



# The CA Quarterly Review

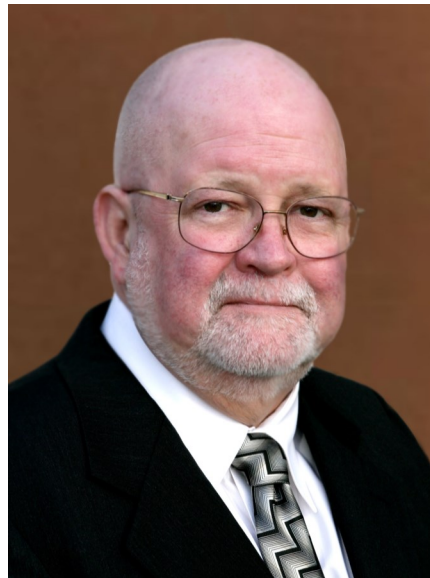
Summer 2014 Edition

June 21, 2014

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
Better Buildings Challenge	3
Hurricane and Disaster Guide	3-5
Financial Incentives for Energy Efficiency	6
Limited Denial of Participation Notice	7-8
Updated Federal Income Exclusions	9



With the summer upon us, I hope everyone is able to take full advantage of everything the Sunshine state has to offer. Maybe even a tropical island or cruise if you have a vacation planned?

It's a pleasure to continue to serve you as the Performance Based Contract Administrator (PBCA) for the state of Florida and the U.S. Virgin Islands. HUD recently exercised a 6-month extension under the PBCA Annual Contributions Contract (ACC) that extended our PBCA contracts in both Florida and the U.S. Virgin Islands through December 31,

2014. We were previously working with 3-month extensions so the increased timeframe was welcomed. Our hope is that a long term extension will be the next step in the ever changing process. Litigation related to the PBCA Rebid is currently ongoing, so there has been little change in the PBCA landscape.

A significant change from a Housing standpoint, however, is the leadership change at HUD. HUD Secretary Shaun Donovan is expected to be confirmed as the Director of the Office of Management and Budget. Julian Castro, the Mayor of San Antonio, has been nominated as Donovan's successor.

Myself, as well as other NTHDC staff will be attending the SAHMA Regional Conference in Ft Lauderdale in August. For those attending, we are glad to meet you and answer any questions you may have.

As we have stated before, we are here to serve you as the PBCA and we look forward to a continued partnership in helping to provide affordable housing to those in need.

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

## What's New on HUDClips

### Posted Date

5/20/2014	<a href="#">FR-5741-N-01</a>	Federally Mandated Exclusions from Income -Updated Listing
5/15/2014	<a href="#">Housing Notice 2014-05</a>	Limited Denial of Participation (LDP) Notice
5/7/2014	<a href="#">Updated Section 8 Forms</a>	Updated Section 8 Forms

## HUD Provides Clarification on Better Buildings Challenge (BBC)

### Memo



The Office of Multifamily (MF) Housing has published a memo that provides guidance about allowable management add-on fees that will help in facilitating the reduction of energy and water usage in multifamily housing, and support participation in the Better Buildings Challenge (BBC). The

memo is posted on the [Multifamily home page](#).

HUD MF has established the Management Add-on Fee incentive to address one of the market and policy barriers that Owners/Agents experience in “greening” their properties. Participation in this incentive is limited to BBC-eligible MF properties only. This guidance does not modify or replace current HUD MF Management Fee policy for non-BBC participants. In the future it will evolve into a Housing Notice.

The Management Add-on Fee incentive will help Owners/Agents pay for the additional cost of best practices in energy and water management, including practices related to operations and management, tenant engagement, data collection, and benchmarking. Given the BBC requirement for data reporting, this incentive will also help alleviate some of the cost barriers associated with participating in the BBC.

