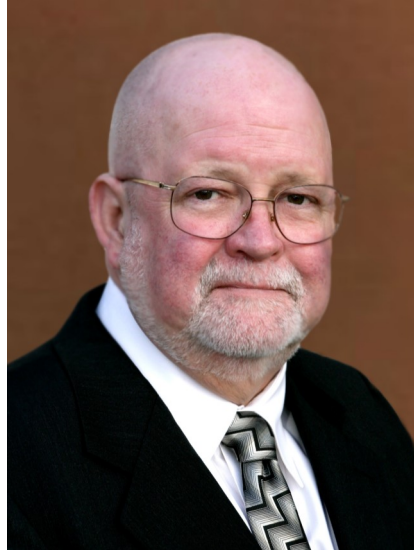
March 20, 2014

North Tampa Housing Development Corporation

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

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I hope this year has gotten off to a great start for everyone. It's hard to believe a quarter of the year is already coming to a close.

Spring is the best time to get outdoors and experience all wonderful things our corner of the world has to offer before the Summer heat and rain showers make their daily presence felt.

We feel privileged to continue to serve as the PBCA in Florida and the U.S Virgin Islands. We understand the importance of your role maintaining affordable housing for those in need, and we will continue to do all we can to assist you in the various facets of the Project Based Section 8 program.

We recently presented MOR and EIV training sessions at Leading Age Regional Meetings in Jacksonville, Tampa and Miami. And in April we will be presenting MOR and Special Claims training sessions at the SAHMA State Meeting in Jacksonville.

HUD exercised a three month extension under the PBCA Annual Contributions Contract (PB-ACC) which extended our PBCA contracts in Florida and the U.S. Virgin Islands through June 30, 2014. We're pleased to continue to serve as your PBCA, and are optimistic that we will do so for years to come.

Warmest Regards,

Don Shea

Director and Contract Administrator

## Proposed Changes to the Section 8 Renewal Guide Posted

Proposed changes to the Section 8 Renewal Guide are now posted on HUD's website. This posting, open for comment until April 30, 2014 contain changes to renewal processing that impact both Owners and PBCAs. Many of these changes are related to when an RCS is and is not required; terminating contracts early to participate in Mark Up to Market program; requesting zero budget increases; processing Auto-OCAFs; prepayment of FHA loans in the preservation program; rules for 515 properties and guidance on prepayment of Old Regulation State Housing Finance Agency projects. Below is an overview of a few of the proposed changes:

- ◆ New provisions for terminating a non-MAHRA contract early and the available options for renewal
- ◆ No longer requiring an owner with a RCS that expires prior to a multiyear contract's five-year life cycle to obtain another RCS until the time when the multiyear contract reaches the end of its five-year life.
- ◆ The term of the Section 8 contracts and the ability to use 20-year contracts.
- ◆ Allowing nonprofit owned projects with 100 percent Section 8 to include a vacancy rate of 3 percent in the budget.
- ◆ Allowing projects with low income housing tax credits to include in their budget the cost of the annual compliance reports that must be submitted to the tax credit allocation entity.
- ◆ Allowing owners to request zero budget-based rent adjustments.
- ◆ Allowing owners of Option Four projects who submit a zero budget-based rent adjustments to do so without a Rent Comparability Study (RCS).
- ◆ Allowing owners of Section 515/8 projects who submit budgets that result in rents that will be less than the OCAF adjustment to do so without a RCS.
- ◆ Adding language describing the procedure for the Auto-OCAF.
- ◆ Clarifying that Section 245 Tenant Notifications are not required for OCAF rent adjustments but is required for budget based rent adjustments or for any adjustment where the utility analysis results in a possible decrease in the utility allowance.
- ◆ Adding language that allows the termination of a non-MAHRA contract at any time in order to participate in MUTM with certain conditions.
- ◆ Adding language detailing the notification requirements when an owner desires to prepay an FHA mortgage in the Preservation Program.
- ◆ Adding language that HUD may refuse to renew a contract if the poor condition of the project cannot be remedied in a cost effective manner.
- ◆ Adding language that allows an owner of a 515/8 project to submit a "0" increase budget or a budget that results in rents below what would have been achieved using the OCAF adjustment, without the need for a RCS.
- ◆ Adding a new Chapter 16 "Old Regulation" State Housing Finance Agency Projects – Owner Options upon Full Prepayment of Original, Permanent Financing" that describes the options owners have when they prepay a state agency financed loan on a project with an "old reg' Section 8 contract.

## Proposed Changes to the Section 8 Renewal Guide Posted

This represents only a partial list of the changes HUD has proposed. To view the changes in their entirety, please go to:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/mfhsec8](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/mfhsec8).

