



The CA Quarterly Review

Spring 2016 Edition

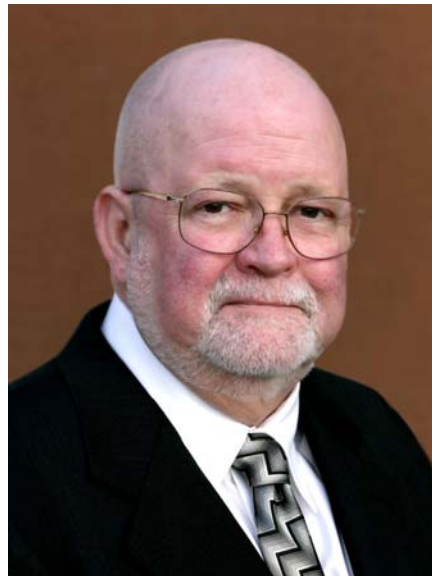
March 18, 2016

North Tampa Housing Development Corporation

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

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I am pleased to present the Spring 2016 edition of the CA Quarterly Review. I hope this year is off to a wonderful start for each and every one of you. It continues to be a privilege to serve you as the PBCA for Florida and US Virgin Islands, and we are looking forward to another great year. Members of our staff will be attending the upcoming SAHMA Florida State Meeting in Jacksonville on March 22nd & 23rd, so for those attending, we look forward to seeing familiar faces as well as meeting new friends. If you see us, please stop and intro-

duce yourselves as we would very much like to meet you and answer any questions you may have.

One question that is getting more attention lately is the possibility of Management and Occupancy Reviews returning in the near future. This is something we are monitoring closely. HUD has acknowledged the importance of those reviews, as well as a desire to see them resume. Once HUD establishes the parameters for the return of MORs to PBCAs, we will be working with the Jacksonville HUD office to implement their process. We are still awaiting further clarification from HUD on their expectations as well as an amendment to our PBCA contract before any MOR activity will commence. As of right now, any timeframe would be speculation, as we just don't know when HUD will make a final determination. Stay tuned in as we all look forward to what tomorrow will bring. Again, it is a privilege to assist you in any way that we can as the PBCA. Thank you for all that you are doing.

Don Shea,

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

What's New on HUDClips



Posted Date

3/15/2016	<u>Draft Housing Notice Multifamily FSS Program</u>	Multifamily Family Self-Sufficiency (MF FSS) Program Draft Housing Notice Posted for Industry Feedback
3/8/2016	<u>FR-5743-F-03</u>	Streamlining Administrative Regulations for Public Housing, HCV, Multifamily Housing, and CPD Programs
2/26/2016	<u>HUD Form 91067</u>	Lease Addendum – Violence Against Women and Justice Reauthorization Act of 2005 (New Exp. Date)
2/12/2016	<u>Housing Guidebook 4430.G</u>	Multifamily Accelerated Processing (MAP) Guide
1/19/2016	<u>HUD Notice 2016-01</u>	Passbook Savings Rate



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

Focus on Compliance

Included in this quarters' spotlight on compliance, we cover the Annuities, requirements for calculating income from Assets 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

Annuities

An annuity is a contract between the investor and an insurance company that is designed to meet retirement and other long range goals, under which the investor will make a lump-sum payment or a series of payments. In return, the insurer agrees to make periodic payments to the investor immediately or at some future date.

There are generally three types of annuities – Fixed, indexed, and variable.

In a fixed annuity, the insurance company agrees to pay no less than a specified rate of interest during the time that the account is growing. The insurance company also agrees that the periodic payments will be a specified dollar amount per dollar in your account. These periodic payments may last for a definite period, such as 10 years, or an indefinite period, such as the investor's lifetime or the lifetime of their spouse.

In an indexed annuity, the insurance company credits you with a return that is based on changes in a market index such as the S&P 500 or the Dow Jones. Indexed annuity contracts also provide that the contract value will be no less than a specified minimum, regardless of the performance of the market index.

A variable annuity allows the investor to choose to invest their purchase payments among a range of different investment options, such as bonds or mutual funds. The rate of return on the purchase payments and the amount of the periodic payments the investor will receive is dependent upon the performance of the investment options selected.

Most annuities have fees for withdrawal or surrender and many have additional tax penalties.

Verifying Annuities

When certifying a tenant who is reporting an annuity, it is important to ask the right questions.

- What type of annuity does the household member have?
- Are they receiving payments from the annuity?



Focus on Compliance Continued...

- If so, when do they receive them? How much do they receive?
- What is the rate of return? What is the anticipated rate of return for the upcoming year?
- Does the owner of the annuity have the right to withdraw the balance? Are there penalties for withdrawal? What are the penalties? Are there tax penalties? What are the tax penalties?