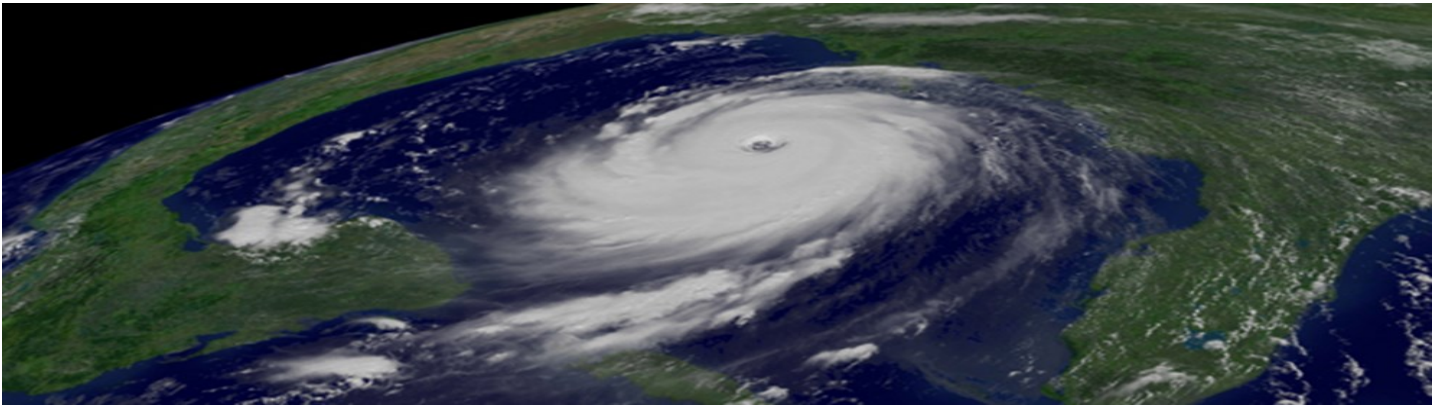
Multifamily believes that this incentive will both encourage Owners/Agents to participate in the BBC and ease the financial barriers that Owners/Agents face in incorporating energy management best practices into their standard building operations and making energy improvements to their properties as needed.

To see a complete list of BBC participants, please see:

<http://www4.eere.energy.gov/challenge/sites/default/files/uploaded-files/mf-partner-list.pdf>

# Hurricane and Disaster Guide

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



## How Can I Prepare for a Storm?

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



# Hurricane and Disaster Guide

## What Should I Do During a Hurricane?

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

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

## What Do I Do After the Hurricane?

- ◆ Continue to stay informed by listening to the NOAA weather radio and news information.
- ◆ If a catastrophic situation has occurred, contact FEMA.
- ◆ Residents should be informed that if they are displaced in an emergency, they are responsible for advising the owner and/or the owner's representative of their temporary housing location and their intentions during and after the emergency/disaster.
- ◆ If the displaced residents have a new, temporary address or telephone number, they should provide it to the owner or agent of the development from which they were displaced.
- ◆ Residents should also be advised that due to potentially dangerous conditions, they may not have ready access to their possessions.
- ◆ Owners are responsible for securing the property to the best of their ability immediately after the emergency, and to protect the personal property of the residents. Residents will need to contact their insurance agent (rental insurance) for any coverage on their personal property.
- ◆ Disposal of any personal property must be done in accordance with local law. Additionally, owners may take action to terminate a lease and dispose of personal property in accordance with local law when displaced residents indicate their intention not to return or fails to respond to the owner's notice.
- ◆ In the event a property's rental office has to be vacated, the owner should publish where he or she can be contacted and should regularly inform residents as to progress making repairs and when they might re-occupy their residence.
- ◆ Owners also have a responsibility to ensure that the property is secured and that residents' possessions and valuables are secured and protected to the greatest extent possible.
- ◆ It is very important that you notify your HUD Project Manager immediately in the event your property has sustained physical damage as a result of fire, flood, wind, or any other natural disaster.
- ◆ The owner must submit a damage report to the HUD Project Manager via fax or owners can email reports to [DamageAssessmentsFlorida@hud.gov](mailto:DamageAssessmentsFlorida@hud.gov) or fax to (904) 232-1532 for Florida and [MFDamagesAssessmentPR&VIUsers@hud.gov](mailto:MFDamagesAssessmentPR&VIUsers@hud.gov) or fax to (787) 766-5522 for the Virgin Islands.

