

Practical Points

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

July 2013

The American Flag



On **June 14, 1889**, New York City kindergarten teacher George Balch planned “Flag Day” ceremonies for the children of his school, and his idea was later adopted by the State Board of Education of New York. On June 14, 1891, the Betsy Ross House in Philadelphia held a Flag Day celebration, and the following year the New York Society of the Sons of the Revolution, celebrated Flag Day as well.

Many properties fly the American Pride. But are you aware of “flag etiquette”? Do you know what to do with a flag once it shows wear and tear and is tattered?

The American flag should never be thrown in the trash. If you don’t properly

dispose of the American flag, you could be breaking federal law and be liable for fines and, in rare cases, imprisonment. Burning a tattered American flag is the preferred method of disposal according to The Flag Code approved by Public Law 829 on December 22, 1942 by the 77th Congress, 2nd Session.

You can contact a local veterans or scouting organization to see if they accept flags for proper disposal. Many groups hold annual flag burning ceremonies on June 14, Flag Day. Or mail your tattered flag to an organization, such as Flag Keepers, for proper disposal.

You can create your own flag burning disposal ceremony as long as you obey the law. The ceremony must be a respectful, private occasion, not a public display. Contact the National Flag Foundation, local scout or veterans groups for recommended flag retirement and burning ceremonies if you wish to conduct your own.

New Uses of Funding for Supportive Housing

Effective **July 22, 2013** there will be changes in the requirements (of 24 CFR Part 891) for the use of funding for supportive housing for people who are elderly and/or disabled.

Some of the changes:

- The owner or sponsor of a Section 202 property can be an instrument of a public body as long as it meets the proper criteria, and the definition of “owner” changed from a single-purpose entity to a single-asset entity.
- A sponsor of multiple developments may create criteria to transfer the responsibilities of ownership

to its board of directors

- A rehab project must be improved to a useful life of 40 years (rather than 55), and this “life” starts at the time of the capital advance agreement.
- Balconies and decks, dishwashers, trash compactors, and washers and dryers for individual units are no longer considered to be excess amenities. Smoke detectors and alarm devices are required in each bedroom.
- Two-bedroom units are allowed if the additional size is financed

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by other sources and will be treated as an excess amenity.

- Sale of land between an owner and the sponsor/nonprofit affiliate will not be considered to be a conflict of interest.
- The duration of the capital advance has been extended from 18 months to 24 months with an option to extend to 36 months at HUD’s discretion.
- Funds can be used to repay or collateralize bonds. Prohibited Facilities will only apply to the capital advance-funded portion of a 202 development. The identity of interest provisions which prohibit a relationship between the owner and development team members, and between development team members will no longer apply.

FR-5167-F-O2, Streamlining Requirements Governing the Use of Funding for Supportive Housing for the Elderly and Persons with Disabilities Programs, was published in the Federal Register on June 20, 2013. Find the rule at: www.gpo.gov

515/8 Properties Now Exempt from FASSUB Reporting

As of May 23, 2013 owners of properties with a USDA Section 515 Rural Rental Housing loan and a HUD Section 515/8 New Construction Housing Assistance Payments (515/8 HAP) contract are no longer required to submit annual financial statements (AFS) to HUD - even if they've had to in the past.

Owners who buy a site with a 515 loan and a 515/8 HAP contract, as described above, will execute a revised "Assignment, Assumption and Amendment Agreement of Section 8 Housing Assistance Payments Contract," which does not require FASSUB submissions when the HAP contract is

assumed. In an effort to reduce the burden of submitting more than one Audited Financial Statement, both HUD and USDA have agreed that current and future owners will now be required to submit these statements only to USDA.

See Housing Notice H 2013-16, Exemption of Annual Financial Statement Submission for HUD-Assisted Properties with Section 515 Rural Rental Housing Mortgage Financing on HUDCLIPS at:

portal.hud.gov/hudportal/documents/huddoc?id=13-16hsgn.pdf

Launch of New "Apartments: We Live Here" Campaign

The National Multi Housing Council (NMHC) and the National Apartment Association (NAA) have unveiled a new integrated campaign that tells the story about how to help people find a place to live that's right for them. Many people begin their careers and building their families by living in apartments - and that has a huge impact on the economy that is beneficial to the communities in which they live.

This new campaign will highlight the 35 million apartment residents and the \$1.1 trillion economic contribution the industry and its residents add to the economy each year.

