



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

OCT 26 2016

MEMORANDUM FOR: All Multifamily Regional Center Directors
Satellite Office Directors
Multifamily Assisted Project Owners

FROM: Priya Jayachandran, Deputy Assistant Secretary for Multifamily
Housing Programs, HT

SUBJECT: Allowable Special and Add-on Management Fees to Implement a
Homeless Preference

I. Introduction

To promote the use of a homeless preference at assisted multifamily housing sites, HUD Multifamily Regional Centers/Satellite Offices may approve both a special and an add-on management fee. Participation in this incentive is limited to HUD multifamily assisted housing.

Multifamily Housing field staff establish a schedule of project characteristics/conditions that warrant special or add-on fees at properties in that office's jurisdiction. Fees are approved as a flat per unit per month (PUPM) fee amount for each characteristic/condition. These Homeless Preference Management Fees are effective as of the date of this memorandum and must be included in all future regional/satellite office Management Fee Schedules.

With this guidance, the Department authorizes the use of special and add-on management fees to cover eligible expenses incurred by owners and agents (O/As) when implementing and utilizing a homeless preference.

Fees will cover the cost of staff time associated with establishing and managing a Homeless Preference, including the following activities:

- Identifying and engaging the local HUD-funded Continuum of Care (CoC) and other homeless Service Providers.
- Learning about the local area's needs and determining which families/individuals/groups experiencing homelessness will be the best match for the property.
- Formalizing agreements and establishing a referral process with the local CoC and homeless service providers.
- Amending the Tenant Selection Plan (TSP) and submitting to HUD for approval.

- Receiving applicant referrals from the CoC and homeless service providers and screening applicants to ensure they meet the property's eligibility criteria.
- Providing support, education, and tools to property management staff when coordinating services and resources during the lease up and duration of tenancy.
- Facilitating a household's move-in and access to necessary household items.
- Documenting results, including maintaining tenant application materials, using TRACS Previous Housing code 5 for new move-ins, and including all management fee information in each year's Annual Financial Statement (AFS) or other annual certification.
- Sharing success stories.

II. Fee Descriptions

- A. Special Management Fee. A special management fee will be permitted during a nine (9) month start-up period to enable O/As to create and implement the homeless preference process. This process involves performing the first five activities listed above.
 1. The special fee amount is \$2.50 PUPM. (For example, a 100-unit property can collect up to $\$2.50 \times 100 \text{ units} \times 9 \text{ months} = \$2,250.$)
 2. The maximum annual fee cannot exceed \$4,500 per property.
 3. The special fee can be taken for no longer than a continuous nine-month period.
 4. If the O/A does not complete this process during the nine-month period, the term of the special fee amount cannot be extended. However, O/As are encouraged to complete the preference process and may begin collecting an add-on fee once the first previously homeless individual or household has been admitted.
 5. Management agents may collect the special fee for the entire nine-month period, even if they complete the preference process in a shorter period of time.
 6. Management agents cannot simultaneously collect a special and add-on fee. If a previously homeless household is admitted to the property within the nine-month start-up period, the agent may collect the \$2.50 PUPM fee for the entire nine-month start-up period. Once this period has ended, the agent can start collecting the add-on fee at the beginning of the tenth month.

- B. Add-on Fee.** Management agents may collect a monthly add-on fee as long as at least one previously homeless individual or household is admitted to a particular property during a one-year period.
1. The add-on fee is \$2.00 PUPM, not to exceed \$3,600 per property per year. (For example, a 100-unit property can collect up to \$2.00 x 100 units x 12 months = \$2,400 in a one-year period.)
 2. Management agents can begin collecting this fee only after the initial nine-month special fee term has expired or when a special fee has not been requested. Management agents cannot simultaneously collect a special and add-on fee. Collecting an add-on fee is permissible even if a special fee is not requested or approved.
 3. Management agents can begin taking monthly add-on fees only after the following three conditions have been met:
 - a. Regional/satellite offices have approved an amended TSP containing a homeless preference;
 - b. The O/A has notified the waiting list applicants and emailed the Property's AE a copy of the notification letter sent to the waiting list, and
 - c. The first homeless household has moved-in following either the special fee period (if applicable) or the approval date of the management certification if no special fee has been requested.
 4. The management agent can begin collecting the add-on fee the same month that the first (or next) previously homeless individual or household has moved in.
 5. The add-on fee can be collected on an ongoing monthly basis as long as the following conditions are met:
 - a. A property's homeless preference is active;
 - b. Local homeless service providers continue to refer eligible applicants, and
 - c. TRACS shows the project had at least one Previous Housing code 5 move-in within a one-year period.

