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## **TAMPA OFFICE Multifamily Newsletter 04-1**

This is the second installment of a publication issued by the Multifamily Housing Management staff of the Tampa HUD Office. It is intended to serve as means of communicating with owners and managers of multifamily properties under the purview of HUD's Tampa Office on program issues that impact the operation of such real estate. If you would like to be placed on the electronic mailing list to receive this publication and other program updates, please send an e-mail message to : [Alan\\_Coupland@hud.gov](mailto:Alan_Coupland@hud.gov)

Due to the number of inquiries on REAC's procedures and the processes related to HUD's Secure Systems, we are including once again the article on REAC that appeared in our last newsletter. If there are certain aspects of HUD's Multifamily programs that you would like addressed in future issues, please send your suggestions to the above email address.

### **➤ Program Issues**

#### **SECTION 8 CONTRACT ADMINISTRATION**

It is very likely that Florida will have a Performance-Based Contract Administrator (PBCA) selected by the end of 2003 to oversee the Section 8 activities of HUD – subsidized properties throughout the entire state. Applications in response to the Request for Proposals (RFP) covering the remaining sections of the country without a PBCA were received by September 5, 2003, and are currently being evaluated in preparation for the final selections for the service contracts with HUD.

This potential change , based upon the implementation of this initiative in other areas, will result in every property covered under the PBCA Contract having an onsite review performed every year. The PBCA will also be responsible for addressing resident concerns/complaints from those covered units, and for insuring compliance with Exigent Health & Safety(EHS) deficiencies on REAC's physical inspection reports.

For more information on the PBCA initiative, you can go to their website at:  
<http://www.hud.gov/offices/hsg/mfh/rfp/sec8rfp.cfm>

## HUD HANDBOOK 4350.3

An explanatory memo dated August 21, 2003, covering the implementation of the new Occupancy handbook, 4350.3 REV-1, was sent to all owners and agents of Section 8 Project-based properties recently. The memo indicated that the recognized effective date of Handbook 4350.3 REV-1 was June 12, 2003, the date of issuance.

Additional guidance was set forth on the following issues:

### Recertification timeline

The revised handbook requires owners to start the recertification process 120 days prior to the anniversary date as set forth in the previous handbook. Owners have until January 1, 2004 to implement this requirement. This means that all tenants whose anniversary date is may 1, 2004 and thereafter will be provided the 120-day notice.

### Special claims submission deadline

The revised handbook requires owners to submit Special Claims for unpaid rent and tenant damages and for vacancy losses during rent-up within 180 days of the event which gives rise to the claim. The old handbook allowed one year to file such claims. Implementation of this new policy will be effective for all claims where the action that caused the claim occurred after August 31, 2003. If the action occurred prior to August 31, 2003, owners will have up to one year to file those Special Claims.

Handbook 4350.3 REV-1 may be obtained on HUDCLIPS ([www.hudclips.org](http://www.hudclips.org)) or by calling 1-800-767-7468.

Questions on HUD Handbook 4350.3 REV-1 should be submitted to the electronic mailbox at : [Occupancy\\_Handbook\\_Comments@hud.gov](mailto:Occupancy_Handbook_Comments@hud.gov)

The entire text of the explanatory memo can be accessed through the website at: <http://www.hud.gov/offices/hsg/mfh/rhiip/implementation4350-3memo.pdf>

There are also a listing of Frequently Asked Questions (FAQ) that are maintained on the following website:

<http://www.hud.gov/offices/hsg/mfh/rhiip/faqoccupancy.pdf>

## NEW POLICIES INTRODUCED IN HANDBOOK 4350.3 REV-1, OCCUPANCY REQUIREMENTS OF SUBSIDIZED MULTIFAMILY HOUSING PROGRAMS

### 1. Estimating Medical Expenses

- **New Handbook:** 1) Owner may use expenses the family anticipates to be paid during the 12 months after recertification. 2) Owner may use unreimbursed medical expenses paid during the past 12 months to estimate medical expenses. 3) Past “one-time” nonrecurring medical expenses that have been paid in full may be used in the calculation of the medical expense deduction if the one-time expense was not used for an interim recertification in the prior year.
- **Old Handbook:** Expenses anticipated to be paid by the family in the 12 months after recertification.

