

# \*\*\*Practical Points\*\*\*

September 2012

From

## PMCS-ICAP

Services and Solutions for Properties of All Sizes

### BCA Update

On August 15, 2012 the Government Accountability Office (GAO) upheld the protests that were filed against HUD for issuing a Notice of Funding Availability (NOFA) to award BCA contracts. This means that the announcements about new CA awards that were expected by August 31 will not be made.

The GAO recommended that HUD use a procurement instrument (such as the RFP - Request for Proposal - used in the past), rather than a cooperative agreement (such as a NOFA), for its contracts for the administration of project based Section 8 Housing Assistance Payments (HAPs). The GAO also recommended that HUD address the other concerns filed by the protesters in such an RFP, and that HUD reimburse the protesters for their costs to file the protest.

HUD has 60 days (from the issuance of this decision) to respond to the GAO on whether or not it will follow its recommendations. If HUD does not follow the GAO's recommendations, then HUD must give written notice of that decision to several Congressional Committees. The issue then becomes a matter between the Legislative Branch and the Executive Branches of government.

To read the GAO's decision in its entirety, please visit: <http://www.gao.gov/products/B-406738,B-406738.2,B-406738.3,B-406738.4,B-406738.5,B-406738.6,B-406738.7,B-406738.8>

We understand that NAHMA (National Affordable Housing Management Association) and Leading Age (formerly the American Association of Homes and Services for the Aging) plan to continue conversations with HUD's Multifamily Director Marie Head regarding HUD's decision and future plans.

For those properties that have Contract Administrators operating on contract extensions, there will be a longer period during which no MORs will be conducted. Remember: It is good business practice to continue preparing for those inspections so that you are ready when they return.

### Residual Receipts to be Used to Offset Vouchers

HUD Notice 2012-14 was issued on this topic on August 3, 2012, and can be found at: <http://portal.hud.gov/huddoc/12-14hsgn.pdf>. The Notice becomes effective 60 days after issuance, and provides procedures for using any excess Residual Receipts toward voucher payments.

This notice only affects Section 8 "new regulation" contracts. These are:

- ▶ Section 202/8 projects, Section 8 New Construction and Section 8 Substantial Rehabilitation properties which are subject to 24 CFR parts 880.205(e), 881.205(e), and 883.306(e).
- ▶ New regulations are as follows: 24 C.F.R. Part 880 in effect as of November 5, 1979; 24 C.F.R. Part 881 in effect as of February 20, 1980; and 24 C.F.R. Part 883 in effect as of February 29, 1980.
- ▶ These contracts have verbiage which permits HUD or a State Housing Agency to require that excess project funds be deposited into an interest-bearing account to be used to reduce housing assistance payments or for other project purposes.

Properties can keep \$250 per unit in the Residual Receipts account, to use for project purposes (Retained Balance). Any amount over that total is considered “excess”. According to the procedures in the Notice, the first step is for each property to determine the amount of any excess Residual Receipts.

If so, the property would run its voucher, and submit a HUD 9250 (Request for Residual Receipts) to HUD at the same time that the voucher is transmitted. The 9250 would be for an amount up to the full voucher amount, depending of the amount of excess RR.

For example: No Arms Apartments has a Section 8 “New Regulation” contract for 100 units. It has \$55,000 in its Residual Receipts. 100 x \$250 (\$25,000) can be kept for project uses. This leaves \$30,000 as excess. The property’s November voucher requests \$35,000. The site would do an FORQ (Field Office Request) manual adjustment (titled RR Offset) for -30,000, and submit it to HUD when the November voucher is transmitted. The property would get \$5,000 through LOCCS and \$30,000 from its Residual Receipts, totaling the \$35,000 voucher request.

If No Arms Apartments’ voucher was for \$20,000, the FORQ would be for -20,000. The following month, more of the \$30,000 excess would be applied to that voucher, and this process would continue until the excess was used up.

At the end of the project’s fiscal year, all surplus cash after payment of distributions must be deposited into Residual Receipts. If that makes the Residual Receipts have excess funds again, this process of applying the excess toward voucher payments would begin again, and continue until the new excess amount has been used up.

However, there are many parts of the procedure outlined in the Notice that are not clear. And, the timing requirements (i.e. HUD providing the CA with a 45-day notice that the Form 9250 was approved) seem to create untenable situations for mortgage payments. Several industry partners have submitted lengthy lists of detailed questions to HUD about the timing, process and consequences of failing to participate.

So, HUD plans to issue an FAQ (Frequently Asked Questions) document very shortly to address these issues. There has also been some talk about delaying the implementation until the process has been clarified.

For now, **DO** determine whether your property has a “New Regulation” contract, or not. **DO** find out how much money is in your Residual Receipts account. **DO** calculate your excess, if any. Watch for more updates on this process soon.