The most optimal form of verification on an annuity is from the broker or insurance company, but even with those types of verifications, there are often questions left unanswered.

The responses you receive will determine if you count the annuity as income or as an asset, and how much money you would report on the 50059.

Is it Income or is it an asset?

If the holder of the annuity has the ability to withdraw the balance of the annuity, it is treated as an asset. It is necessary to determine the cash value plus the actual income earned. In many cases, if the owner of the annuity has not yet begun to receive payments, the annuity is earning income on the balance, either at a fixed, variable, or indexed rate.

The cash value will be the full value of the annuity minus any fees and/or penalties due. The actual income is the balance in the annuity multiplied by the percentage which the annuity is expected to grow in the upcoming year. Though the tenant does not receive this money in the form of a payment, it is reinvested back into the annuity and is considered actual income from the asset.

However, if the owner of the annuity has already begun receiving payments and can no longer convert it into a lump sum payment, it is treated as income and no calculation of income from assets will be made.

As with most other assets, good verification is the key to proper calculations. Be sure you are asking the tenant and third party source all of the questions you need to determine how to treat the asset and what figures to use in your calculations.



HUD Releases Proposed FY 17 Budget

In February 2016, the Department of Housing and Urban Development unveiled President Obama's proposed HUD budget for Fiscal Year 2017. The focus of the budget is helping Americans to secure and maintain affordable housing, making our communities more resilient from natural disasters, protecting people from housing discrimination, and ending homelessness. The work and effort put forth by HUD has proven to bolster economies, strengthen communities, and improve the overall quality of life of the American people.

The 2017 HUD Budget includes \$48.9 billion in gross discretionary funding and \$11.3 billion in new mandatory spending over ten years. This includes:

- ◆ Providing over \$38 billion in rental assistance to support 4.5 million low-income families through the Housing Choice Voucher Program, Project-Based Rental Assistance, and Public Housing Programs;
- ◆ Ending family and chronic homelessness, and continuing to make progress across all targeted populations, by investing \$11 billion in mandatory spending and \$2.8 billion in discretionary spending for targeted homeless assistance;
- ◆ Improving mobility for low-income families to access higher opportunity areas by investing \$15 million for a Mobility Counseling Demonstration, and ensuring the Public Housing Authorities (PHAs) have sufficient resources to promote mobility by increasing PHA administrative fees to a fully-funded level of \$2.1 billion;
- ◆ Investing \$200 million to transform neighborhoods with distressed HUD-assisted housing and concentrated poverty into opportunity-rich, mixed-income neighborhoods through the Choice Neighborhoods Program;
- ◆ Providing \$786 million to address the housing and community development needs of Native Americans, including \$20 million targeted to Native youth;
- ◆ Narrowing the digital divide for students and families in HUD-assisted housing through actions that include a strategic investment of \$5 million for the ConnectHome initiative;
- ◆ Preserving affordable housing units through the Rental Assistance Demonstration program by providing \$50 million and a targeted expansion to include certain properties that provide housing for the elderly;
- ◆ Investing \$300 million in local community efforts to reduce barriers to housing development and increase housing affordability; and
- ◆ Increasing job training and financial incentives for employment for public housing and Native American households through Jobs-Plus, an evidence-based program funded at \$35 million.

"HUD's proposed budget was built on the values that we uphold as Americans. That our entire nation benefits when our children grow up in a community that's full of promise, not problems," said HUD Secretary Julián Castro. "When a hard-working family is able to responsibly buy their first-home, put down roots, and build wealth. When homeless veterans are able to get the housing they need to succeed in the very nation they risked so much to protect. When every person gets a fair shot and a fair shake to achieve their dreams."

Contact Center Corner



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It's that time a year again to blow the dust off the shelf for some spring cleaning and perform preventative maintenance inspections in preparation for the coming summer months. Here in the Contact Center, one of the most common concerns received during the months of April thru October in all states involved is related to inoperative air conditioners. An inoperable air conditioner can be a dramatic occurrence for anyone, particularly the elderly, young, or sick who may reside in areas that are excessively humid throughout the summer. Routine maintenance before the hot season hits could possibly prevent numerous issues, such as total breakdown, lines freezing, units leaking, etc.. As we all know, replacing an entire air conditioning unit, especially multiple units, can be costly.

One of the other issues routinely received in the Contact Center throughout the hot season is mold or mildew buildup in the apartments. An annual reminder to residents about proper air circulation and ventilation can go a long way in helping to prevent some of these issues from occurring. Also addressing potential housekeeping issues before they become a problem can help keep this under control as well. A lot of the concerns related to mold or mildew received in the Contact Center are due to housekeeping and poor air circulation, especially in the states where there is high humidity all summer long. Management and residents working together on both of these issues can make for a more enjoyable and potentially less costly summer.

