



The CA Quarterly Review

Spring 2015 Edition

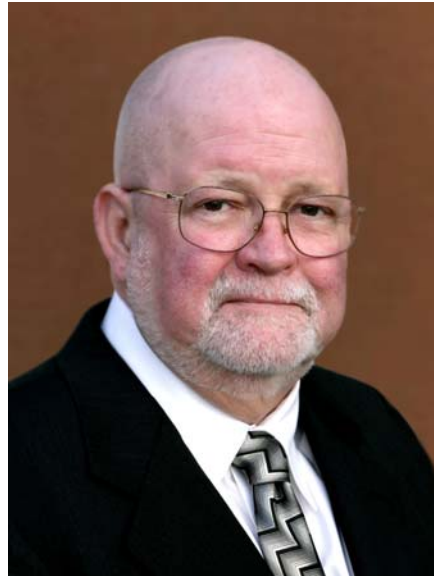
March 20, 2015

North Tampa Housing Development Corporation

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

Inside This Issue

What's New on HUD-Clips	2
EIV Updates	2
Focus on Compliance	3-5
Fair Housing Spotlight	6
Attacking Bed Bug Infestations	7-8
HUD Issues Guidance for Property's with Failing REAC Scores	9-10



"Spring is the time of plans and projects". – Leo Tolstoy

It is a pleasure to present our Spring 2015 CA Quarterly Review Newsletter. We at NTHDC look forward to the continued partnership we have with so many wonderful Owners and Agents in the State of Florida. I think we all look forward to the Summer season for obvious reasons, but Spring itself is an exciting time. While it may not be to the same degree as our neighbors to the north, the return of sunshine and warm days are welcome.

As I have shared on many occasions, we at NTHDC truly enjoy working as the PBCA in Florida and the U.S. Virgin Islands. Myself and several NTHDC staff will be attending the 2015 SAHMA Florida State Meeting in Jacksonville on April 8-9, 2015. We would be glad to meet you and answer any questions you may have.

We appreciate all you are doing to ensure affordable housing is provided for those in need and NTHDC is here to assist in any way that we can.

Don Shea,

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

What's New on HUDClips



Posted Date

3/9/2015	Income Limits	FY 2015 Income Limits
3/2/2015	FR-5822-N-01	Announcement of availability of Notice on Required Actions for Multifamily Housing Projects Receiving Failing REAC scores from HUD's Real Estate Assessment Center (REAC)
3/2/2015	Housing Notice 2015-02	Announcement of availability of Notice on Required Actions for Multifamily Housing Projects Receiving Failing REAC scores from HUD's Real Estate Assessment Center (REAC)
2/25/2015	FR-5851-N-01	Rental Assistance Demonstration (RAD)--Alternative Requirements or Waivers: Waiving and Specifying Alternative Requirements for the 20 Percent Portfolio Cap on Project--Basing and Certain Tenant Protection and Participation Provisions for the San Francisco Housing Authority's RAD Projects
2/23/2015	Waivers	Housing Waivers by Field Office
2/9/2015	FR-5844-N-01	Section 8 Housing Assistance Payments Program – Annual Adjustment Factors
2/6/2015	Housing Notice 2015-01	Notice of Program Eligibility for HUD Assisted and Insured Housing Programs for All People Regardless of Sexual Orientation, Gender Identity or Marital Status as Required by HUD's Equal Access Rule
1/29/2015	FR-5630-N-06	Rental Assistance Demonstration (RAD) – Updated Application Review and Commitments to Enter into Housing Assistance Payment Contracts (CHAPs) Issuance Process for First Component RAD Transactions
1/14/2015	FR-5654-P-01	Streamlining Management and Occupancy Reviews for Section 8 Housing Assistance Programs and Amending Vacancy Payments for Section 8 and Section 162 Housing Assistance Programs
1/14/2015	FR-5654-N-02	Section 8 Housing Assistance Programs Proposed Management and Occupancy Review Schedule

Focus on Compliance

Included in this issue's Spotlight on Compliance, we cover how to calculate Child Support, requirements regarding lease terms and what attachments and addendums to the lease are required by HUD. For complete guidance on these issues, please refer to *HUD Handbook 4350.3 located online* at the following URL:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg/4350.3