## Innovation of the Day

HUD has launched a new website to get input from us, as industry stakeholders. This has been requested for quite some time. The new website is called “Innovation of the Day” (IOD), and was developed as a way of collecting and disseminating innovative housing, community development, environment and urban practices. “Its purpose is to crowd-source new models and ideas that can be leveraged not only within HUD, but by other agencies, municipalities, philanthropies, non-profits, and citizens.”

The website can found here: <http://portal.hud.gov/hudportal/HUD?src=/innovationoftheday> and appears to be very user friendly. This would be an ideal place to share your best business practices.

HUD wants to identify “emerging trends, promising solutions, and successful means of implementation”. The website has a submission form for ideas, and then will keep them in an innovations database that can be used by anyone. Some of the best innovations will be highlighted.

HUD is encouraging the public to share their housing innovations through this website. A copy of the press release announcing the IOD platform may be found here:

[http://portal.hud.gov/hudportal/HUD?src=/press/press\\_releases\\_media\\_advisories/2012/HUDNo.12-132](http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2012/HUDNo.12-132)

HUD is planning to host the first-ever Innovation Summit, bringing interested parties together to share ideas and stimulate policy development at all levels.

## Helping Residents Learn

TV 411 is a new website geared to adult learners in areas such as basic reading, math and science, to help people achieve their educational, career and personal goals. TV411 is a project of Education Development Center's Learning and Teaching Division, funded by the National Science Foundation.

This free online resource has an extensive collection of multimedia learning materials (videos, interactive web lessons, downloadable worksheets), at [TV411.org](http://TV411.org). Open to anyone, users can reinforce key reading and math skills, learn financial management basics, practice writing resumes, cover letters, and job applications, and more. Through online discussions, people can trade information, ask questions, and share ideas with peers on subjects such as the GED, job prep, and adult basic education. The easy-to-navigate site also reinforces digital literacy skills and helps people prepare for computer-based testing.

This site is very user friendly and is perfect for Neighborhood Network centers. Noah Goodman, Online Manager for TV411, states that this is a wonderful tool for those who are pursuing their GEDs. There is even a unique cooking show featuring a professional chef, who presents nutritional recipes blended with science and math instruction at the pre-GED/GED level. The six 'TV411 What's Cooking' videos are presented in English and Spanish.

This is a **free resource accessible to anyone** at any time via a computer or mobile device with internet access. When you register, you receive your own personal portfolio page that keeps track of all your participation from videos, lessons completed or not completed, and writings prompted by an online activity. This information is kept private and is never shared with other organizations. There is even a tab for teachers who may be providing classes on your property.

## STOP THE BULLYING

This special program for young people was recently released by Arne Duncan, Education Secretary. It's a great opportunity for youth who are living in affordable housing to be involved.

Duncan called on America's youth to take the [Stop Bullying Video Challenge](#). "On behalf of the Federal Partners in Bullying Prevention", he said, "I am sending out this announcement so that you can help us spread the word and encourage the youth in your life to submit original Public Service Announcements (PSAs), 30 to 60 seconds in length, that showcase ways they are taking action against bullying, and promoting a culture of kindness and respect in their communities."

The Challenge is looking for informative and entertaining videos that send positive messages to youth about the importance of being "more than a bystander" when they see bullying in their schools and communities.

Full details about the contest, including submission guidelines and rules for eligibility, are available at [stopbullying.challenge.gov](http://stopbullying.challenge.gov). The deadline for submissions is October 14, 2012 at 11 p.m. Eastern Standard Time. Youth between 13 and 18 years old are eligible to participate; those under 18 must have permission from a parent or guardian. The contest winner will receive a grand prize of \$2,000, with the two runner-ups earning \$500 each.

Here's how you can take action:

- Watch [Secretary Duncan's video](#)
- Work with the youth at your property and encourage them to [enter the challenge](#)
- Forward this message to your networks to help spread the word!

## APPS News

HUD will now accept duly signed PDF signature packages in lieu of original signatures on the Form 2530 submission, which means that the signatures would not have to be mailed in. Once the PDF for organization changes is uploaded, send an email to the Headquarters 2530 contact, posted on APPS at [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/apps/appsmfhm](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/apps/appsmfhm). There is no automatic system-generated notification. For property submissions, the HUD Program Manager will be notified of the 2530 submission package upload.

Steps for applicant to upload the 2530 submission package:

- Sign the submission package, scan and save it, using the submission ID, as a PDF file.
- From the APPS Home page, select "Upload Signed 2530 Submission Package" from the Submission Processing drop-down list, and click the Go button.
- Click the Browse button next to Submission ID, and select the submission package file from its saved location on your computer. Click the Upload button.
- "File Upload Successful" message will display.

The following changes were made to the 2530 Submission Package:

- Added a Name column between Signature and Date on the signature page, to enter the name of the person who signs.
- Removed the check-box beside each participant name on the signature page.
- Added a check-box "Attach Proof of Signature Authority" to the signature page.
- Added a check-box "All principals who have not signed have the same previous participation record" to the signature page for the applicant to check if this stipulation applies.

