Practical Points

Celebrating over 27 Years of Services and Solutions

December 2016

BREAKING NEWS

RHIIP Listserv #370: Utility Benchmarking Technical Assistance Opportunity

Dear Affordable Housing Colleagues,

On October 4, 2016, HUD announced a proposed reporting requirement which will require all Public Housing Authorities and owners of HUD-assisted multifamily housing to benchmark their portfolios' utility usage. The notices can be found at https://www.gpo.gov/fdsys/pkg/FR-2016-10-04/pdf/2016-23979.pdf and https://www.gpo.gov/fdsys/pkg/FR-2016-10-04/pdf/2016-23978.pdf; the 60-day public comment period that ends on December 5, 2016. Benchmarking will give affordable housing owners and operators a better understanding of the overall utility consumption and costs associated with their properties and enable them to more efficiently and effectively manage their portfolios.

To help owners with the greatest need for technical assistance in complying with the benchmarking requirement, HUD is partnering with the Environmental Defense Fund (EDF) and TDA Consulting to bring you the Climate Corps for Affordable Housing Summer Fellowship program. The program will embed 12 fellows with affordable housing organizations across the country for the summer of 2017 and will be offered at no cost to host institutions, which will be chosen on the basis of need. This free, full-time technical assistance will allow affordable housing organizations to get ahead of the curve on this upcoming HUD requirement.

A webinar was held on **MONDAY, NOVEMBER 21 @ 2 PM ET** to further explain the details of this exciting opportunity.

For more information, please contact Josh Geyer (Joshua.M.Geyer@hud.gov).

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INDUSTRY NEWS

Additional Management Fees May Be Allowed for Properties with a Homeless Preference

HUD released a memo, dated October 26, 2016, regarding allowing special and add on management fees for properties with an approved homeless preference. These fees will cover the cost of staff time spent establishing and managing a Homeless Preference.

What are the two different types of fees?

Special Management Fee:

A special management fee will be permitted during a 9 month start-up period while O/As are creating and implementing the homeless preference process.

- The special fee is **$2.50 PUPM (Per Unit Per Month)**

  » Example: 100 unit property can collect up to $2.50 x 100 units x 9 months = $2250.
- The fee **cannot be taken for longer than a continuous nine-month period.**

  » If the process to create and begin implementation for the plan exceeds the 9 month period, the term of the special fee **cannot be extended.**

  » Management Agents **may collect the special fee for the entire 9 month period, even if they complete the process in a shorter period of time.**
- The maximum annual fee **cannot exceed $4500 per property**
- Staff time costs for which the funds may be used include:

  » Identifying and engaging the local HUD-funded Continuum of Care (CoC) and other homeless Service Providers.

  » Learning about the local area's needs and determining which applicants experiencing homelessness will be the best match for the property.

  » Formalizing agreements and establishing a referral process with the local CoC and homeless service providers.

  » Amending the Tenant Selection Plan and submitting to HUD for approval

  » Receiving applicant referrals from the CoC and homeless service providers and screening applicants to ensure they meet the property's eligibility criteria.

  » Providing support, education, and tools to property management staff when coordinating services and resources during the lease up and duration of tenancy.

Add-On Management Fee:

Management agents may collect a monthly add-on fee once Homeless Preference has been implemented

- Management agents can begin collecting this fee **only after the initial 9-month special fee term has expired or when a special fee has been requested.**

  » Management agents **cannot** collect a special management fee and an add-on management fee at the same time.

  » Management agents **can** collect an add-on fee even if a special fee is not requested or approved.
- The add-on fee is **$2.00 PUPM (Per Unit Per Month)**

  » Example: 100 unit property can collect up to $2.00 x 100 units x 12 months = $2400 in a one-year period.
- The maximum annual fee **cannot exceed $3600 per property**

Continued on next page.

Additional Management Fees May Be Allowed for Properties with a Homeless Preference (continued)

- At least one previously homeless individual or household **must** have been admitted to this property during a one year period in order for the monthly add-on management fee to be allowable.

- The add-on fee can be collected on an ongoing monthly basis as long as the following conditions are met:

  » A property's homeless preference is active

  » Local homeless service providers continue to refer eligible applicants, and

  » TRACS shows the project had at least one Previous Housing code 5 move-in with a one-year period.

