



September 2015

BREAKING NEWS

HUD Issues a New Section 8 Renewal Policy Guidebook

On August 5, 2015, HUD published an updated Section 8 Renewal Policy Guidebook. This new guidance applies to renewal and amend-rent only packages received by the Department (or post-marked) on or after November 5, 2015 (90 days from the date of publishing.)

PMCS is currently reviewing the new Guide in order to provide a more detailed article to interested owners. Specifically, we will identify and explain the impact these changes have on owner options for upcoming Section 8 contract renewals. Stay tuned to our website for additional information.

[Click here](#) to view the full version of the new Guidebook.

Gearing Up For Layered Subsidy

As much of the existing Section 8 housing inventory reaches the 30-40 year mark, more and more owners are investigating options for private investors to leverage capital to renovate their apartment communities. To fund these improvements and continue to compete in the rental housing market, the ever-popular financing route is often Low Income Housing Tax Credits.

The Low Income Housing Tax Credit (LIHTC) Program is regulated by the Internal Revenue Service and administered by state housing finance agencies. While participating in a variety of subsidy programs has financial benefits, it also carries risk and requires additional oversight by individuals with a more complex skillset to ensure proper compliance with all funding programs.

For example, a manager of a property with both Section 8 and tax credits must be well-versed in governing regulations established by HUD, IRS, and the individual state housing finance agencies administering the tax credits. In order to navigate through the maze of compliance and, at times, manage conflicting regulations, significant preparatory training is a must. In addition to training, it is equally critical that each 50059 and TIC certification created is carefully scrutinized by a "fresh set of eyes" to ensure human error did not result in incorrect eligibility determination or certification calculations for a given program. Income calculation rules, income limits, calculations of expenses and deductions, citizenship requirements, and recertification frequencies are just a sampling of regulatory topics with different programmatic rules that managers must be aware of and apply correctly to separate programs.

If you are an owner of a property considering the LIHTC program, it is common to focus, during the initial stages, on financing and development aspects of this program. However, equal consideration should be given in preparing staff for compliance success. When devising your approach, be sure to include the additional oversight and quality control required to ensure layered compliance and that your investors are eligible to claim the maximum amount of tax credits. PMCS is available to assist you in this regard with our LIHTC compliance review services. To learn more about how PMCS can serve in this quality control role, please contact us at solutions@pmcsinc.com.

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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:

When I ran the criminal history check for one of my applicants, it showed that she was convicted of felony drug possession in 1970. She is 86 years old now. Can I legally make an exception to our screening criteria, given that this charge is 45 years old?

~ Abigail-California

Answer:

One of the biggest challenges a property manager faces is consistently applying written screening criteria to all applicants. To answer this question, you need to review the language in your Tenant Selection Plan to ascertain whether the Plan discusses general or specific types of drug charges and whether defined timeframes are established.

Per HUD Handbook 4350.3, Rev-1, Change 4, 4-7 C. 4, an owner's admission policy can define the length of time the applicant has not engaged in the criminal activity. The owner should ensure that the relevant "reasonable" time period is uniformly applied to all applicants in a non-discriminatory manner and in accordance with applicable fair housing and civil rights laws.

Question:

A woman head of household lives in the unit with her 10 and 12 year old children. The mother is deployed for military service overseas, but will not be exposed to hostile fire. She wants her sister-in-law to come live temporarily in her unit with her children until she gets back. Is this allowed? How do I create a certification for that?

~ Sidney-Michigan

Answer:

This is allowed (4350.3, Rev-1, Change 4, 5-6 C.1). The owner should allow a guardian to move into the assisted unit on a temporary basis to provide care for any dependents the military person leaves in the unit. Income of the guardian temporarily living in the unit for this purpose is **not** counted as income. The deployed mother and her income will remain on the HUD Form 50059 because she is the head of household (4350.3, Rev-1, Change 4, 5-6 B.3).

The sister-in-law would be added to the HUD Form 50059 using a new TRACS 202D relationship code of "N" on an Interim certification. Per the TRACS 202D MAT User Guide, MAT 10, Section 3, Field 7, N is defined as "None of the above - others living in the unit who are not members of the tenant family. Persons in this category do not have rights under the lease. Persons in this category are not considered members of the family and their income is not counted in determining the family's annual income."

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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:

A Head of Household mom lives in a unit with her 17 year old son. The son recently left the unit and his mother does not know when or if he will return. She currently receives his monthly Social Security benefit in her account. The *EIV Income Detail* shows the income under the son’s name and the mom is listed as the payee.

Does management remove the son from the certification? Does the Social Security income get removed as well, despite the deposits into the mom’s bank account?

~Gavan-New Hampshire

Answer:

This answer will focus on the two questions posed.

Because the mother does not know when or if the son will return to the unit, management should proceed with removing the son from the HUD Form 50059 via an Interim certification (*4350.3, Rev-1, Change 4, 5-6 B.2*). The effective date of the Interim certification will be dependent on when management was notified of his departure.

Per the SSA-issued award letter, the social security income is allocated to the son. The mother is listed as the payee, likely because of the son’s age. If he is removed from the unit, his unearned income must also be removed.

While it was not part of the original question posed, it is important to remember that if the son were to return to the unit following completion of the interim discussed above and following his 18th birthday, he would be an adult applicant and thus, would be subject to all screening criteria. This would include the EIV Existing Tenant Search, lifetime sex offender registration screening, and any other criminal, rental, or credit criteria established by the property.

WHERE WE WILL BE

Jenny DeSilva, PMCS’ Director of Training, will be at the following Affordable Housing Conferences. She will facilitate two training sessions: One focused on EIV Income Discrepancies and a second focused on Tackling Assets at a HUD Property.

October 13-14, 2015

SWAHMA San Antonio Affordable Housing Conference and Trade Show

October 20-21, 2015

SWAHMA Arkansas Affordable Housing Conference and Trade Show

[Visit our website](#) for more details.