III. Other Provisions

- A. The special fee cannot exceed \$2.50 PUPM, with an annual maximum per property fee of \$4,500. The add-on fee cannot exceed \$2.00 PUPM, with an

annual maximum per property fee of \$3,600. However, lesser fee amounts may be requested, negotiated, and/or approved.

- B. The special and add-on fees cannot be retroactive.
 - 1. If a property already has an approved TSP with a homeless preference and a notification of the preference has already been sent to the waiting list applicants, the management agent cannot collect a special fee for that property.
 - 2. If a property already has an approved TSP with a homeless preference; has already notified applicants on the waiting list, and has an approved special/add-on management certification, the management agent can begin collecting the add-on fee after the next move-in of a previously homeless household.
- C. The O/A cannot request a rent increase in order to pay the special or add-on management fee.
- D. If an owner has agreed to a homeless preference or has reserved units as a homeless set-aside for a specific property as condition of receipt of Low-Income Housing Tax Credit (LIHTC) or other public funding, the management agent can collect a special and/or add-on fee for that property. As indicated above, a special fee cannot be collected if the property's TSP including a homeless preference has already been approved by HUD and the waiting list has been notified. In this case the management agent can begin collecting an add-on fee the same month the next previously homeless individual or household is admitted to the property.

IV. Administration

- A. Request and Approval Process
 - 1. O/As submit a new management certification, forms HUD-9839-A, B, or C to the property's AE. One certification may request both the special and add-on fees and should specify the anticipated nine-month special fee term and the anticipated start date for the add-on fee. As noted above, the certification may also request only the special fee or the add-on fee.
 - 2. HUD will provide written approval of the management certification request. The approval letter will include terms and conditions for the continued collection of both fees.
 - 3. The O/A can start collecting the special fee beginning on the start date indicated in the management certification.

4. The O/A submits an amended TSP with the homeless preference to the property's AE.
5. HUD will send the O/A an electronic written approval of the amended TSP.
6. The management agent sends a notification letter to waiting list applicants.
7. The management agent emails a copy of the signed waiting list notification letter to the property's AE.
8. The management agent can begin collecting the add-on fee the same month the first (or next) previously homeless individual or household is admitted to the property.

B. Reporting and Monitoring

1. O/A Responsibilities

- A. Management agents must maintain documentation on file that verifies the homeless status of new move-ins.
- B. Management agent TRACS users must code all previously homeless new move-ins with the Previous Housing code of 5.
- C. Include relevant management fee information in each year's AFS.
- D. If the property is not required to submit an AFS, the O/A must submit an annual certification containing the same information on a designated annual date (e.g. due each July 31).

2. HUD/Account Executive Monitoring Collection of Fees

- a. Record the receipt and approval of the management certification, the Amended and approved TSP, and the waiting list notification letter in the integrated Real Estate Management System (iREMS). AEs will record the receipt of the approved amended TSP and waiting list notification letter in the "Project Action" screen.
- b. Review each project's AFS (or other annual certification) to ensure the following:

- Collected fee amounts and time periods are consistent with the approved management certification;
 - The month the O/A begins collecting the add-on fee corresponds to a TRACS record for that project showing a new move-in in that same month with a Previous Housing code of 5, and
 - The TRACS data confirms that the add-on fee was appropriately collected during the AFS reporting period. Admitting At least one previously homeless individual or household during a one-year period is the minimum criterion for continued collection of the add-on fee.
- c. If a Management Agent collects add-on fees during a 12-month period and the AE cannot find documentation of Previous Housing code 5 move-ins in TRACS, the AE may require the Management Agent to submit proof of reasonable actions taken to receive referrals and admit previously homeless households. If the Management Agent has not made every reasonable effort, the agent may be required to offset future management fee collection amounts until the add-on fees are repaid. If the agent fails to comply, AEs may flag the O/A for noncompliance in HUD’s Previous Participation system.

V. Further Information

For additional information, please consult the following resources:

- [Notice H 2013-21, “Implementation and Approval of Owner-Adopted Admissions Preferences for Individuals or Families Experiencing Homelessness”](#)
- [Opening Doors Through Multifamily Housing: Toolkit for Implementing a Homeless Preference](#)
- [Homelessness Assistance Resources for Multifamily Housing Owners and Managers](#)

If you have questions about this memorandum, please contact Carissa Janis, OAMPO Program Administration Office, on 202-402-2487 or at Carissa.l.janis@hud.gov.