- Staff time costs for which the funds may be used include:

  » Facilitating a household's move-in and access to necessary household items.

  » Documenting results, including maintaining tenant application materials, using TRACS Previous Housing code 5 for new move-ins, and including all management fee information in each year's Annual Financial Statement (AFS) or other annual recertification.

  » Sharing success stories

Special and Add-On fees <u>cannot</u> be retroactive.

How do I get approved?

- Submit a new management certification form, on the appropriate 9839 form

  » Both the special and add-on fees can be requested on the same certification.

- HUD will approve the management certification request in writing. The letter from HUD will include terms and conditions for the continued collection of both fees

How do I collect?

- O/A can start collecting the special fee beginning on the start date indicated in the management certification

- O/A can start collecting the add-on fee the same month the first (or next) previously homeless household is admitted, provided the below conditions are met:

  » The applicable HUD office has approved an amended TSP containing a homeless preference;

  » The O/A has notified the waiting list applicants and emailed the property's Account Executive at HUD a copy of the notification letter sent to the waiting list, and

  » The first homeless household has moved-in following either the special fee period (if applicable) or the approval date of the management certification if no special fee has been requested

O/A Reporting and Monitoring

- Maintain documentation on file that verifies the homeless status of new move-ins.

- Code all previously homeless new move-ins with a Previous Housing code of 5.

- Include relevant management fee information in each year's AFS

  » If the property is <u>not</u> required to submit an AFS, the O/A **must** submit an annual certification containing the same information on a designated annual date.

For additional resources and contact information, refer to the HUD memo and/or contact your HUD Account Executive.

INDUSTRY NEWS

New Cyber Awareness Version Available Online

HUD requires that certain MultiFamily staff complete the Cyber Awareness training annually. These staff members include Secure Systems users and coordinators who access TRACS and EIV online as well as staff with access to printed EIV reports, although he/she may <u>not</u> access the reports online.

The Federal Version of the Cyber Awareness Challenge that EIV coordinators and users were previously required to complete has been removed from the website. HUD's IT Security Office has verified that we should use the Cyber Awareness Challenge for Department of Defense Employees going forward.

The new version can be found at http://iase.disa.mil/eta/Pages/index.aspx. From this website, choose 'CyberAwareness Challenge' (Version 4.0 updated in August 2016) then choose 'Start/Continue Cyber Awareness Challenge' under the **Department of Defense Employees** section.

Just a reminder that the training was designed to function using specific operating systems so be sure to read the message that pops up when you click on the CyberAwareness Challenge link – it will explain which operating systems work. Also be sure that your computer is connected to a working printer, as you only have one opportunity to print the certificate of completion.

RHIIP Listserv #369: New Add-on and/or a Special Fee Available to Assist in Implementing a Homeless Preference

The Office of Multifamily Housing Programs at HUD has been working steadily to increase the number of assisted properties with homeless preferences and previously homeless admissions to our housing inventory. In recognition of the time and effort spent by management agents to establish and administer a homeless preference, we are pleased to announce the availability of a new management fee add-on and special fee.

Per the memorandum from Deputy Assistant Secretary Priya Jayachandran, owners of Multifamily assisted housing can now negotiate an add-on and/or a special fee with their property management company to assist in implementing a homeless preference.

- A special management fee will be permitted during a nine (9) month start-up period to enable owners and management agents to create and implement the homeless preference process. The special fee amount is $2.50 per unit per month (PUPM). (For example, a 100-unit property can collect up to $2.50 x 100 units x 9 months = $2,250.)

- Once the homeless preference is in place, management agents may collect a monthly add-on fee as long as at least one previously homeless individual or household is admitted to a particular property during a one-year period. The add-on fee is $2.00 PUPM. (For example, a 100-unit property can collect up to $2.00 x 100 units x 12 months = $2,400 in a one-year period.)

Processes for requesting, approving, and monitoring the management fees are detailed in the memorandum.

Please contact Carissa Janis with any questions at Carissa.l.janis@hud.gov or 202-402-2487.

SSA announces the 2017 COLA increase of 0.3%

Social Security Administration has announced that the monthly Social Security and Supplemental Security Income (SSI) will increase 0.3% in 2017. Increased SS payments will begin in January 2017 while SSI payments will be increased on December 30, 2016. To read more about the 2017 COLA, please visit Social Security's website at https://www.ssa.gov/news/cola/.