Anyone interested in making comments should submit those comments by April 30, 2014. Send them electronically to [Section8RenewalGuide@hud.gov](mailto:Section8RenewalGuide@hud.gov) or via mail to the Department of Housing and Urban Development, Attention: Section 8 Renewal Guide, 451 7th Street, SW., Room 6134, Washington, DC 20410 –0500. Comments must specifically identify the section number, page, and paragraph number to which they refer.

## The NTHDC Contact Center is Here to Help



NTHDC understands that it can be challenging to balance day to day site operations all while keeping abreast of the changes to HUD rules and regulations for project-based, Section 8 housing. The knowledgeable, experienced representatives at NTHDC's Contact Center are available to assist you, your site staff and your community residents with any questions related to the Section 8 housing program.

NTHDC takes tremendous pride serving as your Contract Administrator in Florida and USVI. Our goal is to provide you with the highest caliber of service in a way that ultimately benefits those persons in need of housing. We're here to help.

## NTHDC Contact Center Staff

The NTHDC Contact Center looks forward to providing the assistance you need. Hours of operation are Monday through Friday, 8:30 am to 5:30 pm PST.

### Florida – NTHDC

Toll Free: 1-800-982-5232  
English TTY: 1-800-955-8771  
Spanish TTY: 1-877-955-8773  
Website: [www.nthdc.org](http://www.nthdc.org)  
Email: [PBCA@nthdc.org](mailto:PBCA@nthdc.org)

### Virgin Islands – NTHDC

Toll Free: 1-855-243-4100  
English TTY: 1-800-440-8477  
Spanish TTY: 1-800-809-8477  
Website: [www.nthdc.org/Virgin-Islands](http://www.nthdc.org/Virgin-Islands)  
Email: [VI-NTHDC@CGI-BPS.COM](mailto:VI-NTHDC@CGI-BPS.COM)

## HUD Releases Proposed FY2015 Budget

HUD Secretary Shaun Donovan unveiled HUD's fiscal year 2015 budget proposal. This year The President's Budget provides a roadmap for accelerating economic growth, expanding opportunity for all Americans, and ensuring fiscal responsibility. The Budget adheres to the 2015 spending levels agreed to in the Bipartisan Budget Act and shows the choices the President would make at those levels. But it also shows how to build on this progress to realize the nation's full potential with a fully paid for \$56 billion Opportunity, Growth, and Security Initiative, split evenly between defense and non-defense priorities. [Read HUD's proposed FY 2015 budget.](#)

HUD's budget is an essential component of the President's vision of investing in the things we need to grow our economy, create jobs, increase skills training and improve education – while continuing long term deficit reduction.

The budget focuses on four key principals:

- Driving Economic Growth by Increasing Access to Credit and Strengthening the Federal Housing Administration;
  - Providing Opportunity by Restoring and Increasing Assistance to Vulnerable Families;
  - Creating Growth and Opportunity through Key Initiatives; and
- Ensuring Fiscal Responsibility and Increasing Efficiency.

While the President's request makes critical investments to speed economic growth — growing neighborhoods of opportunity through Choice Neighborhoods and providing access to credit through FHA—it also includes new savings proposals and some very difficult choices HUD would not have made in a better fiscal environment.

Included in these tough choices, the FY2015 budget includes a 1.7% decrease in Project Based Section 8 funding, down from the current spending rate of \$11.5 Billion. It's unclear how this deficit will impact the industry, but expect to see partial funding in FY15.

## What's New on HUDClips

### ***Posted Date***

2/28/14

[RHIIP Posting #311](#)

Revised Section 8 Renewal Policy Guide  
Posted for Public Comment

2/28/14

[FR-5752-N-24](#)

30-Day Notice of Proposed Information Collection: Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking

2/18/14

[FR-5749-N-01](#)

FY 14 Annual Adjustment Factors (AAF)

1/23/14

[HUD Form 935-2A](#)

Affirmative Fair Housing Marketing Plan

## Clarification to Owners/Agents

### TRACS Rules of Behavior (ROB)

#### External Users

The Rules of Behavior (ROB) for the Tenant Rental Assistance Certification System (TRACS) and Multifamily Enterprise Income Verification (MF EIV) System are being sent erroneously to HUD by external users (project owners, management agents, contract administrators, service bureaus, and coordinators with M-ids or I-ids).

The TRACS Rules of Behavior (ROB) instructions require external users to *print, sign and file the ROB*. Please do not fax or email ROB's to HUD. Please file your signed copy of the ROB at your site, and retain for audit purposes.

### Change in Calculation of Surplus Cash for Some Projects

Some owner/agents will change the way they calculate surplus cash based on new regulatory agreement requirements. The change applies to multifamily housing projects that meet ***all three criteria***:

- Insured under FHA
- Firm commitment issued on or after September 1, 2011
- Under Regulatory Agreement form HUD 92466M, REV. 4/11

The new regulatory agreement that was revised in 2011 changes the definition of surplus cash. For projects that meet the above criteria, HUD has made a change to the *Schedule of Surplus Cash*. The owner will now subtract from cash the principal payment and reserve for replacements deposit due in the next month. However, if principal or reserves are prepaid, they need not be offset. As before, interest continues to be a deduction from surplus cash.