Alimony or Child Support

With regard to Alimony and Child Support, three important principles apply. These are:

- ◆ Amounts awarded by courts are counted
- ◆ Amounts included for child support in the family's welfare check must be counted
- ◆ Shared custody by parents living in assisted housing results in only the primary care parent receiving the dependent deduction

Amounts Awarded by the Courts

HUD Handbook 4350.3 clearly states:

Owners must count alimony or child support amounts awarded by the court unless the applicant certifies that payments are not being made and that he or she has taken all reasonable legal actions to collect amounts due, including filing with the appropriate courts or agencies responsible for enforcing payment.

The owner may accept printouts from the court or agency responsible for enforcing support payments, or other evidence indicating the frequency and amount of support payments actually received.

Handling Welfare Payments

Child support paid through a state child support enforcement or welfare agency may be included in the family's monthly welfare check. In some states these payments are not identified as separate from the welfare grant. In these states, it is important to determine which portion is child support and not to count it twice.

Focus on Compliance Continued...

Example::

If a state or local child enforcement agency is collecting the payment on behalf of the family member, only the net amount received by the family is counted.

- ⇒ Mary Smith was awarded \$120/month child support by the court.
- ⇒ Her ex-husband had not been paying so she requested assistance from the state child support enforcement bureau.
- ⇒ Now the \$120 payments flow through the enforcement agency. The agency retains \$25 in compensation for welfare assistance provided to her.
- ⇒ The owner would use \$95, not \$120 in income calculations.

Shared Custody Issues

When more than one family shares custody of a child and both live in assisted housing, only one family at a time can claim the dependent deduction for that child. The family with primary custody or with custody at the time of the initial certification or annual recertification receives the deduction. If there is a dispute about which family should claim the dependent deduction, the owner should refer to available documents such as copies of court orders or an IRS return showing which family has claimed the child for income tax purposes. Also, refer to the MAT User Guide for direction as to how this should be reported on the 50059.

Clarification of Lease Terms

Owners and tenants should recognize that lease terms and requirements vary across the different housing programs. An initial lease term is required when leasing the unit, but depending on the housing program, it can range from one month to multiple years.

Initial Term

The requirements regarding the initial lease term are listed for each program in *Figure 6-4* in *HUD Handbook 4350.3*. Owners of properties with Section 8 contracts should be aware of the expiration date of the HAP contract in relationship to the lease term listed on the lease. *In such instances where the HAP contract is less than one year, the owner should execute a lease with a lease term equal to the remaining term on the HAP contract.*

Focus on Compliance Continued...

Modification of HUD Model Leases

HUD will permit modifications to the Model Lease for Subsidized Programs, but modifications must be made in the form of a lease addendum and approved by HUD. HUD will not permit modifications to the following nine provisions of the model lease:

- a. Changes in Tenant Rent;
- b. Regularly Scheduled Recertifications;
- c. Reporting Changes between Regularly Scheduled Recertifications;
- d. Removal of Subsidy;
- e. Tenant Obligation to Repay;
- f. Discrimination Prohibited;
- g. Changes in Rental Agreement;
- h. Termination of Tenancy

Attachments and Addendums to Leases

Two types of documents can become part of a Model HUD Lease. These are Attachments and Addendums. Certain documents are required to be attachments to all leases. These are:

Required Attachments:

- a. HUD-50059 signed by the tenant and the owner;
- b. HUD-50059-A signed by the owner and, when applicable, by the tenant.
- c. Move-in inspection report signed by both the owner and tenant
- d. House rules, if the owner has developed these
- e. Lead-based paint disclosure form (if applicable)
- f. Pet rules (if applicable)
- g. Owner's Live-in Aid attachment (if applicable)

Required Addendums:

Those addendums created by the Owner and approved by HUD
VAWA Addendum (Section 8 only)

A Note About RHS 515 Properties

The HUD model lease must be used at Rural Housing Service's (RHS) Section 515 projects that have Section 8 assistance. Owners are responsible for ensuring that any RHS required provisions not already included in the HUD model lease are added to the lease as an addendum and be approved by HUD or the Contract Administrator and do not conflict with other guidance.

