



HUD UPDATE

Presented by:

**Multifamily West Region
Denver Satellite Office**

HUD Homeless Preference and HUD Notice 2013-21



HUD multifamily has an objective to **increase** the number of **homeless tenants**.



The Denver HUD office has **assigned multifamily staff** to foster achievement of this goal.



Approval of an optional owner-adopted **admissions preferences** for households exiting homelessness.



Allowance to include a preference in tenant selection, giving these households a **first shot at vacant units**.

Overall HUD Goal:

Encourage mainstream housing, including multifamily housing, to be part of the solution to homelessness.

Flexibility of the Preference

- Participation in the Preference is optional and by property.
 - An Owner with multiple properties isn't required to do whole portfolio. You can pick with property that works for the preference.
- The preference only affects order in which applicants are selected from the waiting list. Your Screening criteria remains the same.
 - One option the Notice allows for is a temporary adoption of the preference, meaning you could adopt it for 6 months to see how it works. As such, the change to your TSP is through an amendment that HUD provides that can be removed.
- Owner may decide the “preference rate” for the project.
*Example: 1 out of 2 or 1 out 3 vacancies going towards the homeless preference **This allows the owner to keep working their waiting list.***
- Owner may choose to use the definition of homelessness prescribed under the HEARTH Act **OR** choose a definition of homelessness that suits local needs, with HUD approval. **We can work with owners to decide what is best for them**
- Homeless applicants can come from the existing wait list and/or from homeless service providers.
- **In the Denver Metro Area, we've partnered up with the local CoC, MDHI, to obtain referrals. For interested owners, we can look into what is available in your area.**

Simple Start-up Steps for Owners

1. Amend *Tenant Selection Plan* and submit to HUD for approval
 1. ***We'll provide an Amendment to your TSP which dictates the rate, effective date and term of the preference.***
2. Review *Affirmative Fair Housing Marketing Plan*
 1. ***A review of the AFHMP isn't needed id referrals are coming from a CoC***
3. Receive HUD approval in writing
 1. **MF has dedicated a single point of contact to speed up the approval process. Me.**
4. Execute a *Memorandum of Understanding (MOU)* with local service providers if desired.
 1. ***Outlines the roles and expectations between the CoC and owner***
5. Notify applicants on current *Waiting List*


TRACS REPORTING ON HOMELESSNESS

We know you are already housing homeless families. Regardless if you adopt a Homeless preference, please make sure that you are coding any formerly homeless tenants correctly. With 202d, a change was made to the code you use.

Please be sure to select code 5 on your 50059 Under 'Previous Housing Code' to help HUD track its efforts to end homelessness.

Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures

Section					
1. Project Name	12. Effect				
2. Subsidy Type	13. Antici				
3. Secondary Subsidy Type	14. Next				
4. Property ID					
5. Project Number	15. Proje				
6. Contract Number	16. Certi				
7. Project iMAX ID	17. Actio				
8. Plan of Action Code	18. Corre				
9. HUD-Owned Project?	19. EIV I				
10. Previous Housing Code	20. Prev.				
11. Displacement Status Code					
Section					
33. No.	34. Last Name	35. First Name	36. MI	37. Rel.	38. Se
01					
02					
03					



Point Of Contact For The Homeless Preference

Craig Nelson, Resolution Specialist

West Multifamily Regional Center Satellite Office

Craig.A.Nelson@hud.gov

(303) 672-5479



HUD's Updated Risk Based Model

- Minimize loss to the insurance fund
- Ensure safe, decent and sanitary housing through maintaining physical standards
- Preserve the stock of affordable housing units