In the new release of FASS-FHA on December 6, 2013, the definition of line item *S1300-110—Other Current Obligations* clarifies that the requirement above applies to properties under the new Regulatory Agreement. [Information about the release and links to the new User Guide.](#)



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## TRACS 2020 D

We in the industry have anticipated the launch of TRACS 202D and the multiple changes related to forms, rules and even software upgrade; however, HUD has not yet posted a “Go Live” date. On the TRACS website [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/trx/trxsum](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxsum) located under the “What’s New” heading you will find the link to the **Final Industry Specification Documents**. These are the latest proposed TRACS 202D changes which include:

- ◆ HUD Form changes (52670- part 2,3,6, 52671A, 50059, 50059-A)
- ◆ MAT User Guide Chapter updates
- ◆ 202D Calculation Spreadsheets
- ◆ Special Claim updates

TRACS will also be getting an update to Error Messages. We encourage you to take the time to review these documents in preparation for this new industry update. Each software vendor will have their own specific roll out plans so please watch for any update information from them directly. NTHDC will keep you posted on additional updates and a “202D Go Live” date as we learn more.

The screenshot shows the HUD.GOV website interface. At the top, it displays the date "TUESDAY, MARCH 18, 2014" and the HUD logo. The main header includes the text "HUD.GOV U.S. Department of Housing and Urban Development Secretary Shaun Donovan". A navigation bar lists various sections: HOME, PRESS ROOM, AUDIENCES, STATE INFO, PROGRAM OFFICES, TOPIC AREAS, ABOUT HUD, RESOURCES, and CONTACT US. Below this, a secondary navigation bar lists: Housing Home, About Us, Single Family, Healthcare Programs, Multifamily, Housing Counseling, Online Systems, and Risk Management. The main content area shows a breadcrumb trail: HUD > Program Offices > Housing > Multifamily > TRACS > Multifamily Housing - TRACS. The title of the page is "Tenant Rental Assistance Certification System (TRACS)". A brief description states: "TRACS is a HUD computer system developed to help improve financial controls over assisted housing programs by automating manual procedures and incorporating automated controls." A list of links is provided under the heading "What's New", including: "TRACS Temporarily Down For Maintenance", "TRACS Rules Of Behavior Clarification (01/14/2014)", "TRACS Industry Working Group Meeting Presentation Materials(updated (01/14/2014))", "TRACS 202D Final Industry Specification Documents (updated 12/12/2013)", "TRACS 202(d) Error Message Specifications (updated 05/24/2013)", and "Secure Systems main menu and iMAX Issue (12/18/2013)". A red circle highlights the "TRACS Industry Working Group Meeting Presentation Materials(updated (01/14/2014))" link. At the bottom, there is a section for "Related Information".

## Owners with December 31, 2013 FYE Given Extension

The Office of Housing has authorized a global 30-day extension to all owners with fiscal years ended 12/31/13. This extension is being offered to allow owners and auditors additional time to adapt to the requirements of Housing Notice H 2013-23, and the FASSUB system release on December 6, 2013, that implemented revisions to the HUD Consolidated Audit Guide, Handbook 2000.04. Submissions with fiscal years ended 12/31/13 will now be due on **April 30, 2014**.

Housing Notice H2013-23 was issued on August 8, 2013. This notice allows profit-motivated and limited distribution owners that receive less than \$500,000 in federal financial assistance to submit owner-certified financial statements instead of audited financial statements. The FASSUB system is scheduled to be updated on February 14, 2014 to accommodate these submissions. If you are submitting an owner-certified financial statement for a project that falls under these guidelines you will not be able to begin the submission process until after the new system release in February.

A copy of Notice H2013-23 can be found on the HUD Multifamily website at: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/notices/hsg](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg).

## NTHDC Partners with Industry Groups to Provide Training



NTHDC staff participated in [Leading Age](#) Regional Meetings scheduled throughout the state of Florida. These sessions were held in Jacksonville February 24, 2014, Tampa February 25, 2014 and Miami February 26, 2014.

Dorothy Swayze and Robert Vandergrift, NTHDC Local Services Managers, presented training sessions related to MOR preparation and EIV. These sessions provided Owner/Agents information on how to best prepare for a Management and Occupancy Review and what EIV information would be reviewed during the MOR process. An Owner/Agent Roundtable which included various Housing related topics was also conducted.



NTHDC will also be at the [SAHMA Florida State Meeting](#) held in Jacksonville, FL on April 16<sup>th</sup> and 17<sup>th</sup> where we will be presenting two training sessions - MORs: Preparing for a Comeback, presented by Dorothy Swayze and Taking Aim at Special Claims, presented by Layla Hayavi. We hope to see you all there.

