



August 2015

BREAKING NEWS

Multifamily Transformation in Full Swing in Buffalo Multifamily Program Center

As you may be aware, HUD's Office of Multifamily Housing is going through a transformation that involves restructuring the Field Offices across the nation. One of the transformation initiatives of the Department is workload sharing. To launch this initiative, HUD staff are tasked with scanning files electronically to develop a paperless infrastructure.

The Buffalo Multifamily Program Center is currently undergoing this task, with a target completion date of September 30, 2015. During August and September, HUD staff will not be available on Tuesdays and Thursdays of each week while they complete the scanning process. Owners assigned to this Program Center are asked to be mindful that processing times may be delayed temporarily during this timeframe.

New GAO Report Points to Weaknesses in LIHTC Program Oversight and Recommends HUD Involvement in Administration

On July 23, 2015, the Government Accountability Office (GAO) released a report that focused on oversight weaknesses of the Low Income Housing Tax Credit (LIHTC) program by the Internal Revenue Service (IRS). Specific areas discussed included the lack of reliability of data being compiled and the limited monitoring requirements of the state housing finance agencies administering the credits. In this [report](#), GAO suggests Congress consider designating HUD as a joint administrator for program compliance oversight -- specifically to assist in analyzing the program's effectiveness.

The LIHTC Program is big business, costing an estimated \$8 billion in 2014 alone. All stakeholders involved see the need for private equity investment to fund the continued development of and rehabilitation of existing low-income housing communities. However, the decision as to which agencies should oversee the program, and to what extent, will definitely be the subject of future debates.

Regardless of whether the IRS steps up its current oversight tasks or engages with interagency coordination with HUD, both paths will require congressional involvement and additional financial resources to become reality.

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BREAKING NEWS

HUD Issues Housing Notice on HUD's Equal Access Rule

Housing Notice H-2015-06, *Program Eligibility in Multifamily Assisted and Insured Housing Programs in Accordance with HUD's Equal Access Rule*, was issued on July 13, 2015.

As you may recall, on February 3, 2012, HUD published a final rule entitled Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity (77 FR 5662). The rule ensures that housing across HUD programs is open to all eligible individuals and families regardless of actual or perceived sexual orientation, gender identity, or marital status.

The July 13, 2015 notice provides detailed guidance to owners on how the Equal Access Rule applies to Multifamily insured and assisted housing and the implications for owners that do not comply. To read the full notice, click [here](#).

The Notice discusses the prohibition of inquiries on sexual orientation or gender identity when determining housing eligibility, unless such inquiries are lawfully permitted when temporary shelter is being provided and when determining the number of bedrooms a household may be entitled to. Owners are encouraged to carefully evaluate their Tenant Selection Plan and other policies and forms (such as the application for housing) to determine if they comply with the Equal Access Rule.

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QUESTION AND ANSWER

PMCS answers questions based solely on the details provided within the scenario. Readers are advised to consider any impact omitted information may have on guidance provided.

Question:

In early July 2015, I pulled an Income Detail Report and an Income Discrepancy Report for one of my residents with an upcoming November 2015 Annual. There was a discrepancy on the November 2014 Annual. I don't understand why the Period of Income (8/1/2013 to 7/31/2014) is so historical? Why am I needing to review income that is almost two years old?

~ Josie-Georgia

Answer:

This is a very common question and source of confusion for the industry.

It is important to recognize that, as a database, EIV can only make historical comparisons of income. It cannot estimate or project future income values. When you initiated the November 2014 AR by sending the First Reminder Notice on July 1, 2014, EIV assumes the resident reported to his/her recertification appointment in a timely manner (on or about August 1). At that time, the prior 12-month timeframe that you would have used to project income for the coming year would have been 8/1/2013 to 7/31/2014 (the Period of Income listed on the discrepancy). In reality, we know that residents do not always respond to the First Reminder Notice. However, the EIV System doesn't consider these delays when determining the historical reference to base its comparison.

This discrepancy serves to notify management that there may be a discrepancy in how the income was reported on the 2014 AR and thus, a correction to prior certifications may be necessary. During the tenant interview, management should discuss the variances between what was actually earned versus what was reported on the November 2014 Annual to determine if corrections are necessary and/or if there are circumstances to consider when determining the most accurate method of projecting income for the upcoming Annual.

QUESTION AND ANSWER

Question:

I have a question about a resident who has started receiving back child-support payments from her ex-husband. She will be receiving \$130/month starting next month, until the balance of \$1,900 has been paid. She was owed this child support from before she moved in. Do we count it even though it is less than \$200 a month?

~Beth-Ohio

Answer:

Management is not required to incorporate this new income source into an Interim recertification, because it falls under the \$200 per month threshold. Assuming the child support will be received regularly, each month (not sporadic), management will include this income on the upcoming annual. Management should project the income using the remaining balance of payments to be paid to the tenant during the subsequent 12 months.

Mastering accurate income calculations is a crucial skill for housing managers. Scenarios like this challenge our application of HUD's annual income regulations in the real world. If you would like to explore more complicated scenarios involving student income, fluctuating income, seasonal employment and self-employed tenants, check out our new webinar, *"Intermediate Income Calculation Scenarios – Part II"*.