



The CA Quarterly Review

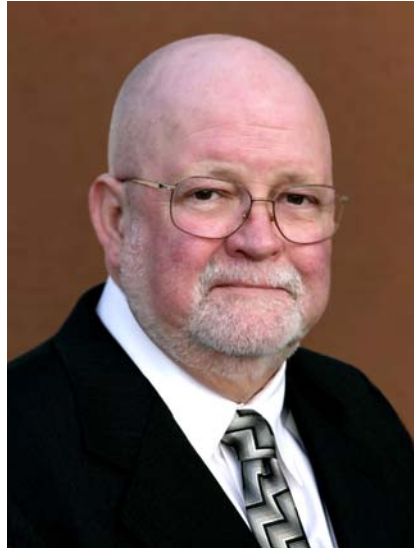
Summer 2016 Edition

June 20, 2016

North Tampa Housing Development Corporation

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

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Welcome to the Summer 2016 edition of the CA Quarterly Review. Hopefully you are enjoying Florida's beautiful beaches or a pool to keep cool during the hot summer months. I discussed the possibility of HUD reinstating NTHDC's authority to conduct Management and Occupancy Reviews in our spring edition. We are excited that HUD modified our contract to reach that end and we are now conducting Management Reviews again. It has been a while, but we are looking forward to visiting your properties and engaging with your on-site teams.

HUD and NTHDC worked collectively to establish a work plan outlining which properties will be reviewed in the upcoming months. HUD provided guidance of priority properties to be reviewed and we also considered the location of sites to match the initial properties in proximity to current staff. We are adding new staff as well and we will be introducing them in the next newsletter. We will once again have staff located throughout Florida to provide coverage for our portfolio. We are hoping to be able to visit all of our sites between now and the end of 2017, so you may not see us right away but we will eventually reach you. You will still receive plenty of notice prior to your MOR to coordinate the specific dates NTHDC will visit your site.

The NTHDC website provides a lot of useful information relating to the MOR process and relevant documents. We will also be offering a session covering MORs at the upcoming SAHMA Regional Conference in Jacksonville on Monday August 15th. We will have staff available throughout the conference (August 15 – 17) to discuss any MOR or other PBCA related questions you may have so hopefully we will see you there.

One other bit of good news from HUD was the recent extension of our PBCA contract for the Virgin Islands through the end of 2017. This brings all the HUD PBCA contracts in alignment and will cover the period until HUD rebids the PBCA contracts again. It is a privilege to assist you in any way that we can as your 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

6/15/2016	<u>HUD Form 50059-A</u>	Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures - Partial Certification (Updated Instructions)
6/15/2016	<u>HUD Form 9834</u>	Management Reviews of Multifamily Projects - Re-posted with changes
6/14/2016	<u>HUD Form 2530</u>	Previous Participation Certification – Multifamily Housing
6/14/2016	<u>HUD Form 92266</u>	Application for Transfer of Physical Assets (TPA)
6/2/2016	<u>Housing Notice 2016-06</u>	Implementation of the Standardized Firm Commitment Templates for Additional Section 220, 221(d)(4), 223(f), 223(a)(7), 231, 241(a)
5/19/2016	<u>HUD Form 9834</u>	Management Reviews of Multifamily Projects
5/4/2016	<u>Housing Guidebook 4430.G</u>	Multifamily Accelerated Processing (MAP) Guide, 4430.3
3/31/2016	<u>Housing Notice 2016-05</u>	Revision of Tenant Participation Requirements in Accordance with 24 CFR Part 245



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Are You Prepared for Your Upcoming MOR?

As you may have been aware and heard earlier this year, HUD recognized the need for compliance assurance of its Multi-family Section 8 program and was considering reinstating Management and Occupancy Reviews (MOR). After receiving input from various stakeholders, HUD decided to reinstate MORs within the 42 existing PBCA contracts from which the task was previously removed.

HUD provided these PBCAs an ACC amendment which includes the reinstatement of MORs effective May 1, 2016, for up to 100% of the PBCA portfolio. Since execution of the amended ACC the PBCA in conjunction with HUD has created work plan scheduling MORs through the remainder of this calendar year. The PBCA has been contacting owners and scheduling MORs since mid-May.

Be prepared in the event an MOR has been scheduled for your property.

It is never too early to begin preparing for your MOR. Make sure you are informed of all program requirements and aware of new requirements.

