

HUD REGULATORY REQUIREMENTS

The world of HUD is ever changing. Please get updated on what is going around HUD World.

Presenters

RCM Board of Governors

Topics covered:

1. What is Sequestration who will it effect –Why it is important to vote
2. Project Based Contract Administrator
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Campaign for Housing and Community Development Funding
Working to ensure maximum federal resources for housing and community development.

Impact of Sequestration: More than Two Million Americans Face Negative Impacts of 2013 Cuts to Affordable Housing and Community Development Programs

Impending Cuts

An across-the-board cut, or sequestration, of federally funded housing and community development programs would severely impact the provision of safe, decent and affordable housing and necessary supportive services, and the development and recovery of vibrant communities. Sequestration of all discretionary spending is scheduled to take effect on January 2, 2013; this would result in an estimated 8.4% cut for housing and community development accounts.

Potential Impacts

CHCDF estimates that sequestration would negatively affect more than 440,000 households and an additional 1.1 million people by decreasing affordable housing opportunities and community development services. These households and individuals are low and moderate income renters and homeowners in urban, suburban, rural and tribal communities, including the elderly, people with disabilities and people experiencing homelessness. The need for affordable housing and community development services far exceeds what current funding levels can provide and sequestration would accelerate the growth in the number of households in need.

HUD Program	FY12 Funding (\$ in millions)	Sequester Cut ¹ (\$ in millions)	Households and Individuals Impacted
Tenant-Based Rental Assistance	\$18,914	-\$1,629	185,000 households would lose rental assistance in 2013 and these losses would be permanent if funding is not restored at a later time.
Project-Based Rental Assistance	9,340	-830	92,400 households would lose housing within several years if cuts are not restored.
Homeless Assistance Grants	1,901	-180	145,900 people would be homeless instead of housed.
Housing Opportunities for Persons with AIDS	332	-28	4,738 households would lose housing.

- Hundreds of thousands of vulnerable and low income households would lose housing or shelter under sequestration.
- Thousands of low and moderate income households would not have access to affordable housing because new rental and homeownership units would not be produced.
- Thousands of low income households will, over time, lose access to affordable housing units due to more severe underfunding of the current stock of affordable housing, including public housing.² This increase in funding deficit for maintenance and repair of units as well as curtailment of preservation activities will result in a loss of public investment.
- Thousands of seniors and persons with disabilities would lose supportive services that accompany their affordable housing and would live in housing that is less well maintained.
- Over 35,000 households would lose housing counseling, fair housing and lead-based paint hazard assistance.

¹ Baseline FY13, S. 2322.

² Data to calculate the impact of sequestration on households living in or on waiting lists for public housing is not currently publicly available.

HUD Program	FY12 Funding (\$ in millions)	Sequester Cut ³ (\$ in millions)	Households and Individuals Impacted
Community Development Block Grants	\$2,948	-\$260	8,585 persons would not receive housing assistance; 165,087 persons would not benefit from public improvements including 4,139 seniors, 1,960 homeless people, and 1,589 people with disabilities; 846,857 persons would not benefit from public services including 46,039 homeless AIDS patients, 18,009 people with disabilities, 22,361 battered or abused spouses, and 18,580 people who would not receive homebuyer counseling.
HOME Investment Partnerships Program	1,000	-84	4,531 households would not receive new or rehabilitated rental and ownership housing.
Native American Housing Block Grants	650	-55	487 households would not receive new or rehabilitated rental and ownership housing.
Native Hawaiian Housing Block Grants	13	-1	6 households would not receive new or rehabilitated rental and ownership housing.
Self-Help and Assisted Homeownership Opportunity Program	54	-4	76 minority households would not receive housing services.
Housing for the Elderly	375	-32	114,000 households would receive reduced unit maintenance and supportive services.
Housing for Persons with Disabilities	165	-13	250 households would not be able to access new units; 24,571 households would receive reduced unit maintenance and supportive services.
Housing Counseling Assistance	45	-5	15,664 households would not receive housing counseling services.
Fair Housing and Equal Opportunity	71	-6	1,680 households' fair housing complaints would not be addressed.
Healthy Homes & Lead Hazard Control	120	-10	1,000 households with children would live in units with significant lead-based paint hazards that would not receive lead hazard control.

Additional Potential Impacts

Investment in safe, decent and affordable housing and more vibrant communities improves child well-being, enhances educational achievement, improves health, lowers crime, and increases employment access and stability. It also creates jobs and assists in economic recovery. In contrast, sequestration cuts to housing and community development programs will result in increased costs for federal, state, and local governments as a result of evicting households from federally supported housing, who will then be forced to access emergency shelter and other services; eliminating employment opportunities for low income households; allowing affordable housing to deteriorate and degrade neighborhoods; and halting economic growth of neighborhoods.