"Central to the campaign is a unique digital approach to information storytelling at www.weareapartments.org. The site navigates users through an interactive experience that highlights

how communities grow stronger through apartment jobs, dollars and residents. The site also features an interactive map of apartment information for all 50 states along with a one-of-its-kind calculator to determine the potential economic contribution of any apartment development to a particular state."

With the growth of our population, the need for housing options will increase. All of us in the multifamily affordable industry should realize that we're going to play a big part in the general apartment industry. This is a go-to site that will allow us to see the dynamics of what is happening in our areas.

This information was released by Jim Lapidés, 202/974-2360, jlapedes@nmhc.org on May 5, 2013.



Q&A

Question:

I have a tenant in my PRAC building that moved in two years ago and, of course, met our income requirements. She is now dating a gentleman and they are considering having him move in to her apartment. I just sat down with them and with his income together with hers it would put them over our income limit. My manager thinks it is okay that his income plus hers goes over, because when she signed her lease she qualified. What do you think?

~ Linda in NJ

Answer:

Your manager is correct. Income Limits only apply at initial Move-In. Once a tenant has moved in, his/her income can go up or down; s/he may add someone to the unit as in your scenario. What changes is the amount of rent the household pays. In a PRAC site, it is possible that a household would pay a rent amount higher than the PRAC rent, due to an income increase, and that's perfectly OK.

HUD to Announce PBCA Awards

HUD plans to announce the PBCA (Project Based Contract Administrator) awards, selected from applicants applying under the NOFA (Notice of Funds Availability) on **August 1, 2013**. If HUD is prohibited from doing so by the United States Court of Appeals for the Federal Circuit, the awards will not be announced.

REAC Tips

High enough REAC scores may lead to inspections every three years as opposed to annually. There are certain deficiencies that have higher point losses than others. Here are some helpful hints based on the scoring system to help you achieve higher scores:

- Bad GFIs/Arc Fault (An arc-fault occurs when loose or corroded connections make intermittent contact and causes sparking or arcing between the connections. This translates into heat, which may break down the insulation of the wire and can be the trigger for an electrical fire. If you've ever heard a switch buzzing, hissing, or popping, you'll know what we're talking about. It might not trip the breaker) and any other electrical hazards, like missing switch covers or outlets, and missing breakers or exposed wires
- Windows that do not stay up by themselves could be considered a blocked egress
- Mold and Mildew
- Blocked Egress (fire exits)
 - a piece of furniture blocking a door or window that could be used for escape
 - a double cylinder lock on any door
- Evidence of infestation: mouse droppings or roaches
- Sharp or broken glass, or sharp radiator edges
- Water heater: problems with temperature or pressure relief valve, or the extension tube is missing or does not extend to within 18 inches of the floor
- Water problems: clogged drains or any problems dealing with a toilet, or water leaks that put water outside tub or sink (check inside all cabinets)

An excellent video resource "REAC Scoring Methodology" can be found on YouTube.

HUD Hub Transitions

As of **May 31, 2013**, Ruben Brooks is Acting Hub Director in Jacksonville, FL. Mr. Brooks was the Hub Director in Atlanta, GA and he will continue to serve in that capacity as well. Laurelei McKnight, who has been Acting Hub Director for the past few months, will continue as Operations Officer.

Currently, Luke Harry is serving as the Director of the Fort Worth Hub and the Acting Director for the Kansas City Hub.

We will continue to provide updates as transitions take place in the industry concerning Hub Directors.

2013 Hurricane Season

The 2013 hurricane season officially started on June 1. Last season the Gulf coast and the East coast suffered severe damage from hurricanes. Now is the time for you to become prepared. Have you notified your residents of their need to be prepared?

There are many online resources for hurricane preparedness. Here are a couple websites with excellent information:

- www.ready.gov
- www.redcross.org

We have also posted a compiled list on our Blog at: pmcs-icap.com/blog. We can never be too ready!

Q&A

Question:

I just had my first MOR as a new Manager and I was advised by my CA that my applications needed to have specific wording for the Registered Sex Offenders. Do you have any suggestions for wording?

~ Karrie in WY

Answer:

Per HUD Notice 2012-11, your application must ask for a list of all states that any household member has ever lived in. It must also ask if any household member is listed on any state's lifetime sex offender registry. Then, when you do your criminal screening for sex offender history, you're required to screen in all states where any household members have lived, as well as in the state where your property is located.

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