

Pacific Currents



Multifamily Housing News

U.S. Department of Housing & Urban Development — San Francisco Multifamily Hub

Hawaii

Northern California

Nevada

Arizona

Volume 7, Issue 1

March 2004

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COMING SOON!

PBCA for Northern California

HUD Headquarters will soon be announcing the Performance-Based Contract Administrator (PBCA) for Northern California. This announcement will probably take place in the future. The Northern California PBCA will be responsible for approximately 500 properties with Section 8 contracts.

There are many things that owners and agents of HUD-subsidized properties can do to prepare for this major change in Section 8 contract administration. Inside this issue we've provided some information you might find helpful in preparing for the PBCA and the new Section 8 contract voucher payment procedure processes. There is also a Quick Reference Chart that will help in determining who has lead responsibility for processing various actions.

In the near future, owners and agents will be working directly with the PBCA rather than their HUD Project Manager on rent increases, contract renewals, special claims, exigent health and safety items and tenant inquiries.

The most important thing you can do in preparation is to be sure that all of your tenant data is accurate and in TRACS. If you have not already done so, please access HUD's Secure Systems at <http://www.hud.gov/offices/react> to check current certifications.

**San Francisco Multifamily
4 Page Pull-Out!**
HUD Addresses, Phone Numbers
and Email Addresses

HUD National Web Site:
<http://www.hud.gov>

San Francisco Multifamily Hub:
<http://www.hud.gov/local/index.cfm?state=ca>

Where to Find Our Previous Pacific Current Issues

The San Francisco Hub publishes Pacific Currents quarterly. While we try to furnish our 4,000+ subscribers with a print copy, sometimes we are only able to post the newsletter on our website due to insufficient printing funds.

For this reason, our December issue was only available electronically. If you would like to read the December issue, as well as previous issues, please visit our website at:

<http://www.hud.gov/local/ca/working/localpo/mfhsgnews.cfm>

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Hub Lines . . .

Write it on your heart that every day is the best day in the year.

~ *Ralph Waldo Emerson*

Skills vary with the man. We must ... strive by that which is born in us.

~ *Pindar*

Genius does what it must, talent does what it can.

~ *Edward Bulwer-Lytton*

REAC Physical Inspections

The Real Estate Assessment Center (REAC) was established in 1998 as a support organization providing certain services to various Program Offices of HUD. In the case of Multifamily Housing, REAC conducts physical inspections using a uniform, objective approach. REAC also provides financial analysis services to Housing. The multifamily housing industry has been involved with the establishment of REAC and its protocols since its inception and has been a helpful partner in improving the nation's rental housing stock.

Over 100,000 physical inspections have been done since the inception of REAC (all insured properties are inspected by the mortgagee but the inspection is processed, analyzed, quality checked and released to the owner by REAC). Results of the first year of inspections revealed an average score of 66 on a scale of 100. The average score then increased to 77 and the results of the most recent inspections revealed an average score of 85.

In June 2002, the Housing Commissioner, Dr. John Weicher, instituted the Under 60 protocol which concentrates HUD's focus on those properties that continue to receive low scores, which indicate the property is in unacceptable physical condition. In many cases, when HUD reviews the inspection history, we find there is a pattern of poor management over the years. The information gathered by REAC, Multifamily Housing, and the Departmental Enforcement Center allows us to pinpoint those properties that require the most attention. At the end of Fiscal Year 2003 there were 200 properties that fell into the seriously troubled category, which, according to the present protocol, requires the HUD Field Office to concentrate their efforts and to develop a permanent solution to the problems. These properties are tracked and receive HUD Headquarters attention and oversight. A Headquarters Loan Committee has been established to review each Field Office recommendation on properties that receive a second score of less than 60 and for which a Notice of Violation has been issued by the Departmental Enforcement Center.

The physical inspections and the financial analysis better equip us to effectively manage our portfolio of approximately 30,000 properties.

What's new with REAC!

As many of you know that have received recent REAC inspections, inspectors are now identifying blocked egress from rooms as an exigent health and safety finding. The "Blocked/Unusable (Emergency/Fire Exits)" deficiencies are only applicable to blocked or unusable emergency/fire exits on the third or lower floors. All floor areas (e.g., room, unit or building) on these floors must have a minimum of two independent unobstructed exits. All blockage which limits a person's ability to exit a room in case of emergency is considered a deficiency.