# Hurricane and Disaster Guide

## Residents' Right to Return

- ◆ Residents displaced by a hurricane have the right to return to the unit with which they were displaced; however, if a tenant signs a lease at an alternative location during the displacement he or she is no longer considered displaced and is no longer eligible to return. The owner has no further obligation to the resident and may therefore proceed to re-rent the unit. Owners and agents are encouraged to allow residents to return, even in cases where the owner has no obligation to allow the resident to return.
- ◆ Once a disaster-displaced resident has chosen alternative means of permanent housing, the resident is required to give the landlord notice of termination as outlined by their lease. The resident may need additional time to arrange for their belongings to be moved, and owners are encouraged to be flexible.
- ◆ When disaster-displaced residents have been placed in mass shelters, hotels and other non-permanent housing, owners should make every effort feasible in order to locate the disaster-displaced residents as soon as possible. Owners should also encourage the residents to keep them informed regarding their whereabouts.
- ◆ Owners are required to inform residents in writing at least 60 days prior to the expected date their unit will be ready for re-occupancy. Residents must respond within 30 days to inform the owner of their intention to return or not. In the event the tenant wishes to return to the unit upon readiness, the owner must give the resident a minimum of 60 days from the date the unit was ready for re-occupancy to re-occupy the unit.

## Providing Temporary Housing to Disaster-Displaced Residents

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

### Links:

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

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

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

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/communitydevelopment/programs/dri](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/dri)

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

## Financial Incentives for Energy Efficiency

According to the Department's FY2013 Agency Financial Report, "HUD spends an estimated \$6.4 billion annually on utilities (both water and energy)—either in the form of allowances for tenant-paid utilities, through direct operating grants for public housing or through housing assistance payments in privately-owned assisted housing...utility costs account for around 22 percent of public housing operating budgets, and a similar share in the assisted housing sector." The report outlines the Department's strategies to address the issue of the growing fiscal demands to cover utility costs in aging public and assisted housing structures and summarizes HUD's continued progress and success in increasing energy efficiency. Read the full report [here](#).

Federally-assisted housing owners are encouraged to take advantage of the multitude of funding opportunities and financial incentives available at the national, state and local levels. Increasing energy efficiency by participating in these programs generates environmental benefits by reducing air pollution and lowering greenhouse gas emissions through decreased energy use as well as economic benefits by reducing energy costs to owners and HUD-assisted tenants resulting in more efficient use of program dollars.

Incentives come in the form of grants, FHA Mortgage Insurance Programs, Property Improvement Loan Insurance (Title I) and add-on subsidies to name a few.

Click on the links below to learn more.

[Green Building Funding Opportunities](#) - Links to funding sources at the national, state and local level.

[HUD Energy Efficiency Program Guide](#) - General information on HUD programs and initiatives supporting energy efficiency and conservation.

[Database of State Incentives for Renewables and Efficiency](#) - Information on state, local, utility and federal incentives and policies that promote renewable energy and energy efficiency from a database funded by the U.S. Department of Energy.

[Better Buildings Challenge Incentive: Allowable Management Add-on Fees](#) - Information about management add-on fees for properties participating in the Better Buildings Challenge.



# What HUD Notice 2014-05 Limited Denial of Participation Means for Owners

On March 25, 2014 HUD issued Notice 2014-05 which explains the Limited Denial of Participation program and its intent to increase the use of the Limited Denial of Participation (LDP) process to ensure that borrowers that have caused a claim to be made against the Insurance Fund are prevented from initiating new business with the FHA for at least a year. An LDP imposes a mandatory barrier to initiating new business while it is in effect. By requiring that LDP actions be considered for the principals of a borrower that has caused a claim against the insurance fund, HUD is reducing the risk of future claims against the fund.

## What is Limited Denial of Participation (LDP)?

A Limited Denial of Participation is an action taken by an authorized HUD official to exclude a party from further participation in a HUD program or programs. The scope of the LDP is limited to the physical jurisdiction of the office that issued it. If the LDP is signed by the Deputy Assistant Secretary for Multifamily Housing Programs or the Director, Office of Asset Management, its scope is nationwide and encompasses all multifamily housing programs.

