

# Practical Points

By **PMCS** - Services and Solutions for Properties of All Sizes

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## Major HUD Field Office Reorganization

In a news release on April 24, 2013 HUD announced a massive restructuring of its Multifamily Headquarters and Field Offices.

Implementation will begin in the Fall, and it's expected to take 2 ½ years to complete the transition. HUD employees affected by these changes will be offered an opportunity to continue working for HUD, although the offers may involve changing their location or job description. They will be eligible for relocation assistance, or can choose to take voluntary separation incentive pay or voluntary early retirement.

At Headquarters in Washington, DC, there will be four Multifamily offices:

- Office of Production (which is now the Office of Multifamily Housing Development)
- Office of Recapitalization (currently the Office of Affordable Housing Preservation)
- Office of Asset Management [combining the Office of Housing Assistance Contract Administration Oversight (CAOM), which supervises PBCAs with the Office of Housing Assistance & Grant Administration]
- Office of Field Operations (new)

Hubs will be consolidated, and 16 smaller offices will close. HUD's 50 offices will be condensed to 10 offices reporting to 5 Multifamily Hubs. The Hubs will be located in New York, Atlanta, Chicago, Fort Worth, and San Francisco, with satellite offices in Boston, Jacksonville, Detroit, Kansas City, and Denver.

HUD Field Offices will close in Camden, NJ; Syracuse, NY; Orlando and Tampa, FL; Springfield, IL; Cincinnati, OH; Flint

and Grand Rapids, MI; Shreveport, LA; Dallas and Lubbock, TX; Tucson, AZ; Fresno, Sacramento and San Diego, CA, and Spokane, WA. HUD will keep at least one office in each state.

"The current organizational model for HUD is not sustainable from a financial and a service delivery point of view," said Maurice Jones, HUD's Deputy Secretary. "We are reviewing every aspect of our operation to determine if we have the right people in the right places and we're determining where we can be even more efficient, to get the most value out of our limited resources. We're in a different budget environment and we're at a point where we must make some extremely tough choices." In addition to improving program effectiveness, HUD estimates that this plan will save \$40-45 million each year after the implementation is complete.

For the official news release, go to: [http://portal.hud.gov/hudportal/HUD?src=/press/press\\_releases\\_media\\_advisories/2013/HUDNo.13-054](http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2013/HUDNo.13-054)

## Court Upholds PBCA NOFA

After the NOFA to solicit bids for PBCA contracts was completed, several PBCAs brought a lawsuit against HUD, claiming that the NOFA was not an appropriate vehicle for awarding PBCA contracts.

On April 19, 2013, the U.S. Court of Federal Claims ruled in favor of HUD, upholding its authority to use the NOFA process to select Performance-Based Contract Administrators. Although HUD is ready to announce the successful PBCA bidders, we have heard that the plaintiffs plan to appeal this decision, so the ultimate outcome is not yet clear.

## This Issue

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## Q&A

### Question:

I have a person 64 years of age with a 42 year old wife living on a Section 8 (202/8). The 64 year old passes away. Can the 42 year old wife continue to live in the unit as a surviving spouse?

~ Roxanne in NJ

### Answer:

3-16 in the 4350.3 says that, in this situation (eligible member dies), as long as the wife was on the lease and living in the unit at the time of his death, she can stay, pay rent based on normal 50059 calculations (she is NOT eligible for medical expenses, and does NOT get the \$400 allowance, assuming she's not disabled), and her eligibility is not an issue.



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## VAWA: Reauthorized and Expanded

After letting VAWA go un-renewed for a while, Congress did renew it, and President Obama signed the Violence Against Women Reauthorization Act of 2013 on March 7th. This is the effective date of the law with all of its new provisions -- however, HUD will provide updated guidance on how to implement it, along with any documents needed.

The changes:

1. In the past, VAWA protections were available to victims of domestic violence, dating violence and stalking. Sexual assault has now been added to this list.
2. VAWA housing protections have been

extended to nine federal programs that were not covered in the past.

Covered programs are:

- Section 8
- Section 202
- Section 811
- BMIR
- Section 236
- Rural Development Housing
- Title IV McKinney-Vento homeless housing
- Low Income Housing Tax Credit
- Title VIII/Subtitle D Cranston-Gonzalez Act housing
- Sections 6 & 8 US Housing Act of 1937 housing

## Grants and Scholarships

The Bollinger Foundation, a charitable foundation created to provide financial assistance to families of workers in the housing and community development field, is seeking nominations for this year's awards. Assistance is available to families who have lost a parent or guardian, where the deceased or surviving parent or guardian worked or works in affordable housing, community development, or economic development. Grants are primarily awarded for educational expenses, including special educational needs, school materials, and college tuition.

Applications are due May 17, 2013.

Please visit the Bollinger Foundation at: [www.bollingerfoundation.org/](http://www.bollingerfoundation.org/) for application criteria and further information.