³ Baseline FY13, S. 2322.

HUD UPDATE

GAO Decision on PBCA NOFA

Last week, the Government Accountability Office (GAO) upheld a number of protests to the PBCA NOFA. HUD has 60 days to respond and determine if it will follow GAO's recommendations. HUD informed the industry groups that it is currently weighing all of the Department's options.

Residual Receipts

HUD informed the industry stakeholders that it has never offset HAPs using residual receipts before. The Department realizes the industry has a number of concerns with the process and will be drafting an ongoing Frequently Asked Questions (FAQ) document. It plans to post the first FAQ by August 31. The Department is taking a particularly close look at questions related to using residual receipts for service coordinators and a number of concerns that have arisen regarding Section 202 projects that have refinanced or will refinance soon.

HUD believes that \$250 per unit is an adequate cushion to address emergency situations. They remind O/As that the Department's position is that expenses for capital repairs should be taken from the Reserve for Replacement accounts.

Section 8 Renewal Policy Guide

HUD is reexamining the rent comparability study (RCS) requirements in the updated Section 8 Renewal Policy Guide based on industry feedback. HUD has informed us that it plans to take a number of the industry recommendations into advisement. HUD is currently exploring options to publish a notice on changes to the RCS and provide the opportunity for public comments prior to implementation.

HUD is also examining a number of questions that have arisen regarding the use of current debt service with Section 202 properties. It is currently developing an FAQ for the Section 8 Policy Renewal Guide and Section 202 refinanced properties.

In addition, HUD plans to update the Section 202 prepayment notice and is taking a number of other industry recommendations related to Option 2 renewals related to "below market rents" into advisement.

Bed Bugs

Despite calls from tenants groups to rescind Notice 2012-05 "Guidelines on Addressing Infestations in HUD-insured and Assisted Multifamily Housing" and reinstate Notice 2012-20 "Guidelines on Bed Bug Control and Prevention in HUD Insured and Assisted Multifamily Housing," HUD has informed NAHMA that it will not be making any changes to the current infestations guidance. The Department stated that there were a number of legal issues with Notice 2011-20, which Notice 2012-05 addressed in an appropriate manner.

HUD UPDATE

However, the Department has heard rumors that tenants at one property have been required to sign certifications stating that, if they have bed bugs infestations, they will pay the cost of treating the units. HUD is currently investigating this information

Project Capital Needs Assessment

In May, HUD submitted a draft Mortgagee Letter (ML) on the Project Capital Needs Assessment requirements for industry feedback. Industry comments focused on accessibility concerns and concerns that high reserve for replacement requirements will deter participation in HUD multifamily loan programs. HUD is currently reviewing the comments and hopes to publish the final notice in October.

2530/APPS

HUD plans to prioritize updating the regulations for the 2530/APPS system in 2013.

Sustaining Our Investments

HUD is undertaking an overhaul of the asset management processes under its "Sustaining Our Investments" initiative. It is the sister program to the "Breaking Ground" initiative. HUD will be examining how it manages both assisted and HUD-insured unassisted assets within its portfolio. The Department has already tested the initiative in the San Francisco office and plans to roll it out to other offices. HUD believes this initiative will expedite the asset management process, eliminate obsolete steps, and push asset management delegation to the field level.

HUD will still be conducting financial reviews under this initiative, but will prioritize troubled assets first. It will use the Online Property Integrated Information Suite (OPIIS) to determine if a property is troubled. The Department plans to expedite loans that are not troubled much faster. HUD will rewrite the asset management handbooks for assisted and market-rate insured properties to reflect these changes.

RAD

The Rental Assistance Demonstration (RAD) program has started processing its first few conversions. HUD will be issuing additional guidance for processing RAD conversions with FHA insurance in an upcoming ML.

HUD also noted that a number of the RAP and Rent Supp properties had not completed the required tenant comment period prior to submitting their tenant protection voucher conversion applications. The Department would like to remind applicants to notify tenants and complete the 30 day tenant comment period prior to submitting applications. HUD said it had received 8 conversion applications from RAP and Rent Supp properties thus far.

HUD UPDATE

The Office of Affordable Housing Preservation (OAHP) will be processing the conversion process.

Loan Committee

HUD is proposing a number of amendments for the Loan Committee oversight, including increase the number of units to trigger the Loan Committee and focusing on the Loan Committees at the Hub level.

HUD wants to increase the workload sharing between the Hubs in order to speed up loan processing. The Department is down to 30 loans in the que that are over 120 days old. HUD is grandfathering these loans into the mortgage insurance premium (MIP) increases, meaning these loans will be processed using the FY 2012 MIPs.

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