- ◆ A written confirmation will be sent out along with the form HUD 9834 Addendum C checklist of items prior to the on-site review date. Upon receipt of these items, take the necessary steps to obtain the requested documents and have them available for reviewers. Some of these documents that reviewer may ask you to have copies available.
- ◆ Gather all documents/items listed on Addendum C. Ensure you have all documents listed and locate any missing items. Review all documents for compliance with current and NEW regulations. Update and/or implement any documents as needed. Review all policies and procedures for compliance with current and NEW regulations and current and NEW site practices. Update and or implement any documents as needed.
- ◆ Review staff practices for compliance with current and NEW regulations and procedures. Provide all needed training/instruction to staff as necessary to correct deficiencies in staff practices.
- ◆ Review the physical condition of the site as well as the last REAC inspection. Make all necessary repairs. Correct any/all repeat/recurring deficiencies.
- ◆ Download and read form HUD 9834 and do a pre-MOR self-audit. Form HUD 9834 is the form that your PBCA reviewer will be using during the MOR. If you understand the questions on this form you can correct any deficiencies found during your self-audit. Ideally, review as many tenant files as possible using the Addendum A of that form as guide. Ensure all required documents are in the tenant file, calculations are correct, necessary documents are signed and dated, etc. and make all necessary corrections.
- ◆ Notify your CA if Tenant Files are kept off-site.
- ◆ Prepare office space for the review team. Usually, this includes a desk, chairs, ample room to review documents, access to a copier and outlets to plug laptops into.
- ◆ Inform residents that a review will be performed and units may be entered. This notice should go out to tenants at least 24 hours before the day of the review. Owners/agents should also give a copy of this letter to the reviewers when they arrive.
- ◆ Alert your on-site staff of the date of the review and that the reviewer may wish to speak with them.

Are You Prepared for Your Upcoming MOR? Cont'd...

On the day of On-site Review

Be prompt, present and ready. Plan to be on-site during the MOR and have all requested documents ready and available for review at the start of the day.

- ◆ Be prepared to pull files and additional documents as requested including obtaining documents/information from the home/corporate office if needed.
- ◆ Be available to answer any questions.
- ◆ Participate in questionnaire interview and be prepared to discuss or explain any item as needed.
- ◆ The reviewer may ask to gain access to tenant units to follow up on REAC inspections and/or tenant complaints that had been placed to the call center. The reviewer will also ask to enter and observe two vacant units at the property. Be prepared to walk through the property with the reviewer and plan to have maintenance personnel accompany you.
- ◆ Be present for and participate in the close out meeting where the reviewer will discuss preliminary results.

Following the On-site review

Within 30 days of the on-site close out meeting, the PBCA will issue the report. This report will include any findings found during the review and the overall score that has been awarded. Keep in mind that the PBCA performs a limited review and does not review nor include in the score category D. The remaining categories are weighted and given a categorical score of superior, above average, satisfactory, below average, or unsatisfactory in accordance with Chapter 6 of HUD Handbook 4350.1. Based on the individual categorical scores, an overall score is applied in accordance with HUD guidance.

If you receive the Summary Report and there are no deficiencies noted, no additional action is required. If you receive the Summary Report and deficiencies are noted, you must take action to resolve the deficiencies. The PBCA will set Targeted Completion Dates (TCDs) for all deficiencies identified during the review and may not exceed 30 calendar days. Your response needs to include a cover letter and all supporting documentation, summaries, and written certifications requested for each finding. Each finding needs to be addressed whether it has been completed or not and an explanation must be provided along with the progress on each finding that has not been completed.

If you receive a "Below Average" or "Unsatisfactory" overall rating as indicated on the form HUD-9834, Summary Report, you may appeal the rating using the following process.

- ◆ The appeal must be in writing, forwarded to the PBCA and postmarked within 30 calendar days of the Summary Report date.
- ◆ The appeal letter must explain the factual basis supporting a change in the rating, with sufficient specific examples provided to warrant further evaluation.
- ◆ The PBCA will evaluate the appeal with the additional information provided and provide a response within a 45 calendar day period following receipt of the appeal.

The key for preparation for an MOR and continued success and compliance is to remain informed and proactive after the MOR concludes. It is an ongoing process that requires periodic review and follow up that should not be limited just to the MOR process.

Rent Effective Date Clarification



As a result of policy clarifications received from HUD HQ, NTHDC will begin setting the rent effective dates to coincide with the effective date of your amend rents. In the past, NTHDC was moving this date forward to the first of the following month, however, as of May you can expect to see this date change from previous years.

Please be sure to implement any gross rent changes associated with your annual rent adjustment to correspond to the rent and utility effective dates on your approved rent schedule.

Utility Allowance Factors (UAF) Implementation

HUD Notice 15-04 became effective June 22, 2015. The notice contained guidelines for completing a property’s utility analysis using a baseline methodology. The first year of implantation of HUD notice 2015-04 requires that owners submit a baseline utility analysis for each bedroom size and utility type.