### 2. **Increases the Threshold that Triggers an Interim Recertification.**

- **New Handbook:** \$200
- **Old Handbook:** \$40

### 3. **Revises Recertification Timeline for Starting the Process of Notifying Tenants.**

- **New Handbook:** 120 days prior to tenant’s recertification anniversary date
- **Old Handbook:** 90 days prior to tenant’s recertification anniversary date

### 4. **Tenant Selection Plans**

- **New Handbook:** Requires owners to develop, and make public, a tenant selection plan that includes certain required contents.
- **Old Handbook:** Stated that owners should develop a written tenant selection plan

### 5. **Affirmative Fair Housing Marketing Plan**

- **New Handbook:** Requires owners to update AFHMP every 5 years as needed to ensure compliance.
- **Old Handbook:** No requirement for frequency of update

### 6. **Family Size for Income Limits**

- **New Handbook:** Owners must include unborn children and children who are in the process of being adopted for determining family size for income limits.
- **Old Handbook:** Owners must count all children anticipated to reside in a unit for determining how many bedrooms a family may occupy. A note at the bottom of Figure 3-6 indicated that unborn children and children who are in the process of being adopted are considered household members for determining income limits, however guidance was given to disregard this note.

### 7. **House Rules**

- **New Handbook:** House rules are established at the discretion of the owner. Provides extensive discussion for establishing house rules and suggested “reasonable” and “unreasonable” house rules.
- **Old Handbook:** House rules are established at the discretion of the owner. Provided limited examples of house rules.

## 8. Remaining Family Member

- **New Handbook:** Provides extensive guidance for defining remaining family member and defines under what circumstances assistance may, or may not, be provided that person.
- **Old Handbook:** Defines “surviving family member.” Offers no guidance on when assistance may, or may not, be provided that person.

## 9. 59 Data Requirements (a form with a description of certain tenant data that the owner is required to collect from tenants that’s used to calculate tenant’s eligibility and tenant’s rent).

- **New Handbook:** Form must be signed by all adult members of the household.
- **Old Handbook:** Form must be signed only by head of household.

## 10. Special Claims for Unpaid Rent and Tenant Damages and Vacancy Losses During Rent-Up

- **New Handbook:** Owner must submit claim within 180 days after the unit becomes available for occupancy.
- **Old Handbook:** Owner must submit claim within one year after the unit becomes available for occupancy for special claims for unpaid rent and tenant damages. There was no stated time limit for vacancy losses during rent-up.

## 11. Calculating Partial Month Occupancy

- **New Handbook:** Calculate subsidy by dividing the actual number of days in a month.
- **Old Handbook:** Calculate subsidy by dividing by 30 days.



## Real Estate Assessment Center (REAC)

The final rule effective January 8, 2001 titled, Process for Assessment of Insured and Assisted Properties, discusses HUD’s intent to provide the results of inspections **ONLY** in an electronic format. The rule also describes that the sole exception to electronic retrieval by the property owner and/or other persons designated by the owner will be in specific cases of hardship (see January 8, 2000 rule). The following information describes, in summary fashion, how an owner and/or their authorized designees access and retrieve inspection reports.

**Effective October 15, 2002, the Office of Housing ceased mailing inspection reports to owners. Owners and their representatives must retrieve their released inspection reports directly from HUD's Secure Systems<sup>1</sup>. Access to Secure Systems is via the Internet and all Users must be authorized access by their respective owners and by HUD. To gain access, an owner's representative applies as either a Coordinator (limit two) or as a regular User (no limit to the number or persons who may register as Users). Application for access in either case is made via the Internet. Note – a Coordinator must be identified and activated in the Secure System first because they provide other Users with a system identification number (ID) for logon purposes and to assign User roles.**

**To apply for authorization, the candidate Coordinator or User must visit the Real Estate Assessment Center (REAC) website. The Internet address (URL) is <http://www.hud.gov/reac>. Once reaching this website look on the left of the page, click on the words online systems. This will take the candidate to a web page where s/he can start the registration process, and includes useful information regarding tips on registering and answers to Frequently Asked Questions (FAQs). To register, the candidate should find and select the Online Registrations button. When the next web page appears, select the link "Multi-Family Housing Entity". The candidate will then see and be able to complete the electronic Multi-Family Coordinator and User Registration form.**

To begin registration, the candidate first selects the "role" s/he is registering to become. To do this select one of the two options (Coordinator or User). The candidate then completes the electronic form, filling out all sections. During the process the Coordinator/User supplies their selected password. Please remember your password. It cannot be retrieved without being reset. Resetting your password can be done by calling the Technical Assistance Center (TAC) at 1-888-245-4860 or using the automated process via the REAC Online Systems web page. After carefully completing the registration form and checking it for accuracy, click on the button "Send Application" and then click on the confirm/submit button to submit to HUD for processing.

A Coordinator candidate should contact their Business Partner (property owner) in about a week to confirm a successful registration. HUD sends the Business Partner the new Coordinator's ID. The Business Partner provides the Coordinator their ID necessary to access HUD's Secure Systems. The Coordinator, once granted access by the Business Partner, assigns privileges to other Users for various subsystems. Coordinators have privileges to perform higher-level administration functions, while maintaining User level rights as well.