Resolution Team

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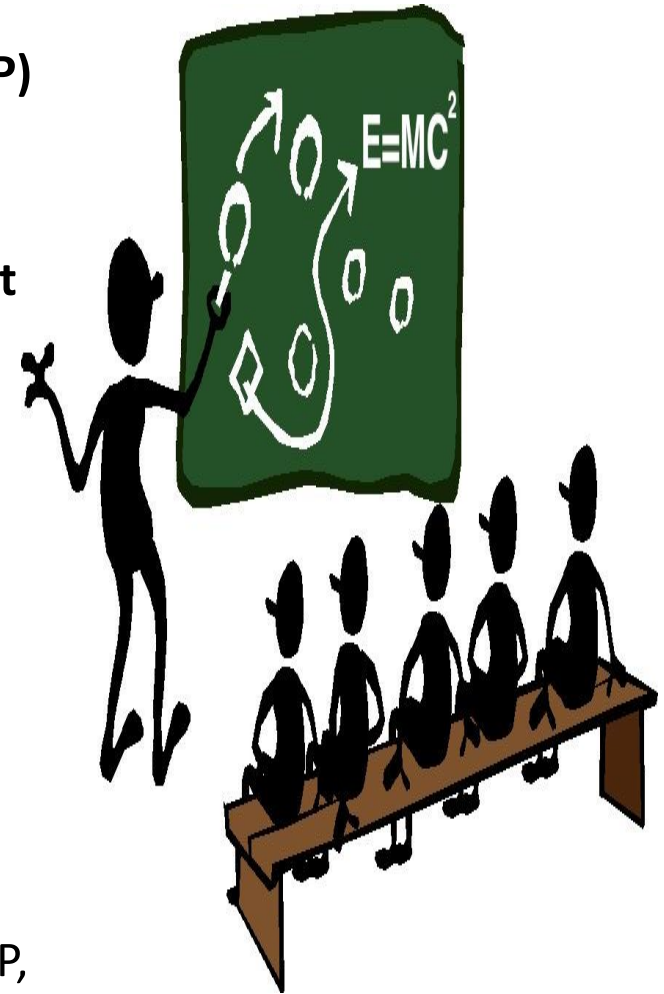


Resolution

- Transformation gave AE/SAE/RS tools to identify and *mediate* risk
- Escalation built into risk model
- Expanded scope to pursue civil money penalties
 - Subsequent under-60 REAC score
 - Elective referrals to DEC/OIG

Action Plans

- **Marketing and Physical Improvement Plan (MPIP)**
 - Occupancy or physical problems that cause reduced rental revenue
- **Expense Management and Process Improvement Plan (EMPIP)**
 - Difficulty paying bills because of waste, inefficiencies, or capacity issues
- **Capital Plan (CP)**
 - Property would benefit from a reduction in debt service or needs extensive rehab
 - Can be used in conjunction with MPIP or EMPIP
- **HUD Initiated Plan (HIP)**
 - O/A unresponsive to requests for MPIP, EMPIP, or CP



Escalation of Enforcement Activities

- First steps: phone calls/emails
- Letters
- Owner-generated Action Plans
- HUD-generated Action Plan
- APPS (2530) Flag
- Notice of Violation/Default
- Elective referral to DEC/OIG
- Suspension/Debarment
- Pursuit of Civil Money Penalties



Chapter 15

Preservation Efforts

HUD

Chapter 15 Overview

Program Types

- Capital Repairs
- Transfer Program
- Blended Transaction

Rent Increase Types

- Mark Up to Market (MU2M)
- Mark Up to Budget (MUTB)

Chapter 15 Requirements

- 20 year HAP Contract
- Preservation Agreement (if applicable)
- 20 year Use Agreement
- Must combine contracts if possible
- RCS with “as is” and after rehabilitation market rents
- Sources and Uses
- Detailed description of the proposed transaction

HUD RCS

- FY2015 Section 8 Renewal Guide updated to compare the median rents from the owner's RCS with census data of the median rents in the project's zip code.
- If the owner's RCS rents exceed 140% of the census zip code rents then a HUD RCS is required.
- HUD issues the median zip code rents on the Section 8 policy page.

Please remember, due to the challenges of funding and the contracting process, owners need to allow for more time on transactions that require a HUD RCS.

Capital Repairs Program

Q: Why consider the Capital Repairs Program?

A: The Capital repairs program is meant to cover the costs of:

1. Modest repairs and recapitalization of the Replacement reserve.
2. Substantial rehab

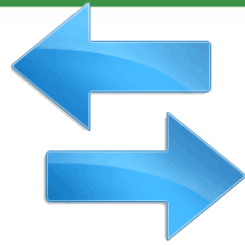
Capital Repairs Program

Requirements

- Environmental review
- PCNA
- Must not be troubled
- Current on debt service
- Sources and Uses



Transfer Program New Rents



- Final new rents will be effective once the transfer is approved and completed
- Blended transactions, involving both a transfer and capital repair, rents will be adjusted after the strictest requirement in 1 or 2 has been met.
- HUD will not lower the comparable market rents in the RCSA to reflect any use restriction in the level of rents; i.e. tax credit rents.

