



February 2015

## BREAKING NEWS

# TRACS is Still Recovering from Voucher Processing Delays!

As we posted on our Blog in late January, HUD's TRACS system experienced processing delays for voucher requests for February 2015. The specific cause of the issue - voucher files formatted in TRACS 202D are significantly larger in size because the number of rows in the file has increased.

Via an announcement on the TRACS Home Page, HUD asked the industry to not re-transmit vouchers that were already submitted, as this would only increase the volume of the backlog. The processing logic of "First In - First Out" was to still apply to those in queue. While the TRACS Team has since implemented a resolution to address the problem, the system appears to have not consistently processed all voucher files that were previously submitted and in queue. If a voucher does not appear in TRACS several days after the original submission, it may need to be resubmitted.

If you are unsure of the status of your voucher submission, you can log on to TRACS, via Secure Systems, and check your voucher's status by clicking on Voucher/Tenant Queries, then Voucher Query, and selecting your Contract Number/Project Number and hitting "Submit". Vouchers successfully processed will appear on the list with an assigned Voucher ID.

Click [here](#) to read the full notification from TRACS.

## Question:

If a tenant lost their job in October, but did not report it to management until January, am I required to make the Interim Recertification retroactively effective back to November 1st?

*Justin ~ Bismark*

## Answer:

You are not. According to HUD Handbook 4350.3, Rev-1, Change 4, Section 7-13 D:

If the tenant does not comply with the interim reporting requirements (meaning they did not report the change to management in a "timely manner"), any resulting rent decrease must be implemented effective the first rent period following completion of the recertification.

So as to consistently apply this rule to all residents, PMCS recommends owners clearly define "timely notification of income and family composition changes" in their House Rules. What does management consider to be timely? 2 weeks? 10 days? When defining the timeframe, PMCS recommends you build in ample time for residents that have obtained new employment to have received their first pay check.

## In This Issue

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**BREAKING NEWS**

## **HUD releases two new proposed rules in the Federal Register for public comment regarding Management and Occupancy Reviews and Special Claims for Regular Vacancy**

On January 14, 2015, HUD released two new proposed rules in the Federal Register to solicit comments from the public due March 16, 2015.

The first proposed rule concerns the proposed Management and Occupancy Review schedule for the project-based Section 8 programs administered by the Office of Multifamily Housing. The proposed schedule would reduce the number of required MORs by allowing the frequency of MORs to be determined by the annual MOR rating issued to the property via HUD's new risk-based asset management model. To read the full text of the proposed rules regarding the Management and Occupancy Review schedule, [click here](#).

The second proposed rule concerns vacancy payments. While the proposed rule has several minor changes, the change that would impact the industry the most is related to the maximum timeframe a project-based Section 8 owner is eligible for vacancy payments. Currently, owners are entitled to vacancy payments in the amount of 80 percent of the contract rent for a period of no more than 60 days after a vacant unit is ready for occupancy, provided the owner has marketed the unit. The proposed rule would reduce the maximum period of time from 60 days to 30 days. If this regulation is finalized, the new language would be reflected in all future renewal contracts under MAHRA. It would not preempt existing contracts. To read the full text of the proposed rules regarding vacancy payments, [click here](#).

Both links provided will detail additional information and instructions for those that wish to submit comments by March 16, 2015.

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## **HUD Issues memo regarding occupancy protections for households in properties layered with HUD subsidy and Low-Income Housing Tax Credits**

On January 12, 2015, HUD issued a memo titled "Occupancy Protections for HUD-Assisted Household in Properties with Low-Income Housing Tax Credits". The memo provides owners of HUD-assisted properties with layered Low Income Tax Credits important clarification as to when they can terminate the tenancy of current HUD-assisted tenants who do not meet LIHTC eligibility guidelines. Eviction of HUD-assisted households is limited to those reasons permitted by HUD and state and local law, and detailed in the lease agreement.

As HUD's subsidized housing inventory continues to age, more owners are being awarded tax credits to fund substantial rehabilitation and repair for these properties. Following rehabilitation, these owners are tasked with ensuring the HUD-assisted households moving back into the new units are also tax credit eligible. In some cases, the HUD-assisted households may have income in excess of the LIHTC eligibility levels. The memo offers clarification regarding the options owners have to offer incentives for these households to move voluntarily.