Multifamily Self-Sufficiency Program

The Multifamily Self-Sufficiency Program (MF FSS) Housing Notice has been published in a draft form. HUD is inviting industry partners to provide feedback on the notice.

The FSS program is a HUD program that enables families living in multifamily assisted housing to increase their earned income and reduce their dependence on housing assistance programs. The program promotes the development of local strategies to coordinate the use of HUD rental assistance programs with public and private resources to enable eligible families to make progress toward economic independence.

Owners can voluntarily establish and operate an FSS program at their property, and would work to secure funding for a coordinator through their residual receipts account. Funding for the program itself would be secured through public and private resources.

HUD invites all interested parties to review the draft notice and provide feedback using the "Use this response worksheet posted on the [Drafting Table](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/MFH_policy_drafts/MF_FSS) website. You can find a copy of the notice here: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/MFH_policy_drafts/MF_FSS

HUD Offers \$15 Million in Grants to Test New Approach to Help Low-Income Seniors Age in Place



On January 20, 2016, HUD announced the availability of 80 three-year grants that are available to eligible owners of HUD-assisted senior housing developments to cover the cost of a full-time Enhanced Service Coordinator and/or a part-time Wellness Nurse. The funds are available as part of HUD's Supportive Services Demonstration for Elderly Households in HUD-Assisted Multifamily Housing; a Demonstration program that builds on the traditional Service Coordinator model and strives to meet the needs of senior residents by using a more collaborative and coordinated approach.

What is an Enhanced Service Coordinator?

Traditionally, service coordinators provide residents with information and referrals to necessary community-based supportive services. The Demonstration aspires to build on this model. HUD envisions that the Enhanced Service Coordinator in coordination with the Wellness Nurse will conduct supportive service needs assessments of residents; identify and coordinate the delivery of services; monitor receipt and follow-through of services, and build and sustain partnerships with service providers.

The Enhanced Service Coordinator will be paired with a part-time Wellness Nurse and work as part of an interdisciplinary team to assess residents' needs and provide social and health service coordination. The roles of the Enhanced Service Coordinator and Wellness Nurse will be well-defined so that all Demonstration properties will implement the same model. The implementation of the interdisciplinary team will be supported by outside experts under contract to HUD.

The demonstration will be independently evaluated to determine the impact of the enhanced supportive services model on:

- ♦ Aging in place in HUD-assisted senior developments;
- ♦ Avoiding early transitions into institutional care, and;
- ♦ Preventing unnecessary and often costly health care events such as some emergency room visits and hospitalizations for residents in HUD-assisted senior developments.

HUD recommends interested parties begin the process by reading the NOFA and the FAQs. The FAQs will be regularly updated and posted to the Funds Available page at HUD.gov. Additionally, HUD hosted a webcast to introduce the NOFA on February 2, 2016. The webcast can be accessed [here](#).

Applications may be submitted at grants.gov using the instructions in the Accessing the Demo via Grants.gov document. All applications must be received by April 18, 2016.

Questions may be sent to MFSC@hud.gov.

Transferring Budget Authority

HUD [Notice 2015-03](#) discusses the Section of the Act, Section 8(b)(b) that provides a mechanism for preserving Section 8 budget authority that might otherwise be lost due to Opt Outs, Terminations and Contract expirations. With the 8(b)(b) tool, HUD is required to transfer any remaining budget authority to another contract, either new or existing, in order to provide assistance to eligible families.

In order for the transfer of budget authority to occur, both the owner of the project where the authority is being transferred from and the owner of the project where the authority is being transferred to must agree to the transfer.

On February 18, 2016, HUD issues responses to a number of recently asked questions related to this notice. You can find a copy of the FAQs [here](#).

HUD is constantly receiving questions regarding the transfer of budget authority, so as they formulate further responses, the document will be updated and released to interested parties.

For more information on how the policies impact a particular project, please contact your Account Executive in your regional office. General policy questions can still be sent to 8bbor214questions@hud.gov.

EIV Computer Matching with HHS Temporarily Suspended



HUD has been advised by HUD's Real Estate Assessment Center (REAC) that the regularly scheduled computer matching with HHS for March 2016 will not occur as scheduled.

This means the EIV system will not be updated with new hire, wage, or unemployment benefit information. Our last monthly match and the quarterly match both occurred on February 29, 2016.

There will be a gap regarding the March 2016 match. O/As should perform third party verifications as done previous to the implementation of EIV for these income sources until notice is sent advising the computer matching with HHS has resumed.