Transfer program continued

HUD will permit a rent adjustment based on a budget based request under Option 2, provided:

- The new rents do not exceed comp rent to:
- Facilitate a change in ownership from a for profit or limited divided to a non-profit or a non profit controlled entity;
- Or from a non profit to another nonprofit or a nonprofit controlled entity

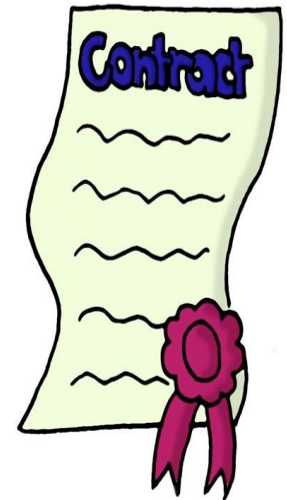
Transfer program continued

- HUD will permit a rent adjustment under Option 1 to facilitate a change in ownership from:
- For profit or limited dividend to another for profit or limited dividend owner;
- Or from a non-profit to a for profit or limited dividend owner

Transferring Subsidy Through Section 8(bb)

General Overview of the Transfer Process

- ✓ Agreement between the Owners of Property A (current Section 8 contract) and Property B
- ✓ Both Owners must meet minimum requirements
- ✓ Tenants must be notified and protected
- ✓ Proposal between Owner A and Owner B is submitted to HUD Field Office
- ✓ Comply with site and neighborhood requirements
- ✓ HUD Field Office reviews include review by FHEO, Field Economist and appraisers to review Environmental packages if applicable
- ✓ HUD Field Office submits to Headquarters
- ✓ Transfer is Executed



Resources for 8bb

HUD Notice H-2014-14

<http://portal.hud.gov/hudportal/documents/huddoc?id=14-14hsgn.pdf>

HUD Notice H-2015-03

<http://portal.hud.gov/hudportal/documents/huddoc?id=15-03hsgn.pdf>

Frequently Asked Questions

<http://hudatwork.hud.gov/HUD/housing/doc/8bbfaq.pdf>

Family Self Sufficiency Program (FSS) in Multifamily

Housing Notice H-2016-08 Issued August 26, 2016:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg

Purpose: HUD program that provides incentives and supports to help families living in Multifamily assisted housing increase their earned income and reduce dependence on public assistance programs.

Eligibility: Any privately owned Multifamily property receiving project-based Section 8 rental subsidy through a Housing Assistance Payment (HAP) Contract is eligible. **Participation is voluntary for all parties;** owners and families may participate at their discretion.

Housing Notice H-2016-08 Issued August 26, 2016:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg

Owner Obligation: Owners/agents work to secure commitment of public and private resources for program operation, develop an Action Plan and implement the FSS program. Program participants are referred to services and education opportunities through a FSS Coordinator, that can lead to improved employment and earned income.

Examples include: Child care, transportation, education, job training, employment counseling, financial literacy and homeownership counseling.

Housing Notice H-2016-08 Issued August 26, 2016:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg

Participant Obligation: Families sign a Contract of Participation (CoP) with the owner for up to five years.

Each family member participating in FSS develops goals to make progress toward self-sufficiency within a 5-year period.

Goals for each participating family member are established in Individual Training and Service Plans (ITSP), which are part of the CoP.

Goals might include: education, specialized training, job readiness, placement and career advancement

Housing Notice H-2016-08 Issued August 26, 2016:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg

Result: When goals/contract terms are achieved, the family becomes eligible to receive funds deposited in an interest-bearing escrow account established by the owner.

The escrow account is funded by HUD through adjustments to rental subsidy payments to the owner; if family members' earned incomes or rental payments increase while participating in FSS, the owner will credit the incremental rent due to the increase in earned income amount to the family's escrow account.

Once a family successfully completes the program, they may access escrow funds and use them for any purpose!

Housing Notice H-2016-08 Issued August 26, 2016:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg

HUD Funding: No new funding has been appropriated by Congress for the FSS program. However, owners may use Residual Receipts to support a FSS program coordinator position.