Fair Housing Spotlight

On February 3, 2012 HUD published a final rule entitled “Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity”. The Final rule establishes that all eligible individuals regardless of actual or perceived sexual orientation, gender identity, or marital status have equal access to all HUD housing programs. Recently, HUD issued Notice 2015-01 which revises the Code of Federal Regulations to expand the regulations to include lenders cannot discriminate based on actual or perceived sexual orientation, gender identity or marital status of the applicant or borrower.

The Notice also revises 24 CFR 5.100 to clarify that the term “family” includes, but is not limited to 1) A single person who may be an elderly person, displaced person, disabled person, near-elderly person or any other single person; or 2) a group of persons residing together and such group includes, but not limited to a family with or without children, an elderly family, a near elderly family, a disabled family, a displaced family and the remaining member of a tenant family.

The Equal Access rule does not create any additional protected classes under the Fair Housing Act and does not expressly include sexual orientation, gender identity and marital status as protected classes; however courts have recognized that the Fair Housing Act’s prohibition against discrimination because of sex includes discrimination based on non-conformance with sex stereotypes. Over 20 states have adopted fair housing protections based on sexual orientation and gender identity or expression.

HUD’s Fair Housing office has and will continue to pursue complaints of violations against a person seeking housing or mortgages who allege discrimination based on sexual orientation, gender identity or expression.

In the words of the former HUD Secretary Shaun Donovan, “HUD’s housing programs are open, not to some, not to most, but to all.”



If you are not already receiving this publication via e-mail or if you have ideas, suggestions or questions for future publications, we’d like to hear from you.

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

Attacking Bedbug Infestations

In response to inquiries from Owners and Agents of assisted multifamily housing units, HUD issued HUD Notice 12-05, ***Guidelines on Addressing Infestations in HUD-insured and Assisted Multifamily Housing***. This Notice provides information and references to best practices regarding the prevention and control of infestations. It also reaffirms existing program requirements with regard to infestations. This article summarizes the major points presented in the notice. To review the Notice in its entirety, please CLICK on the following link: [LINK](#)

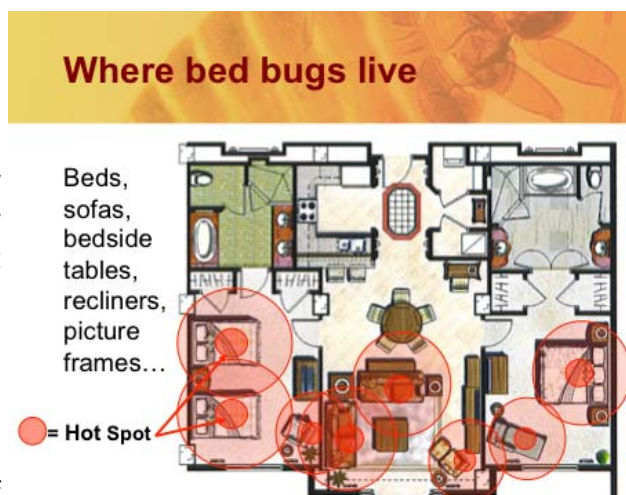
Prevention

HUD encourages Multifamily O/As to develop an Integrated Pest Management Plan (IPM) to focus on preventing infestations. Such plans describe the ongoing efforts the property management will take to prevent and respond to pests. For more detail on IPMs generally, please see the online guide at <http://www.stoppests.org>. The information below pertains specifically to bed bug infestations.

According to the EPA, principles of IPM for bed bugs include:

- ◆ Raising awareness through education on prevention of bed bugs;
- ◆ Inspecting infested areas, plus surrounding living spaces;
- ◆ Checking for infestations on luggage and clothes when returning home from a trip;
- ◆ Reducing the number of secondhand items brought into units and looking for bed bugs or signs of infestation on secondhand items before bringing the items home;
- ◆ Correctly identifying the pest;
- ◆ Keeping records – including dates when and locations where pests are found;
- ◆ Cleaning all items within a bed bug infested living area;
- ◆ Reducing clutter where bed bugs can hide;
- ◆ Eliminating bed bug habitats;
- ◆ Physically removing bed bugs through cleaning;
- ◆ Using pesticides carefully according to the label directions; and,
- ◆ Following up on inspections and possible treatments.