**A regular User candidate should contact their Coordinator to inform them that their registration is complete. The Coordinator can find and provide the User his User's ID and make access assignments of roles and actions the next day after the registration. After your Coordinator assigns the access privileges, the regular User can log in and begin work.**

**To log into HUD's Secure Systems, the Coordinator or User returns to the REAC website, URL <http://www.hud.gov/reac>. Once reaching this website look on the left of the page, click on the words online systems and then click LOG IN. Secure Systems requests the User to enter their User ID and their password. The system verifies every User's authority and, following acceptance, provides the User**

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<sup>1</sup> Any owner, who wished to retrieve inspections electronically, has been able to do so since October 2001.

with the Secure Systems main menu. Depending on the individual User's authority they may see several or only a few options from which to choose. However, since this memorandum is about inspections the menu item to select is labeled **Physical Inspections**. A Coordinator will have access to several areas so that s/he can administer the owner's business in the Secure Systems of HUD. A User will see a button that says "Schedule/View Inspections" (Only after the Coordinator has assigned this role to the User). Pressing that button will take the User further into the Secure System allowing s/he to view inspection reports after they have been released by the REAC.

Persons wishing to be authorized access, as either the Coordinator or as User, may request further assistance from the REAC TAC at the toll free phone number provided above. If, after contacting the TAC a party still believes that they have a documented hardship preventing them from retrieving inspections from the Internet, that party may apply for exemption, in writing, directly to the REAC. Written exemption requests **ONLY** may be mailed to the REAC, 1280 Maryland Avenue, SW, Washington, DC 20024, Attention TR/DBA Section.

· Owners/agents need to make sure that the CPA's preparing their Annual Financial Statements (AFS) pass along any correspondence received from the Real Estate Assessment Center or the Departmental Enforcement Center(DEC). We have found there may have been errors or problems in transmitting the AFS in a timely manner that has resulted in follow up letters being issued by REAC, of which some owners are not aware.

· **Field Offices are not authorized to grant extensions for submission of required financial statements –extension requests must be filed electronically according to the instructions in the Industry User Guide for the Financial Assessment Subsystem – Multifamily Housing (FASSUB). Field Office staff have been instructed to flag all of the owner participants in the Previous Participation system (APPS) for projects that have delinquent financial statements. The REAC Technical Assistance Center can be reached at 1-888-245-4860 for questions on AFS submission problems.**

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□ Technical Reviews vs. Data base Adjustments – There has been some confusion about the process for appealing aspects of the physical inspections conducted by REAC contractors – there are two avenues to consider:

□ Technical review –related to material errors on inspection: a) wrong building is inspected or a portion of property not a part of the subject project is inspected; b) total number of units inspected is incorrect; c) inspection indicated a part of the property is below standard, and in fact it is not. Guidelines for submitting technical reviews can be found at the following website address:

□ [http://www.hud.gov/offices/reac/products/pass/pass\\_guideand\\_rule.cfm](http://www.hud.gov/offices/reac/products/pass/pass_guideand_rule.cfm)

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□ Database Adjustment – specific circumstances affecting the property that are unique and, if adjusted, result in a significant overall score increase. Examples : inconsistencies between local building codes and REAC standards; written waivers granted by local HUD Office to accommodate special needs of residents; as-built conditions that were approved.

- Requests for technical reviews and database adjustments have to be submitted in writing to:

Director, Real Estate Assessment Center  
1280 Maryland Avenue, SW  
Washington, D.C. 20024

- A copy should be sent to the local HUD Program Center and/or the Contract Administrator. Technical reviews need to be sent within 30 calendar days following the issuance of the report; database adjustments need to be sent within 45 days. Requests should include adequate documentation to support the appeal.

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- Close-out of Inspections - The certification form for closing out the Exigent Health & Safety (EH&S) items denoted on the REAC inspections can be found at the following website address:

<http://www.hud.gov/offices/reac/pdf/mfownerehscertification.pdf>

- **Project owners or those persons legally authorized to sign for the project owners have to execute the certifications and submit to HUD or the Contract Administrator within 3 business days of the date of the inspection.**

## **Training**

- \* **October 12-15 AASC Service Coordinator Conference Hyatt Orlando Orlando [www.servicecoordinator.org](http://www.servicecoordinator.org)**
- \* **October 20-21 FAHA – Candi Atkins HUD Handbook 4350.3 Royal Plaza Orlando [www.faha.org](http://www.faha.org) (850) 671-3700**
- \* **November 12-14 NCHM Tax Credit Specialists 1-800-368-5625 Tampa [www.nchm.org](http://www.nchm.org)**
- \* **December 3 Florida Housing Coalition Planning, Financing and Developing Affordable Rental Housing Sarasota Hyatt 850-878-4219 [www.flhousing.org](http://www.flhousing.org)**