HUD will approve Residual Receipts releases as advances on a semi-annual basis for up to six months of anticipated program coordination costs. Owners planning to use Residual Receipts for FSS will be exempted from HUD Residual Receipts recapture requirements.

****Contact your HUD representative if interested in participating****

Real Estate Assessment Center (REAC)

Failing Physical Inspection

Financial Condition

Real Estate Assessment Center (REAC)

- **Failing Physical Inspection**
- **Mold/Mildew and Bed Bug Follow-up**
- **Financial Condition**
- **Secure Systems Contact Update**



Housing Notice 2015-02

- NOV/NOD/CDE Plan postponed until results of appeal
- CDE Plan will be clearly reflected on the NOV/NOD letter
- Notice of CDE Plan must be provided to:
 - *Tenants*
 - *Local government*
 - *Mortgagee(s)*
 - *Contract Administrator*
- Extension to complete repairs can be requested
- Enforcement actions will occur if second failing score

Mold & Mildew/Bed Bug Follow-up

- Letter will be sent from local HUD office
- Requires remediation or plan for remediation
- Response is due within 5 days



Financial Statements

- Submissions must be made timely to avoid DEC referral
- REAC will require follow up on any automatic system flags or auditor findings
 - 30-day response will be required
 - Den.incoming@hud.gov
 - Contacts up-to-date in FASS
- **REAC may refer to DEC instead of the local HUD Office**

Secure System Contact Updates

- PASS and FASS sub-systems have different user roles
- Be sure that these roles and contacts are up-to-date
 - Physical Inspection Report can be viewed
 - FASS follow-up letter is received by appropriate staff



The HUD Funding Process

Funding

- Active DUNS numbers are required on all Contract Renewals
 - These numbers must be registered in the SAM system before funding can be issued
- If you are combining contracts a successful transaction requires constant communication between O/A, PBCA, and your AE.
- PBCAs continue to use the den.funding@hud.gov to submit your Contract Renewals and Amend Rents.
- Ensure contract renewals are initiated 120 days in advance of your current contract expiration

Service Coordinator Updates

Multifamily West Region Grants

Grant Specialists servicing all grants in the 14 states of the West Region are located in the Denver Satellite Office.

- All grants-related correspondence should be sent to West.grants@HUD.gov
- For grants located in Washington, Oregon, Idaho, Montana, Wyoming, North Dakota, South Dakota, Colorado, please contact Darlene Matushefske, Darlene.s.matushefske@hud.gov, 303-672-5474
- For grants located in California, Nevada, Utah, Arizona, Guam, Hawaii, Alaska, please contact Rhonda Horn, Rhonda.l.horn2@hud.gov, 303-675-1608
- Sign up for the West Region Grants mailing list at: <https://portal.hud.gov/hudportal/HUD?src=/subscribe/signup&listname=West%20Region%20Grants>

Service Coordinator Grants

288 SCMF Grants in West Region

- **GrantSolutions.com** – Annual Non-Competing Continuation Grants
- All Service Coordinator grants aligned with January 1, 2017 start date to December 31, 2017
- Extensions for 2017 grants are currently being processed
- Semi-Annual and Annual Reporting Requirements deadlines:
 - January- June 30, 2017
 - July- December 31, 2017
- HUD Budget Form 91186A- imposed new funding caps on Supplies - \$600 annually
- LOCCS – Forms should be sent to the Denver Office, ATTN: Multifamily Grant Specialists for processing;
 - HUD 1199 Direct Deposit forms -we can accept copies
 - HUD 27054 LOCCS VRS forms - original signatures only

Other Grants

2015 Supportive Services Demonstration (SSD) Grant Program

- 15 Sites in California
- Purpose is to test new enhanced SC model
- Housing Based Service Coordinator and Wellness Nurse Team
- Demonstration Timeframe – 3 years, March 2017 to March 2020
- 40 Treatment Sites – New SSD model and 40 Control Sites – MFSC Regular Program

Congregate Housing Senior Program – CHSP – 4 Grants

- Program is winding down
- Managed out of Denver Office

Collaboration and Success

“We are in this together”



- HUD servicing model and risk-based approach
- Expectations and best practices
- Communication and processing times
- “Clarify and confirm”
- Relationships, roles and responsibility
- Resources: Industry, HUD Clips, RHIP, HUD Contact, etc.





Questions?

Thank you!