Social Security income information will not be affected.

Please document the tenant files that have been affected by this outage. An example of acceptable documentation would be to include a copy of the RHIP Listserv message (#352) in the tenant file.

Streamlining Administrative Regulations: Final Rule

On Tuesday, March 8 HUD released the [Streamlining Administrative Regulations for Public Housing, Housing Choice Voucher, Multifamily Housing, and Community Planning and Development Programs Final Rule](#) in the Federal Register Vol. 81 No. 85. The effective date for these rule changes is April 7, 2016. Below is a summary of the Final Rule changes.

Please Note: as our Newsletter is directed to properties within the PBCA portfolio, this article will specifically focus on the changes to the multifamily programs. There are numerous other rule changes that affect Public Housing and Housing Choice Voucher programs that are not discussed in this article. We suggest that you read the Final Rule for those program rule changes.

Verification of Social Security Numbers (§ 5.216)

An owner must permit applicant and participant households to add a new household member under the age of 6, even if that member lacks a SSN at the time of admission. The household then has 90 days to obtain and provide the SSN documentation to the owner. If necessary, the owner may provide an additional 90 day extension. This rule aligns with the rule for in place tenants.

Definition of Extremely Low-Income Families (§§ 5.603, 903.7, 960.102)

The definition of an extremely low income family in the final rule is revised to include the phrase “a very low-income family,” which is included in the statutory definition and was inadvertently omitted from the proposed rule. (This provision applies to the HCV/PBV, **Section 8**, and PH programs. It does not apply to the Rent Supplement, Section 235, Section 236, Sections 221(d)(3) or (d)(5) programs.)

Mandatory Education Fees

The Final Rule affirms the amendment to the definition of tuition as outlined in [HUD Notice 2015-12](#). The definition of tuition now includes amounts needed to pay Mandatory Education Fees; therefore, these fees are **excluded** from annual income.

This provision applies to the HCV/PBV, **Section 8**, and PH programs. It does not apply to the Rent Supplement, Section 236, Sections 221(d)(3) or (d)(5) programs.

Verification of Income from Fixed Sources

Upon admission, third-party verification of all income amounts must be obtained for all family members. A streamlined income determination may be performed for any family member with a fixed source of income for two years following the initial verification of income. For any family member whose income is determined pursuant to a streamlined income determination, owners must perform a full reexamination and redetermination of income (including re-verification of the fixed income amounts) **every 3 years**. Note: the proposed rule requirement that 100% of the entire household income be fixed was dropped in the final rule.

A streamlined income determination must be conducted by applying to each fixed-income source the verified cost of living adjustment (COLA) or current rate of interest to the **previously verified or adjusted income amount**.

Streamlining Administrative Regulations: Final Rule Continued...

“Family member with a fixed source of income” is defined as a family member whose sole income includes periodic payments at reasonably predictable levels from one or more of the follow sources:

- ◆ Social Security, Supplemental Security Income, Supplemental Disability Insurance
- ◆ Federal, state, local, or private pension plans
- ◆ Annuities or other retirement benefit programs, insurance policies, disability or death benefits, or other similar types of periodic receipts; or
- ◆ Any other source of income subject to adjustment by verifiable COLA or current rate of interest

The COLA or current interest rate applicable to each source of fixed income must be obtained either from a public source or from tenant-provided, third-party generated documentation. In the absence of such verification for any source of fixed income, third-party verification of income amounts must be obtained.

(This provision applies to the HCV/PBV, Section 8 (other than Moderate Rehabilitation), 202/811, and PH programs. It does not apply to the Rent Supplement, Section 236, Sections 221(d)(3) or (d)(5) programs.)

Use of Actual Past Income

Following the comment period of the proposed rule, HUD decided against pursuing the regulatory changes included in the proposed rule. There is no change as how one should calculate income and should continue to use the Handbook Guidance which states, *“Generally the owner must use current circumstances to anticipate income. The owner calculates projected annual income by annualizing current income.”*

SAHMA State Meeting

NTHDC staff will be at the SAHMA Florida State Meeting in Jacksonville, Florida on March 22nd–23rd. Layla Hayavi and Dorothy Swayze will be presenting sessions.

Navigating the New UA Guidelines—Presented by Layla Hayavi

This session focuses on the recently published HUD Notice 2015-04, Methodology for Completing a Multifamily Housing Utility Analysis, along with the subsequent FAQs.

The Mysteries of EIV Discrepancies—Presented by Dorothy Swayze

This session focuses on breaking down EIV discrepancies, what to look for, how to document the tenant file and what those pesky discrepancies actually mean.