As the first year of implementation comes to an end, it’s important to remember that owners and agents are not required to submit a baseline utility analysis if one was submitted in the prior year and in accordance with the notice. Instead, owner and agents may opt to have the utility allowance adjusted by a published state-specific factor, called the Utility Allowance Factor, or UAF.

The UAF us determined by considering the state-specific average retail price of electricity, natural gas, water and oil/propane for residential customers and is published by the U.S. Energy Information Administration.

FY 2016 Utility Allowance Factors				
State	Oil	Natural Gas	Electricity	Water/Sewer/Trash
FLORIDA	0.850	1.028	1.063	1.046
VIRGIN ISLANDS	0.784	1.063	1.031	1.046

Owners and Agents should take care to ensure that their adjusted utility allowances and the paid utilities over the last twelve months do not indicate a significant disparity. If, in the owners estimation,, he decides that a significant disparity exists, then the owner *should* complete a baseline analysis in order to ensure that utility allowances are keeping pace with utility bills.

Because the baseline analysis is only required to be completed once every three years, for the two years following the baseline, owners will receive an automatic adjustment to the Utility allowance via the published factor.

For further guidance, please consult [HUD Notice 15-04](#) and the [Utility Allowance FAQs](#).

Focus on Compliance

Included in this quarters' focus on compliance, we discuss EIV reports, tenant file versus master file requirements as prescribed 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



EIV Reports

Part of the Management and Occupancy Review includes a thorough evaluation of when owner/agents are running and using EIV reports, whether or not they are documenting the actions they've undertaken to investigate discrepancies, and how they are storing the reports. To stay compliant with HUD Handbook 4350.3, Chapter 9, owner/agents must use EIV in its entirety, this means running the reports in accordance with Chapter 9 and your own policies and procedures.

Owners and Agents must develop EIV policies and procedures. In that document, owner/agents must include written policies for using the Existing Tenant Search, which must also be outlined in their Tenant Selection Plan, use of income reports and verification reports.

HUD has outlined basic guidelines for the frequency in which the reports must be run; however, owner/agents can develop policies that increase the frequency of the reports. For instance, if the trend among the tenant population is to change jobs frequently, the owner/agent might find it beneficial to run the New Hires Report on a monthly basis as opposed to the basic requirement that it be run at least quarterly.

Now is a good time for owner/agents to review their EIV policies and procedures to ensure that they are running the reports in accordance with HUD rules. The chart below outlines the use and frequency of EIV reports, as well as where they should be retained.

Report	Use	File Documentation	Retention
Summary Report	Must be used at recertification (annual and interim)	Summary Report(s) as verification of the SSN for all household members whose Identity Verification Status is "Verified". Correspondence or documentation received to resolve a tenant's "Failed" or "Deceased" status.	Tenant file

Report	Use	File Documentation	Retention
Income Report	Mandatory use at Recertification - Annual, Interim and 90 days from the date the MI or IC was transmitted to TRACS. May be used at other times as indicated in O/A's policies and procedures.	No Dispute of EIV Information: EIV Income Report Current, acceptable tenant provided documents Third party verification from the source, if necessary Disputed EIV Information: EIV Income Report Third party verification from the source for the disputed information Tenant-reported income not verified through the EIV system: EIV Income Report Current, acceptable tenant-provided documents, and/or Third party verification from the source Any correspondence with/from tenant relating to disputes of the employment or income reported in EIV. Form HUD-50059(s)	Tenant File
Income Discrepancy Report	Mandatory use at Recertification - Annual, Interim and 90 days from the date the MI or IC was transmitted to TRACS. Report may be used at other times as indicated in O/A's policies and procedures. date.	All correspondence to/from the tenant regarding the income discrepancy. Documentation received to resolve the discrepancy, including written third party verification of income, if applicable. The file must be documented regardless of whether the O/A determines the discrepancy to be valid or invalid. Corrected form HUD-50059(s), if applicable. Repayment Agreement, if applicable.	Tenant file
No Income Reported on 50059	As identified in O/As policies and procedures.	Correspondence/documents received for re-verification of zero income tenants	Tenant File
No Income Reported by HHS or SSA	As identified in O/A's policies and procedures.	Third party verification from income sources of other income reported by tenant, if applicable. Correspondence/documents received for re-verification of zero income tenants.	Tenant file
New Hires Report	At least quarterly	New Hires Report with notation of action(s) taken.	Master file Retain New Hires Summary Report in a master "New Hires Report" file for 3 years. Tenant file Retain New Hires Detail Report for the tenant along with any correspondence with tenant, third party verifications, form HUD-50059(s), etc., .for term of tenancy plus 3 years.