Residents also play a part in prevention. Early reporting allows the pests to be identified and treated before the infestation spreads. Tenants are the first line of defense against infestations and should cooperate to create living environments that deter pests. This includes reducing unreasonable amounts of clutter that create hiding places for pests and deter treatment.



Attacking Bedbug Infestations Continued...

Dealing With Infestations

The O/A should take appropriate action within a reasonable time period. However, pest inspections and treatment may take time to schedule, particularly for recently resurgent pests such as bed bugs. During this time residents should fully cooperate with the O/A's efforts to identify and address infestations. Cooperation includes allowing the O/A to enter the unit to perform inspections and treatments, 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.

Sometimes bedbug infestations require multiple treatments over the course of several weeks. Generally, relocation from units is not necessary for effective pest treatment. However, if reasonable temporary relocation is necessary, the O/A may request withdrawals from available project funds (which may include Reserve for Replacement, project income, or Residual Receipts, if authorized by HUD), for those days when treatment is actively occurring that may render the unit uninhabitable. All withdrawals of this type must be approved by the Hub/PC Director or designee. Any temporary relocation must be carried out in accordance with applicable civil rights laws, including, but not limited to, Title VI.

An O/A may contact HUD to request project resources for control of infestations. An O/A may use available operating funds to pay for activities to prevent and/or treat infestations. When other sources of funds are not available or sufficient, the Hub/PC Director may honor requests to reimburse Owners for infestation treatment from the Reserve for Replacement account, or, if authorized, the Residual Receipts account. The releases should follow the processes outlined in *HUD Handbook 4350.1, Multifamily Project Servicing, Chapters 4 and 25*. Other options may be available should be discussed with HUD. For assisted housing projects, HUD may consider use of rental assistance to pay reasonable and necessary project expenses, such as an increased pest control line item in the project's operating budget, if the Section 8 Housing Assistance Payments (HAP) contract allows for budget-based rent setting in accordance with the *Section 8 Renewal Policy Guide*.

For more detailed information and guidance, please read HUD Notice 12-05 in its entirety.

For more information, try the following resources:

Healthy Homes Training: *What's Working for Bed Bug Control in Multifamily Housing?: Reconciling best practices with research and the realities of implementation.*

http://www.healthyhomestraining.org/ipm/NCHH_Bed_Bug_Control_2-12-10.pdf.

National Pest Management Association Bed Bug Hub: <http://pestworld.org/pest-world-blog/the-bed-bug-hub-one-stop-shop-for-bed-bug-information>

National Pest Management Association Best Practices Website: <http://www.bedbugbmps.org>

IPM Curriculum and Blog: <http://www.stoppests.org>

Environmental Protection Agency: http://www.epa.gov/pesticides/bed_bugs/

HUD Issues Guidance for Projects that Receive Failing REAC Scores

On March 2, 2015, HUD issued Notice 2015-02 which outlines Section 230 of the Consolidated Appropriations Act of 2014 and Section 226 of HUD's Fiscal Year 2015 Appropriations Act. The notice applies to all multifamily housing projects that use TRACS, therefore no property under this program is excluded from the regulations of the notice.

The notice provides a framework detailing triggers for when HUD must take action against a non-compliant property. Section 230(a) requires HUD to take specific actions upon the following triggers:

- ◆ When a project “receives a REAC score of 30 or less”;
- ◆ When a project “receives a REAC score between 31 and 59” and the owner “fails to certify in writing that all deficiencies have been corrected”; or
- ◆ When a project “receives a REAC score between 31 and 59” and “receives consecutive scores of less than 60 on REAC inspections.”

