

*** *Practical Points* ***

August, 2011

From

PMCS-ICAP

& PAWA House Service Bureau

Services and Solutions for Properties of All Sizes

More about the PBCA Awards

BREAKING NEWS: PBCAs in more than 24 states have filed protests with GAO (Government Accountability Office), hoping to win the bids for states they lost. HUD will suspend the PBCA transition in states that **HAVE** had challenges, until further notice. HUD has filed a motion to dismiss the protests, but has not received any indication of when the GAO plans to take action on its motion.

HUD plans to update the transition timeline for states experiencing protests... if and when the transition resumes. HUD will provide updates as more information becomes available, on the PBCA website at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/rfp/sec8rfp. HUD plans to include a list of states that do not have pending protests with the GAO, so you'll know whether the PBCA transition in your state(s) will move forward, or be delayed.

Current PBCAs in challenged states will continue their regular work through the end of the contracts (on September 30). HUD will continue the PBCA transition in states that **HAVE NOT** had challenges, and those transitions will still take place on October 1.

Many people have been wondering exactly how the new PBCA awards were made. Here's the "inside scoop": There were 130 applications for 53 contracts. About 10 states only had one applicant each; the others had at least two. HUD assessed each applicant's Quality Score, rating the applications and assigning points based on: (A) Capacity (B) Technical Proficiency, and (C) Quality Control.

For all applications scoring above a threshold quality score, HUD then looked at their fee proposals. The Quality Score was divided by the fee proposal to yield a Ranking Score of Quality/Fee. Awards were based on those ranks – so it was possible for a bidder to have both a higher fee and a higher quality score – it was not always the lowest bidder that won.

Winning PBCAs received letters notifying them of the awards they received. All applicants got a letter notifying them of their score, and what the winning score was in the state(s) for which they submitted bids. Bidders who were not selected could request a debriefing to let them know where they lost points.

Another re-bid is expected in 2 years; these contracts are for 2 years due to the consolidation of contracts under PETRA (Preservation, Enhancement and Transformation of Rental Assistance). Good news for the budget – HUD will save \$100 million compared to its FY2011 PBCA costs.

By now you should have received a letter from HUD announcing your new PBCA, if your state has changed hands. You may also have received communication from your new PBCA. During the transition period, it's expected that outgoing CAs will provide 5 years of data to the incoming ones in states with changes. Be patient – you will be informed about all new contact people and procedures in plenty of time to be compliant with any changes.

Tenant Not Appearing in EIV?

EIV announced, in a July 28th RHIIP ListServ, that they are researching reports that some tenant data is not coming up in EIV as it should. This glitch seems to be happening when searching for a tenant “By Head of Household”. If you do this, and you get a message that says, “A current form 50059 record was not found for Social Security Number: XX-XXX-1234”, please do the following:

- (1) Check in Secure Systems/TRACS/Tenant/Certification Query to be sure that the tenant has a current, active cert in TRACS. If not, re-transmit it.
- (2) Check both Identity Verification Reports (EIV Failed Pre-Screening, and Failed Verification) to see if the tenant has Failed. If so, correct his/her last name, SSN or date of birth, as applicable. Do this with a Correction to the current full cert, or with an IR effective the first of the month we’re in.
- (3) In the meantime, print the “50059 record not found” message, making sure the date is on the page, and move along with the recert as needed, using traditional third party verification.

EIV hopes to have this issue resolved soon.

CAAF/UAAF Form Changes

It is vitally important that you use the newest forms, or they will be rejected. Take note of the following changes:

- OMB Number and expiration date (now 03/31/2014)
- CAAF: Part 1: Section A: Reminder that a person must be a WASS Coordinator before applying
- Part 1: Section C: Clarifies whether this is an initial application or one for reinstatement
- Part 1: Section E: Reminder NOT to submit a separate form for each contract/project
- CAAF: Part 1: Section F: This new area notes the requirement for an Owner Approval letter prior to submitting the CAAF.