## REAC Inspections: Scoring and Deficiency Definitions

The Final Notice concerning Physical Scoring and Revised Dictionary of Deficiency Definitions was released on August 9, 2012. This lengthy notice is filled with pertinent information describing the process for issuing scores. The changes in this notice apply to the physical condition inspection process for both multifamily and public housing properties.

The initial notice was posted on February 23, 2011 (<http://www.gpo.gov/fdsys/pkg/FR-2011-10-13/pdf/2011-26516.pdf>) and the responses to the notice and the final notice were posted on August 9, 2012 (<http://www.gpo.gov/fdsys/pkg/FR-2012-08-09/pdf/2012-19335.pdf>). Some of the questions that you might have may be addressed in the comments in the final notice.

There is some good news with the changes that are being made:

- Addition of a point loss cap that will limit the amount by which a single deficiency could reduce the overall property score. This change came about after HUD reviewed complaints about situations where the reduction from a single deficiency was so severe as to be unfair.
- Dictionary of Deficiencies was changed to introduce technical modifications and clarifications to a number of deficiencies including the exterior of buildings, building systems, common areas, units, sites, and exigent health and safety issues.

**Effective Date:** For Multifamily housing properties, this notice is effective for all inspections conducted as of January 1, 2013.

**FOR FURTHER INFORMATION CONTACT:** Claudia J. Yarus, Department of Housing and Urban Development, Office of Public and Indian Housing, Real Estate Assessment Center (REAC), 550 12<sup>th</sup> Street SW., Suite 100, Washington, DC 20410 at 202-475-8830 (this is not a toll-free number). Persons with hearing or speech impairments may access this number through TTY by calling the toll free Federal Relay Service at 800-877-8339.

## Compliance Q & A

**Question:** I have a Section 236 property. Jack moved into a 1-bedroom unit in November, with a Live-In Aide named Willow. He married her in April, but she didn't move in all the way - she only lives there half the time and stays with her daughters the other half of the time, in a house she owns. Willow is also a student at a local university. When should I add her to the 50059? Is her home an asset? Is her college financial aid counted as income? If she sells her home, can her daughters move into the unit too, or do they have to wait for a 2-bedroom to become available? Dave in Michigan

**Answer:** HUD regulations require that the subsidized unit be the sole residence of the occupants. Until Willow moves into the unit full-time, she doesn't qualify to be added to Jack's unit, and he would remain the sole resident. During this time, be sure his income includes any amounts for regular bills Willow pays for him. And, be mindful of your House Rules' Guest Policy. Generally, there's a limit on the amount of time a guest can stay in the unit. Once Willow does move in, her assets would include anything in her bank accounts from the sale of the house (unless she disposed of it for \$1000 or more under market value, in which case the house would be an imputed asset). All scholarship income is excluded. Willow's daughters can move in, as long as the unit size is in compliance with local occupancy laws.

## PMCS Telephone Seminars

### Notable classes available in the upcoming 4<sup>th</sup> quarter

#### TRACS 202.D:

Get ready for this major TRACS update, currently scheduled for release in September 2013 with a mandatory use date of March 2014.

**Overview of Changes in TRACS 202.D • TRACS 202.D: The New 50059  
TRACS 202.D: The New Voucher**

#### Bed Bugs: Policy Guidance:

What actions does HUD recommend for sites engaged in the fight against these pests? We'll share site experiences, and discuss recommended Bed Bugs Policy content.

#### Resident Relations:

This class is an exploration of creative techniques leading to positive resident relations. How can you assist in developing positive and productive resident organizations, as HUD is encouraging? We'll also discuss the best ways to work with existing Tenant Associations, and tips on communicating well with tenants.

**Our classes and seminars are presented by industry specialists:**

**Jeanette Claus, Bonnie Wilpon and Michael Alexander**

**Full Phone Class schedule and registration form are available on our website at [www.pmcs-icap.com](http://www.pmcs-icap.com)  
(Direct link to our class registration form at [www.pmcs-icap.com/telephone\\_schedule.html](http://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!  
Certificate of completion available for *each* class!**

## **Industry Organizations: Where We'll Be...**

September 14: **Leading Age Florida, Jacksonville, FL:** Bonnie Wilpon, EIV  
September 19: **SAHMA, Louisville, KY:** Bonnie Wilpon, EIV  
September 19- 21: **PennDel AHMA Conference, Dover DE:** Jeanette Claus  
October 12: **Pacific Southwest AHMA Conference, Long Beach, CA:** Bonnie Wilpon, EIV  
October 25: **Rocky AHMA, Helena, MT:** Bonnie Wilpon, Advanced EIV & TRACS 202.D Update  
November 9: **Mid-Atlantic AHMA, Richmond, VA:** Bonnie Wilpon, EIV & TRACS 202.D

## **For Further Information, Please Contact Us:**

**Solutions You Can Count On**

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