NAHMA (National Affordable Housing Management Association) offers scholarships yearly for residents in affordable housing. This is a great opportunity for our residents to further their education.

Who qualifies?:

- High school seniors or individuals with a GED who plan to start post-secondary studies in the 2013/2014 school year.
- High school graduates currently enrolled in college, university, community college, or trade/ professional schools.
- Adults with a high school diploma or GED pursuing additional educational opportunities.
- The student's primary residence must be at an AHMA member property.

Please visit NAHMA at: [www.nahma.org/content/ed\\_found.html](http://www.nahma.org/content/ed_found.html) for the application, which must be filled out online.

Applications are due May 24, 2013 for the 2013/2014 school year.

## SAM Reminder

If your CCR is expiring, you must migrate into the SAM system. This has been in effect since July 29, 2012.

PLEASE NOTE: Using SAM is completely free of charge (<http://sam.gov>). There are third party companies that will charge a fee to complete the registration for you; however, you can complete the registration yourself and avoid the fees. If you choose to complete the registration free of charge, please make sure you are on the official SAM Government website and not on a third party website that will charge you.

You will need to monitor your information and update when needed, as well as annually.

Should you encounter any issues in the process, please submit a ticket via the SAM help desk, which is called the Federal Service Desk (FSD) (<http://fsd.gov>). It is recommended that you do so online, rather than wait on the phone on hold. If you don't have an account with FSD already, you'll need to create one on the "Your Account" page in order to submit a ticket.

If you are unable to find an answer to your question using "Search", and do not want to submit a question, you can call the FSD Help Desk directly at 866-606-8220, Monday - Friday 8 am to 8 pm EST.

## REAC: Top 25 Deficiencies

It is always good to note that preparing for a REAC inspection is important. If you are not having a REAC inspection this year, you might want to complete your own mock mini-REAC inspection with your staff. It helps to keep you in the know and on your toes.

REAC has published a list of the Top 25 Findings that have been reported. It is important to note that these were the results of calculations in July, 2012.

It is interesting to see that nineteen of the findings dealt with the units, three were exterior and three were health and safety.

### The Top 5:

| Rank | Area Name             | Item Name | Deficiency Name                                | # Recorded |
|------|-----------------------|-----------|--|------------|
| 1    | Units                 | Doors     | Damaged Hardware/Locks                         | 81,616     |
| 2    | Units                 | Kitchen   | Refrigerator: Missing/<br>Damaged/Inoperable   | 51,006     |
| 3    | Units                 | Doors     | Damaged Surface: Holes/<br>Paint/Rusting/Glass | 25,722     |
| 4    | Units                 | Bathroom  | Lavatory Sink:<br>Damaged/Missing              | 25,199     |
| 5    | Building<br>Exteriors | Walls     | Missing Pieces/<br>Holes/Spalling*             | 23,486     |

\*Spall: a chip or splinter, as of stone or ore

To review the entire list:

[http://portal.hud.gov/hudportal/documents/huddoc?id=MFH\\_Top\\_25\\_Defict.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=MFH_Top_25_Defict.pdf)

## Senior Preservation Rental Assistance Contract (SPRAC)

HUD has created a web page for the Senior Preservation Rental Assistance Contract (SPRAC) program: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/presrv/presmfh/mf\\_sprac](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/presrv/presmfh/mf_sprac).

The SPRAC program was detailed in the January 8, 2013 Federal Register Notice.

"The Section 202 Supportive Housing for the Elderly Act of 2010, signed into law in January 2011, authorizes HUD to provide SPRACs with 20-year terms to prevent displacement of elderly residents of certain projects assisted under HUD's Section 202 Supportive Housing for the Elderly program in the case of refinancing or recapitalization and to further preserve and maintain affordability of Section 202 Direct Loan projects. The purpose of SPRACs is to prevent displacement of income-eligible elderly residents of Section 202 Direct Loan properties with original interest rates of 6% or less, when the property is refinanced and the Owner does not anticipate debt service savings from the refinance. SPRAC is an important preservation tool for affordable multifamily properties."

Potentially eligible properties, in alphabetical order by project name, can be found: [http://portal.hud.gov/hudportal/documents/huddoc?id=sprac\\_eligible2013.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=sprac_eligible2013.pdf)

## Q&A

### Question:

Mother and Adult Daughter lived in one unit with their kids. Mother went on our waiting list and is now moving into another unit with her kids next Friday, March 8th. We're not quite sure what to do with the daughter's rent for March. Do we charge her the full amount or can we do an interim mid month? Is this considered a transfer, or do you do a move-out of one and new move-in for another?

~ Ruthie in SC

### Answer:

There would be a Move-In cert for the mother and her kids, effective March 8 when they move into their new unit. The adult daughter remaining in the old unit would have an IR with an effective date of either April 1 (if the rent is unchanged or goes down) or May 1 (if the household's rent will go up). Move-Outs and Unit Transfers are only done when the entire household moves out, or moves to another unit. In the TRACS MAT Guide this scenario is known as a "split".

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