Changes to Medicare for 2017 have <u>not</u> yet been announced. When information is available, it will be provided at www.Medicare.gov.

INDUSTRY NEWS

SSA announces the 2017 COLA increase of 0.3% (continued)

What does this mean for your upcoming certifications?

- Annual or Interim Recertifications effective January, February, March or April 2017 should be processed according to guidance provided in HUD Handbook 4350.3, Rev-1, Change 4, 9-6 B.1.e. Based on this section of the handbook, the owner/agent **must** use one of the following methods for determining the tenant's income to be reported on ARs and IRs effective January 1, 2017 – April 1, 2017:

  1. Use the benefit information reported in EIV that does <u>not</u> include the 2017 COLA as third party verification as long as the tenant confirms that the income in EIV is what he/she is receiving;

  2. Use the SSA benefit award letter or proof of income letter provided by the tenant that includes the 2017 COLA adjustment if the date of the letter is within 120 days from the date of receipt by the owner;

  3. Determine the tenant's income by applying the 0.3% COLA increase to the current verified benefit amount and document the tenant file with how the tenant's income was determined; or

  4. Request third party verification directly from SSA when the income in EIV does <u>not</u> agree with the income the tenant reports he/she is receiving (see Paragraph 9-15)

- All recertifications effective after April 1, 2017 **must** reflect the SSA benefit including the COLA.

RHIIP Listserv #368: Training Opportunity: New Previous Participation Review Requirements

**Improving the Previous Participation Reviews of Prospective Multifamily
Housing and Healthcare Programs Participants**

Final Rule and Processing Guide

November 7, 2016, 1-3 PM (EST)

HUD has now published a Final Rule that revises HUD's regulations for reviewing the previous participation in federal programs of certain participants seeking to take part in multifamily housing and healthcare programs administered by HUD's Office of Housing. The Final Rule clarifies and simplifies the process by which HUD reviews the previous participation of participants that have decision-making authority over their projects. The Final Rule, together with an accompanying Processing Guide:

- Clarifies which individuals and entities will undergo review,

- Clarifies HUD's purpose in conducting such review, and

- Describes the review to be undertaken.

The Processing Guide is now available on HUDCLIPS as Housing Notice 2016-15

http://portal.hud.gov/hudportal/documents/huddoc?id=16-15hsgn.pdf. Through this guidance, HUD replaces the current previous participation regulations in their entirety. The Rule and accompanying Participation Guide became effective on November 14, 2016.

HUD offered training on the Rule and the Processing Guide on November 7, 2016 from 1:00 to 3:00 p.m.

For more information on the Rule and Processing Guide, please visit our website.

INDUSTRY NEWS

RHIIP Listserv #367: Release of Five Chapters of *Multifamily Asset Management and Project Servicing – HUD Handbook 4350.1* on the Multifamily Policy Drafting Table

Multifamily Housing is pleased to announce the release of five draft chapters of Multifamily Asset Management and Project Servicing – HUD Handbook 4350.1 on the Multifamily Policy Drafting Table. This long awaited release is an important milestone in a larger effort to bring this major Handbook up- to-date. HUD will accept feedback on these chapters for a one-month period, closing on December 2, 2016.

The handbook is being revised to incorporate current Housing Notices and Policy updates, Mortgagee Letters and regulatory and statutory directives. One noticeable difference in the look and style of the handbook is the reorganized unit and chapter structure, which follows the life cycle of an asset. Our plan is to release individual chapters to the Drafting Table as they become available and eventually publish each as either an individual stand-alone chapter or as units of interrelated material. We will send subsequent email notifications as more chapters are posted to the Drafting Table for review. Comments may be submitted by completing the corresponding worksheet (available on the Drafting Table) and emailing the file to MFHDraftingTable@hud.gov within the 30-day feedback period. We look forward to your input.

Chapters now posted to the Drafting Table include:
- Chapter 2.02- Physical Conditions
- Chapter 2.06- Budget Based Rent Adjustments
- Chapter 4.11- Releases and Satisfactions
- Chapter 5.02- Civil Rights Enforcement
- Chapter 7.02- Section 8 Pass-Through Leases

More information is at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/MFH_policy_drafts/4350-1.