According to HUD's regulations, an LDP should be issued *"based on the best interests of the Federal Government."* Its purpose is to reduce the government's risk by restricting individuals or entities from participation in new business with the Department as a direct consequence of a failure to comply with HUD program requirements. HUD has discretion to issue an LDP in a wide range of circumstances; this guidance specifically requires the initiation of the LDP process when a borrower has caused a claim to be made against the FHA Insurance Fund.

## What is HUD's Process for Issuing an LDP?

When a claim has been made against a project in its portfolio, the Program Center Director's staff ("Staff") prepares a Show Cause letter for each of the principals listed on Form HUD-2530 for the property. The Show Cause letter(s) provides notice that HUD is considering restricting the recipient's future participation in HUD programs through the issuance of an LDP. The letter provides the recipient with the opportunity to demonstrate why the LDP should not be issued. This letter is vetted through several offices prior to being sent. Once the Department Enforcement Center approves the letter, it is sent to the addressee. The recipient has 30 days to respond. Failure of the recipient to respond within a set timeframe may be interpreted as the recipients' agreement that he/she contributed to the action in question.



# What HUD Notice 2014-05 Limited Denial of Participation Means for Owners

Once in possession of the recipient's response to the letter, the Program Center Director makes a determination on whether or not to issue the LDP. The response of the recipient must be considered when making this decision.

## What Are the Requirements for an LDP to Be Issued?

The LDP should be issued if the evidence establishes that at least ***one of the following conditions*** has been met:

- ◆ Future participation by this individual in an FHA multifamily insurance program would constitute an unsatisfactory risk,
- ◆ The individual's actions that led to the claim against the Insurance Fund constitutes an "irregularity" in the individual's past performance,
- ◆ The person did not comply with all contractual or regulatory requirements,
- ◆ The person violated any law, regulation or procedure in the process of applying for financial assistance, insurance or a loan guarantee,
- ◆ The person violated any law, regulation, or procedure as a recipient of assistance, insurance or a guarantee,
- ◆ The person has made or has caused to be made a false statement for the purpose of influencing an action of the Department; or
- ◆ Imposition of an LDP by any other HUD office.

The determination is sent to the HUB Director, who can approve the LDP or determine that it is not warranted and whether or not the scope should be national. The notice has required language that must be included in the document.

## What Can a Borrower Do to Contest the Notice?

Within certain timeframes, the borrower and a representative can meet with the official who issued the notice and provide information related to the issues in the notice.

The official can then terminate, modify or affirm the LDP and must notify the borrower in writing of his decision and of his/her right to request a hearing on the matter.

If the LDP is affirmed, it is effective immediately.

For the complete text of the notice, please click on this link:

<http://portal.hud.gov/hudportal/documents/huddoc?id=14-05hsgn.pdf>



## Updated Federal Income Exclusions Released

On May 20, 2014, HUD published in the [Federal Register](#) an updated list of federally mandated exclusions from income. The notice replaces the previous list of income exclusions published in the December 14, 2012 Federal Register.

Below is a summary of the changes:

- ◆ Adds an exclusion of any amounts in an “individual development account” as provided by the Assets for Independence Act as amended in 2002.
- ◆ Includes a previously omitted exclusion of any allowance paid under the provisions of 38 U.S.C. (c.) to children of Vietnam veterans born with spina bifida, children of women Vietnam veterans born with certain birth defects, and children of certain Korean service veterans born with spina bifida.
- ◆ Clarifies the criteria for Section 8 participants for exclusion (viii) - Amounts excluded from income for students; and
- ◆ Corrects the timeline of exclusion (xxiii) for settlement payments pursuant to the case entitled *Elouise Cobell et al. v. Ken Salazar et al.*, for a period of *one year from the time of receipt of that payment*.

You can find a complete list of Income Exclusions [here](#).

## NTHDC Staff Participate in Tampa Housing Authority’s Charity Gold Tournament



From left: Cedric Hernandez, Elvin Maldonado, Jerome Ryans, Don Shea, Elizabeth Santos, Carrie Starling