Report	Use	File Documentation	Retention
<p>Existing Tenant Search</p>	<p>At the time of processing an applicant(s) for admission</p>	<p>Search results for each member of the household.</p> <p>Results of any contact with applicant must be recorded on and/or with the search results for affected household member.</p> <p>Results of any contact with PHA, owner, management agent where applicant is reported as receiving assistance must be recorded on and/or with the search results for affected household member.</p>	<p>Application file If not admitted – retain search results and any supporting documentation with the application for 3 years.</p> <p>Tenant file If admitted – retain search results and any supporting documentation with the application for term of tenancy plus 3 years.</p>
<p>Multiple Subsidy Report</p>	<p>At least quarterly</p>	<p>Search results</p> <p>Documentation supporting any contacts made or information obtained to determine if household and/or household member is receiving multiple subsidies.</p> <p>Documentation to support any action taken if household and/or household member is receiving multiple subsidies.</p>	<p>Master file Retain Multiple Subsidy Summary Report and supporting documentation in a master “Multiple Subsidy Report” file for 3 years.</p> <p>Tenant file Retain a copy of the Multiple Subsidy Detail Report for the tenant along with any documentation of action taken for a household member for term of tenancy plus 3 years.</p>
<p>Failed EIV Pre-screening Report</p>	<p>Monthly</p>	<p>Failed EIV Pre-screening Report documented with action taken to resolve invalid or discrepant personal identifiers.</p>	<p>Master file Retain copy of report in a master “Failed EIV Pre-screening Report” file for 3 years.</p> <p>Tenant file Documentation to verify discrepant personal identifiers for term of tenancy plus 3 years.</p>
<p>Failed Verification Report (Failed SSA Identity Test)</p>	<p>Monthly</p>	<p>Failed Verification Report (Failed SSA Identity Test) report documented with action taken to resolve invalid or discrepant personal identifiers</p>	<p>Master file Retain copy of report in a mater “Failed EIV SSA Identity Test” file for 3 years.</p> <p>Tenant file Documentation to verify discrepant personal identifiers for term of tenancy plus 3 years.</p>
<p>Deceased Tenants Report</p>	<p>At least quarterly</p>	<p>Documentation obtained to resolve discrepancy.</p>	<p>Master file Retain copy of report in a master “Deceased Tenants Report” file for 3 years.</p> <p>Tenant file Form HUD-50059 and/or form HUD-50059-A plus any other documentation received for a particular tenant must be retained for term of tenancy plus 3 years.</p>

Compliant Utility Allowances for Properties That Underwent New Construction and Substantial Rehabilitation

[HUD notice 15-04](#), and the subsequently published [Utility Allowance FAQ's](#), established detailed policies and procedures that must be followed by property owners and agents when completing the utility allowance analysis required at the time of the annual adjustment of contract rents and when a utility rate change results in a cumulative increase of 10 percent or more from the most recent approved utility allowance.

HUD has outlined specific procedures for properties that have undergone New Construction and Substantial Rehabilitation. Section VII of the notice outlines that these properties may choose to establish initial utility allowances for new or rehabilitated units based on analysis completed using an energy consumption model only in the first year of occupancy post-construction. Once the property is occupied and the owner is able to obtain twelve months of consumption data, they must then follow the methodology outlined earlier in the notice to obtain and establish a baseline analysis.

The energy consumption model analysis is to be completed at underwriting, and must take into account specific factors including but not limited to unit size, appliances included, efficiency of mechanical systems, building orientation, and characteristics of the building location. HUD also prescribes that the analysis must be completed by either a licensed engineer or a HUD approved qualified individual. Once the analysis is completed, the owner is required to submit copies of the estimates derived from the energy consumption model to either HUD or the CA. It is also a requirement that the owner make copies of the results available to all tenants in the building. All costs associated with obtaining the utility estimate are the responsibility of the property owner.

An alternative to hiring an outside contractor to complete the analysis is for the owner to utilize an energy consumption modeling software, including a local Housing Finance Agency approved utility allowance calculator, in order to determine what the utility allowances should be in the first year post new construction or substantial rehabilitation. One such calculator that is available for use is <https://www.huduser.gov/portal/resources/utilallowance.html> which may be more cost efficient when compared to contracting to an outside firm to perform an energy audit. This HUD developed utility schedule model allows owners to calculate utility schedules by housing type.

The owner will need to have utility rate information, or tariffs, available in order to utilize the utility schedule. The owner will also be required to select the appropriate Public Housing Agency (PHA) number by entering in the PHA code or the zip code for the property. Once this has been selected, Climate Data will automatically calculate for the previous calendar year. The remainder of the inputs in the application requires property specific inputs including the utility specific tariff information, any applicable energy savings programs, as well as additional fees for each unit type. HUD has provided detailed instructions on each of the inputs to assist with navigating through the web based utility schedule calculator. Once all inputs have been made, the owner will have access to the Projected Family Allowances.