HUD's initial notice to owners must provide an opportunity to respond to the REAC inspection within 30 days. Currently, REAC provides the owner a letter that accompanies the inspection report notifying them of the results of the inspection. The letter also fulfills the response requirement, as it provides language that the owner has the opportunity to respond to the report by requesting a technical review within 30 days of the release or a data base adjustment within 45 days of the release date of the inspection report.

Additionally, HUD will develop a Compliance, Disposition and Enforcement (CDE) Plan within 60 days from the inspection release date. However, in cases where an owner has sought a technical review or data-base adjustment, HUD will start the 60-day clock upon REAC's release of the post appeal score, assuming the score is 59 or below and “violations remain.” In cases where the owner did not submit an appeal, the 60-day clock will start from the date the inspection was originally released.

The notice also clarifies the procedures for issuance of Notice of Violations. HUD will clearly label that portion of the NOV/NOD that sets out the Compliance, Disposition and Enforcement (CDE) plan and send the plan to the owner within 60-days of release of a post appeal score that is 59 or below or within 60-days of release of the original score in cases where the owner does not appeal. Therefore, on NOV's and NOD's concerning poor physical condition of the project, HUD will insert the heading, “Compliance, Disposition and Enforcement Plan” in the space immediately preceding the NOV's/NOD's instructions to the owner to:

- ◆ Conduct a survey of 100 % of the project, identifying all physical deficiencies;
- ◆ Correct the physical deficiencies identified at the project from the survey, including, but not limited to, those deficiencies identified in the REAC inspection;
- ◆ Execute a certification that the project is in compliance with HUD's physical condition standards of 24 CFR § 5.703 and state and local codes; Submit the completed survey and certification form to the HUD Account Executive in 60 days of receipt of HUD's notice; and
- ◆ Provide tenants with a “Notice of Compliance, Disposition and Enforcement Plan” for the project and provide HUD with a certification that of compliance with this directive.

HUD Issues Guidance for Projects that Receive Failing REAC Scores Continued...

When owners request a re-inspection, HUD will continue to consider these requests in accordance with current protocols outlined in [Notice 2011-24](#), however this notice clarifies that in cases where the deficiencies noted on the last REAC inspection report and the owner's 100% survey cannot be completed in 60-days, the NOV/NOD (CDE Plan) now instructs the owner to submit a repair plan with the 100% survey and to request an extension of time to complete the repairs. This repair plan must provide the cost and source of funds that will be used to make the repairs. If the repair plan is approved it will serve as an amendment to the CDE Plan. If the repair plan is not approved a re-inspection will be scheduled as soon as possible after the 60-day cure period expires.

The notice goes on to clarify that for follow-up to re-inspection results, the Departmental Enforcement Center (DEC) will keep the physical referral open until the re-inspection results are issued. If the DEC determines that the project's physical condition (as reflected by the re-inspection report) demonstrates that the owner has not complied with an expired CDE Plan, the DEC will alert the MFH Account Executive and will proceed to handle the matter for imposition of civil money penalties, if applicable. A subsequent REAC score of 59 or less will be deemed to violate the CDE Plan. Multifamily Housing will be tracking all REAC inspection scores of properties that scored 59 or less and if the next REAC re-inspection score is also less than 60 (i.e., "the project receives consecutive scores of less than 60 on REAC inspections"), MFH will follow the procedures set out in Section III below. A subsequent REAC score of 59 or less will be deemed to violate the CDE Plan.

Failure to comply with the terms of the CDE plan may result in abatement, civil money penalties, transfer and assignment of HAP to a new owner, or HUD may seek a receivership.

For a complete copy of the notice, please visit <http://portal.hud.gov/hudportal/documents/huddoc?id=15-02hsgn.pdf>

SAHMA Meeting in Jacksonville

NTHDC staff will be at the SAHMA Florida State Meeting in Jacksonville, Florida on April 8th—9th. Layla Hayavi will be presenting two sessions.

Repay the Right Way:

We will discuss tenant repayment agreements, including the tenant's obligations, repayment options, disposition of funds, and certification submission.

Contract Renewals – Breaking Down the Option:

We will discuss the ever changing Section 8 Renewal Guide and contract submission requirements. We will also discuss how your property's contract renewal option impacts various financial and regulatory aspects of your operation.