Revised Income Limits in Some Areas

Some changes have taken place since the income limits were effective May 31, 2011. Please make sure you have the correct income limits. The following changes have been made:

Other areas revised on June 30, 2011:

California: Oakland-Fremont; Oxnard-Thousand Oaks-Ventura; Riverside-San Bernardino-Ontario; San Diego-Carlsbad-San Marcos; Santa Barbara-Santa Maria-Goleta; Santa Rosa-Petaluma

Colorado: Pitkin County, CO

Florida: West Palm Beach-Boca Raton

Massachusetts: Dukes County; Nantucket County

New York: Nassau-Suffolk

New York, NY HMFA had an updated change date June 1, 2011 in order to correct an error.

Puerto Rico: Arecibo; Barranquitas-Aibonito-Quebradillas; Fijardo; Mayaguez; Yauco; Puerto Rico HUD Non-metro Area

For more information please refer to: <http://www.huduser.org/portal/datasets/il/il11/index.html>

New AFHMP Form on line

If you file a new Affirmative Fair Housing Marketing Plan, it must be completed on the new form that was updated July, 2011 and must be filled out with Nuance software. You can find the form here:

<http://portal.hud.gov/hudportal/documents/huddoc?id=935-2a/pdf>

The form was developed with Nuance, the official HUD software for the creation of HUD forms. Install the Nuance reader free at: <http://portal.hud.gov/hudportal/documents/huddoc?id=nuancereaderinstall.pdf>

Find a helpful tip sheet here: <http://www.hud.gov/local/shared/working/r10/mf/afhmtipsheet.pdf>

Submit your revised AFHMP using this form, in .pdf format, directly to the HUD Office of Multifamily Housing. This will allow a more expedient process that is beneficial in that it reduces paper use, postage costs and time lost waiting for responses because of paperwork exchange.

Clarification of Utility Allowance Regulations

HUD provides utility allowances to properties who receive subsidy assistance where all or some of the utilities are paid directly by the residents. These allowances are passed to the tenant and are not considered an element of the rent.

Of course this causes some confusion to the resident who cannot distinguish between “Total Tenant Payment” (TTP) and “Tenant Rent”. In essence, the 50059 determines the total amount the household can afford for the sum of the rent plus utilities (either 30% of adjusted monthly income, or 10% of unadjusted, whichever is higher). Once the TTP is determined; the assumption is that the tenant will pay utilities first, so the UA (Utility Allowance) is deducted from the TTP. The balance is the amount the tenant will pay the landlord for rent.

If HUD provides a utility allowance, properties are required to submit a utility analysis every year at the time of the annual contract renewal - regardless of the percent or amount of the adjustment. This includes Operating Cost Adjustment Factor (OCAF), Annual Adjustment Factor (AAF), and Budget Based adjustments.

It doesn't matter if the result is higher or lower or not changed - an analysis must be done. If the utility analysis is not submitted with the rent adjustment submission, the PM/CA **must** withhold the rent adjustment until it is received. HUD will not permit properties to submit a certification (saying that a utility analysis has been conducted, with no resulting change in the current utility allowances), in place of submitting a utility analysis.

Regulations in 24 CFR §245.405a and §245.410 require owners to serve notice to residents if there is a proposed decrease in utility allowances. Notice must be given 30 days prior to submitting the request for a UA decrease, to give tenants an opportunity to comment on the proposed decrease. The thing to remember here is that the UA does not change the TTP (the total amount the tenant is expected to pay for both rent and utilities).

Here is where the confusion develops with the residents, because they are only looking at the end result of what they pay the landlord for rent each month. The utility allowance is an allowance (like a gift) from HUD which is subtracted from the TTP. It is not intended to cover the entire utility bill, but provides some relief for the costs.

Adjustments in utility allowances are not considered changes in the rent under MAHRA. Therefore, utility allowances can be made throughout the contract year and must be requested by an owner any time there are changes in rates with an increase of 10% or more from the most recently approved utility allowances.

