

Practical Points

JULY 2012

From

PMCS-ICAP

Services and Solutions for Properties of All Sizes

Happy Fourth of July!

The staff at PMCS-ICAP hopes your Independence Day was enjoyable and wishes you a summer filled with family, friends and continued memorable moments!

Section 811 PRAD (Project Rental Assistance Demonstration) Program

Since the demise of PRAC funding, we've been asked if there is a new program for people with disabilities. Well, there is!

The new PRAD supportive housing demonstration program is designed to create project-based rental assistance for extremely low-income people with disabilities. Units will be integrated into conventional properties to avoid the "ghetto effect" for people with handicaps. Supportive services will be available to tenants. At least one member of the household must need these special services.

State-level housing agencies which allocate Tax Credits, HOME funds or other such programs must develop a formal partnership with their state Medicaid and Health and Human Services agencies in order to apply. The current NOFA (Notice of Funds Available) provides \$85 million for the program's first five years. Between 9 and 16 awards are planned; awards will be announced at the end of October. For more information, go to: http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/grants/fundsavail/nofa12/sec811PRAdemo

New Requirements Regarding Sex Offenders

In a 2009 audit, the OIG (Office of Inspector General) estimated that 2000-3100 assisted households included a lifetime registered sex offender. HUD Notice H 2012-11, issued by HUD on June 11, 2012, re-confirmed that applicants subject to a lifetime state sex offender registration requirement cannot be admitted to federal housing programs. It also requires immediate eviction of tenants who were admitted in error (i.e. management did not identify that they were on offender registries, beginning June 25, 2001).

Properties have been required to screen out state registered lifetime sex offenders since June 25, 2001, by statutory law. This requirement was announced in HUD Notice 02-22, released on October 29, 2002. So, through no management error, there may be tenants living on site that moved in before that date. In these cases, there is no law or HUD regulation that requires eviction or subsidy termination.

Notice 2012-11 requires criminal background checks prior to offering a unit, both in the state where the site is located and in every state where household members have lived. Search results must be kept with the application for the term of tenancy plus three years.

- Applicants must provide a complete list of all states in which any household member has lived. Failure to provide accurate information to management is grounds to deny the application.

- Management must ask whether the applicant, or any member of the household, is subject to a lifetime sex offender registration requirement in any state. If so, the family must be given the opportunity to remove the ineligible household member – and if they refuse, the application must be denied.
- The written rejection notice must clearly state the reason that the family is being denied admission.
- For in-place tenants, if management discovers that a tenant was admitted in error (s/he was admitted after June 25, 2001 and was subject to a state’s lifetime registration requirement), eviction/termination of that individual must be pursued immediately.

This Notice recommends that O/As adopt admission and Annual procedures to prevent lifetime registered sex offenders from receiving federal housing assistance.

- Criminal history information provided by applicants should be verified via resources like the Dru Sjodin National Sex Offender Database (free, online Dept. of Justice website at <http://www.nsopw.gov>). Screening should include juveniles to the extent allowed by state and local law.
- During ARs, management should ask whether any household member is subject to any state’s lifetime sex offender registration program, and then verify using a website such as the Dru Sjodin Database. If this process reveals that the tenant falsified information, or failed to disclose criminal history, subsidy termination (or eviction for PRAC sites, since there is no such thing as termination) should be pursued.
 - Regardless of when the family moved in, if any household member engages in criminal activity (including sex offenses) while living on site, eviction/termination should be pursued to the extent allowed by the lease, HUD regulations, and state/local law.

Review your criminal screening procedures to be sure they’re compliant with these new requirements. Do you need to add to your application documents to get a list of states where family members have lived? Revise your applicant interview procedures to include asking about sex offender registration? Revise written rejection notices or AR questionnaires? Update your Tenant Selection Plan? Consider implementing the recommended procedures as well, and be sure to document changes in your policies as needed.

Since HUD requires that you have written procedures in order to verify household composition, you may need to update yours to include how removal of the household member will be verified. How will the household be required to document that the ineligible member is no longer living in the unit?