The memo also reiterates the owner's rights to terminate tenancy due to criminal activity and reminds owners that eviction is generally only permitted if the criminal activity occurred during the term of the lease or if the owner is able to document that the applicant fraudulently did not disclose the criminal activity during the application process.

Click [here](#) to read the full memo.

**QUESTION AND ANSWER**

**Question:**

A female tenant requests a male live-in aide to reside in her one bedroom apartment. Is that allowed?

*~ Leah – San Diego*

**Answer:**

This is permitted, provides other important conditions are met. The gender of the live-in aide plays no role. The Handbook 4350.3, Change 4, Section 3-6 E (3) states:

1. The live-in aide must be subject to and meet the screening criteria for the property (except for credit screening) and must provide their SSN.
2. The owner must run the EIV Existing Tenant Search.
3. The owner must verify that the live-in aide is essential to the care and well-being of the person in the unit and that they would not otherwise be in the unit except to provide supportive services. Verification must be obtained from the person’s physician, psychiatrist or other medical practitioner or health care provider.
4. The owner must also make it very clear that the live in aide only qualifies for occupancy only as long as the individual needing supportive services requires the aide’s services and remains a tenant. In other words, the live-in aide may not qualify for continued occupancy as a remaining family member. Owners are encouraged to use a HUD-approved lease addendum that denies occupancy of the unit to a live-in aide after the tenant, for whatever reason, is no longer living in the unit. (See paragraph 6-5.A.4.g for more information.) The lease addendum should also give the owner the right to evict a live-in aide who violates any of the house rules.

**WHERE WE WILL BE**

Jenny DeSilva, PMCS’s Director of Training, will be at the Spring Affordable Housing Conference, AHMA-East Texas & SW-AHMA on March 17-18 to present Adapting TRACS 202D to the Real World.

**March 17-18, 2015**

**Affordable Housing Conference**

Hilton Fort Worth  
815 Main Street  
Fort Worth, Texas 76102

> [Learn More and Register](#)

**BREAKING NEWS**

# Required Transition for HUD's Voice Response System (VRS) Users to eLOCCS

Several owners of HUD properties are also recipients of a variety of HUD grants (for service coordinators, etc.) As Grantees, these owners have historically utilized the Voice Response System (VRS) to access their available grant funds from HUD's Line Of Credit Control System (LOCCS). However, HUD is discontinuing the use of the VRS system and is requiring these Grantees to transition to a new online request system called eLOCCS. Once they transition, the Owners will utilize eLOCCS to request their future disbursement of grant funds. **The deadline to transition from VRS to eLOCCS is March 31, 2015.**

To assist grantees in completing this transition from VRS to eLOCCS, HUD's Office of the Chief Financial Officer (OCFO) will be hosting conference calls **Monday through Thursday beginning on January 12, 2015 and ending February 26, 2015. The calls will be scheduled from 11:00 a.m. - 12:00 p.m. and again at 1:00 p.m. - 2:00 p.m. EST** to answer any questions Field Offices or Grantees have about this conversion process. Grantees may attend as many sessions as they choose or feel would be helpful.

If this transition affects you, please review the chart below and if you have not completed the conversion, you are encouraged to participate in one of the calls. During the call, the facilitators will walk participants through the registration process and answer any questions.

Toll-Free Conference Call Access – 1-888-675-2535 Access Code : 552781

## eLOCCS Registration Conference Call Schedule

Date	Day	Time
February 9, 2015	Monday	11:00-12:00 AM and 1:00-2:00 PM EST
February 10, 2015	Tuesday	11:00-12:00 AM and 1:00-2:00 PM EST
February 11, 2015	Wednesday	11:00-12:00 AM and 1:00-2:00 PM EST
February 12, 2015	Thursday	11:00-12:00 AM and 1:00-2:00 PM EST
February 17, 2015	Tuesday	11:00-12:00 AM and 1:00-2:00 PM EST
February 18, 2015	Wednesday	11:00-12:00 AM and 1:00-2:00 PM EST
February 19, 2015	Thursday	11:00-12:00 AM and 1:00-2:00 PM EST
February 23, 2015	Monday	11:00-12:00 AM and 1:00-2:00 PM EST
February 24, 2015	Tuesday	11:00-12:00 AM and 1:00-2:00 PM EST
February 25, 2015	Wednesday	11:00-12:00 AM and 1:00-2:00 PM EST
February 26, 2015	Thursday	11:00-12:00 AM and 1:00-2:00 PM EST