Mileage Charge Change

IRS has changed allowable rates due to the continued increase in gas costs, from July 1, 2011 to December 31, 2011. Most of our concern will be centered on those residents who have medical expense deductions. The new allowable rate is 23.5 cents per mile (up from 19 cents per mile). It is important that you verify the mileage to and from the resident's home and the doctor/hospital office, and verify the visit itself. Exhibit 5-3 in the 4350.3 Handbook clarifies the allowable medical expenses for transportation.

Business-related mileage has been increased to 55.5 cents per mile. Charitable mileage has not increased, and still remains at 14 cents per mile.

The Maze of Acronyms

TTP: The Total Tenant Payment is the total amount of rent plus utilities that is expected to be paid by the tenant, calculated using the HUD formula found in Exhibit 5-8 of the 4350.3 handbook.

TR: The Tenant Rent is the actual amount that is paid to the owner for rent each month. If all utilities and other essential housing services are supplied by the owner, the tenant will pay the entire amount of the Total Tenant Payment. If utilities and other essential housing services are not supplied by the owner, the tenant pays the Total Tenant Payment minus the utility allowance.

PBCA: Project Based Contract Administrator is “responsible to HUD for all program functions and reporting requirements, provides general program oversight and input on policy development and performs a quality assurance function for all assigned tasks.” This includes: management reviews, adjusting contract rents, paying monthly HAP vouchers, processing HAP Contract renewals and handling terminations and/or opt-outs for responses to health and safety issues.

Compliance Q & A

Question: I have a question about repayment agreements. A resident owes \$500 and they sign the agreement. The resident pays \$500. We are allowed to keep 20%, so we pay HUD \$400 and the debt is settled, right? The resident is not responsible to pay an additional \$100, are they? Coleen in Denver, CO

Answer: If your documented collection costs total \$100, that’s the maximum amount you could possibly keep. You can keep up to 20% of each monthly amount collected. So if the tenant was paying \$100 a month, you could keep \$20 per month for a 5-month period, at which time you’d have collected the full \$100, and your costs would be covered. If the tenant only made two payments and then skipped out, you would have collected \$40 (\$20 of each of the two \$100 payments made). You’re right - if the tenant owes \$500, that’s what s/he would pay... whether you kept any of it for collection costs or not. In other words, the tenant wouldn’t pay \$500 PLUS your \$100 collection costs – s/he would pay \$500 in total.

Have a question that you’d like answered in this column? Email us at Solutions@pmcs-icap.com with Practical Points Question on the subject line, or fax to 315-451-2456.

Industry Organizations: Where We’ll Be...

September 13: **Louisville, KY HUD Office:** Bonnie Wilpon, EIV
September 15: **Rocky AHMA Conference, Las Vegas:** Bonnie Wilpon, 2011 HUD Review, EIV
September 20-21: **Governor’s Conference, Atlantic City, NJ:** Jeanette Claus and Chamar Otis
October 19: **SAHMA, South Florida:** Bonnie Wilpon, EIV
October 20: **NEAHMA Conference, Norwood, MA:** Dan Whitmore and Marty Curry
October 24-25: **NAHMA, Washington DC:** Jeanette Claus
October 25-26: **TRACS Industry Meeting, Washington, DC:** Jeanette Claus and Bonnie Wilpon
October 26-27: **PennDel AHMA Conference, Dover DE:** Jeanette Claus, EIV

**CONGRATULATIONS to PennDel AHMA
for being named AHMA OF THE YEAR and receiving the AHMA Communities of Quality Award!**

Services and Solutions for Properties of All Sizes

Tenant File Reviews

We’ll analyze your tenant files using our file checklist based on MOR requirements. Our review of certifications, verifications and required forms, will help reduce or eliminate MOR findings.

EIV and Secure Systems (WASS)

PMCS can:

- Train your staff to use Secure Systems, including TRACS and EIV
- Serve as one of your Coordinators and handle your Secure Systems Administration
- Prepare EIV Policies and Procedures
- Process your APPS (2530) electronically
- Electronically file your owner-certified or audited AFS (Annual Financial Statements) via FASS

Contact us to discuss your specific needs. Join our growing list of satisfied customers!

For Further Information, Please Contact Us:

Solutions You Can Count On

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