Find Notice H 2012-11 *State Registered Lifetime Sex Offenders in Federally Assisted Housing* here: <http://portal.hud.gov/huddoc/12-28pihn12-11hsgn.pdf> Address questions to Mr. Zeljko Jovanovic (202-402-315 or Zeljko.Jovanovic@hud.gov)

Hurricanes and Other Disasters

The season is upon us early and it is active. It’s time to check your disaster plans for hurricanes, tornadoes, flooding, hail storms and heat. Any of these can be disastrous for your properties. Preparation is important.

If you are looking for some tips for hurricane preparation, try going to the Hurricane Center: <http://www.khou.com/weather/hurricane-central/>. You may have local information, but it is good to look at different areas and see how they handle informing the public. Every resource can be valuable.

HUD also provides information for you in Chapter 38, Multifamily Emergency/Disaster Guidance, of Handbook 4350.1. (http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/disasterguide). This guide provides information on how you should report the occurrence of a disaster.

Next month, we will go into detail about these reports and how you handle your responses. If you do not have an established plan, please review Chapter 38 and get one in place.

Resident Contact Information

It's important to have a disaster plan in place. And it's also important to have certain vital contact information about your resident. HUD Notice H 2012-9 (<http://portal.hud.gov/huddoc/12-09hsgn12-22pihn.pdf>) issued May 9, 2012 refers to getting supplemental information to help us identify a family member, friend or other person or organizational support that a tenant would want us to call, if needed for occupancy issues.

Form HUD-92006 must be included as an attachment to the application. Find it here:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/forms/hud9

Please note that we **cannot** require any individual or family applying for occupancy to provide this type of contact information. Those who choose not to provide it should check the box indicating that they "choose not to provide the contact information", then sign and date the form.

However it is important that you try and get this information for a variety of reasons. One of those reasons is to have a contact person if there is a disaster or an emergency. Many properties already have some type of contact form in their resident files. Please note that this notice says you must use this form in addition to any other form that you currently use.

HUD and Bed Bugs

The horror stories about bed bug infestations continue to multiply. Now we have improved guidance for addressing this problem, which has cost properties hundreds of thousands of dollars. It has affected the budgets of many properties and depleted Reserves for Replacement. HUD has reissued its policy to address this situation more effectively.

Notice H 2012-5, issued April 23, 2012, provides some new overall guidance on bed bug infestations. It includes the roles of both tenants and owners, and clarifies issues that relate to "bed bugs, insects and all manners of vermin" in HUD-insured and assisted multifamily housing. This new guidance supersedes Housing Notice 2011-20, "Guidelines on Bed Bug Control and Prevention in HUD Insured and Assisted Multifamily Housing", issued in August of 2011, which contained some very problematic requirements.

In its new guidance, HUD removed its blanket prohibitions on both charging residents for bed bug treatments when they cause damages, and terminating the tenancy of residents who fail to comply with treatment protocols.

The notice states, "All Owners... may pursue remedies provided in the lease agreement and in accordance with state and local rental law." It also instructs owners to follow guidelines on occupancy requirements and to adhere to all HUD, state and local landlord-tenant laws before taking action against residents.

NAHMA and its Bed Bug Task Force took a leadership role in advocating for these major changes in the new guidance.

Please review Notice H 2012-5 and make adjustments to your House Rules to incorporate infestation guidelines. You'll also want to consider developing and implementing an Integrated Pest Management Plan (IPM).
http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg

The Work Number – Fees are Here to Stay

During recent TRACS Industry Meetings, owner/agents let Policy know that properties are being charged a fee to use The Work Number. Previously free, this service provided wage verification, which was very helpful when employers refused to provide it. Yvette Viviani, from HUD's Policy Office, told the group that she was under the impression (from HUD's prior negotiations with The Work Number) that affordable housing properties using it for verification did not have to pay. She promised to look into the situation.

True to her word, Yvette did have several discussions with representatives of Equifax and The Work Number. According to a June 14th email from her, she was advised that The Work Number (as we know it) is phasing out to a new, more technically advanced system – and it will require a fee for use. Some areas of the country have not been phased out yet, and still offer free access... but that will end soon. Yvette says, “We are continuing to look into possible alternatives.”

Children Affected by Foreclosures in Rental Properties

Have you ever wondered why we do what we do? It’s more than just a job. We meet the housing needs of a lot of people. This article will capture your attention.

Over 3 million children in rental housing - and that includes apartments - have been affected by the foreclosure crisis. Add to that over 5 million children who have been victims of foreclosure of houses. Over 8 million children are having to deal with this issue, according to the article “The Ongoing Impact of Foreclosures on Children” by Julia B. Isaacs (http://www.firstfocus.net/sites/default/files/Foreclosures%202012_0.pdf)

“Children living in rental housing undergoing foreclosure may face many of the same negative effects as children of homeowners, as their parents may be forced to move with little advance notice, and their neighborhoods may also enter into decline. Renters often do not know of the financial problems of their landlords, and until recently, faced possible eviction with little advance notice.”

The negative effects of foreclosure may affect children in multiple ways:

- Children who move frequently do less well in school.
- Economic hardship can affect the supportive role of the parents, who may react in a much harsher way.
- Impact on physical and mental health of the child (more visits to emergency rooms or postponed medical attention).

Many of you may be housing families with children who lost their prior homes due to foreclosure. It’s important that we keep on doing what we’re doing. This article may give us a better understanding of how a child might feel when coming to live on our property.

Compliance Q & A

Question: All EIV users have to pass the online security test for EIV. But how do our users who don’t use EIV online get into it to take it? Muriel in SC

Answer: The Federal ISS Security Awareness Course must be passed every year to meet the annual EIV security requirement. Go to: <http://iase.disa.mil/eta/index.html#onlinetraining> and choose the Federal ISS Awareness (for non-DoD Personnel) icon. Anyone can take it – there’s no special sign-in, sign-up or official password required. Be sure to print out the personalized, dated Certificate of Completion.

Question: I have someone transferring into a bigger unit on June 1st. They previously had a 6/1 IR to add income, and the IR was transmitted to TRACS last month. Should I send a transfer cert for June 1st too? Is that going to cause me problems in TRACS since there is already a 6/1 cert in TRACS? Ann

Answer: You should send a Correction to the 6/1/12 IR, changing the unit number. Be sure to set the UT flag to “yes” and indicate the previous unit number. Check with your vendor if you’re not sure how to do this in your compliance software.

“So much to do and so little time to do it!” ...

... An often-heard statement made by many of us in the Affordable Housing Industry. PMCS can help!

We offer Phone Classes that provide you with the knowledge needed in the many different aspects of HUD Compliance. Our Phone Classes offer valuable information through discussion, and printed materials that are great desk-references after the classes are completed. The knowledge and reference materials obtained assist you in becoming more proficient in tackling your HUD compliance duties, which in turn, frees up your limited, but very valuable time.

Why not take a moment and **Register** today for the class or classes that appeal to you most? We even offer a **discounted rate** for 6 or more classes!

**Our classes and seminars are presented by industry specialists:
Jeanette Claus, Bonnie Wilpon and Michael Alexander**

**Phone Class schedules and registration forms are available on our website at www.pmcs-icap.com
(Direct link to our class registration form at www.pmcs-icap.com/telephone_schedule.html)**

**Classes are still only \$99.00 each
and if you register for 6 or more together, they're only \$89.00 each!
You'll receive a certificate of completion for *each* class!**

Industry Organizations: Where We'll Be...

July 19: **East Texas AHMA, Houston, TX:** Bonnie Wilpon: EIV
July 22-24: **Real Page Conference, Las Vegas, NV:** Jeanette Claus
August 6-7: **TRACS Industry Meeting, Washington DC:** Jeanette Claus and Bonnie Wilpon
September 19: **SAHMA, Louisville, KY:** Bonnie Wilpon: EIV
September 19-21: **PennDel AHMA Conference, Dover DE:** Jeanette Claus
November 8-9 **Mid-Atlantic AHMA, Richmond, VA:** Bonnie Wilpon: EIV, TRACS 202.D, HUD News,
Tenant Selection Plans
November 14-15 **TRACS Industry Meeting, Washington DC:** Jeanette Claus and Bonnie Wilpon

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