To learn more about changes to the REAC PASS inspection protocols, check out REAC's website at: <http://www.hud.gov/offices/reac/>

What Northern California owners and agents need to do to prepare for the PBCA

The Northern California PBCA (Performance-Based Contract Administrator) is to be announced shortly. A number of activities will be taking place, which will be of interest to owners/agents with Section 8 assisted projects that will be transferred. These activities are:

1. **Transfer Notice.** HUD Headquarters will send a letter to each Owner/Agent with a property that may be transferred to the PBCA informing them of the transfer and related information.
2. **Introduction to PBCA.** The owner will also be sent an letter from the PBCA announcing the date, time and location of an introductory meeting they will conduct. This meeting will discuss the new relationship between the owner and the PBCA and other important issues such as voucher payments. This letter and meeting will stress the importance of promptly providing the PBCA with accurate baseline information on assisted residents. The PBCA will include with this letter a Baseline Checklist, a Contact Information form, and a blank Direct Deposit Form (HUD Form 1199A).
 - a. The Baseline Checklist will provide resident and Section 8 information that will be used to build a resident certification database and will be used to reconcile and authorize payment of monthly HAP vouchers. The PBCA's TRACSMail address will also be provided in the Baseline Checklist.
 - b. The Contact Information form will allow each property to provide the PBCA with detailed property contact information (names, telephone numbers, addresses, fax numbers, email addresses, etc.).
 - c. The Direct Deposit form will allow each property to provide the PBCA with their preferred financial institution information.
3. **Establishment of Baseline.** Property representatives will have 60 days to respond and submit the requested information. The PBCA will download and process all baseline files and submissions on a daily basis, as each file is received.
4. **Ramp Up.** Once the PBCA has been named, they will enter a ramp up period during which

they will photocopy files at the local HUD office, obtain workspace, hire staff, and purchase software and hardware needed to perform their functions. This normally takes 90-120 days.

5. **Voucher Payments.** When the PBCA is deemed "ready," the contracts will be transferred to them and they will assume responsibility for reviewing and processing voucher payments. This normally takes 90 days or 3 payments before the PBCA takes over completely.
6. **Division of Tasks.** The PBCA will take over many of the tasks previously performed by the local HUD Project Managers. The chart on page 4 shows this division of work. Owners and agents will deal directly with the PBCA rather than with HUD on the tasks assigned to the PBCA. Most notable among these are Section 8 contract renewals, rent increases, management reviews, tenant inquiries, and monthly voucher payments.

In the meantime, owners and agents should make sure information in TRACS is accurate. Any tenant certifications not currently shown in TRACS should be transmitted. Owners and agents should access TRACS information on HUD's Secure Systems at http://hudapps.hud.gov/wass/login/login_page.jsp to assure that all tenant certifications are reflected in the TRACS database.

SHARE THE GOOD NEWS...

This newsletter is sent to our industry partners, which include: Lenders, Developers, Management Agents, Property Owners, Consultants, Government Officials, Project Site Offices, etc. The residents of the developments have advised they are interested in the information in the newsletter. We request that the copy sent to the project site be posted in the community room, on a bulletin board or somehow shared with the residents. You could also advise the residents that the newsletter is on our website, (www.hud.gov/local/index.cfm?state=ca) should they want to view it on their computer or in your Neighborhood Network location.

**Owner/Agent Quick Reference Chart
Performance Based Section 8 Contract Administrator**

What is HUD responsible for?	What is PBCA responsible for?	Examples of Overlapping Areas of responsibilities Between HUD and PBCA
<ol style="list-style-type: none"> 1. Approve Management Certifications 2. Requests for changes in managing agents 3. Reserve for Replacements requests, suspensions and releases 4. Residual Receipts requests 5. General Operating Reserve requests 6. Monthly Accounting Reports 7. Annual Financial Statements (submitting through the FASS System) including responses to findings 8. Transfer of Physical Asset Package 9. Requests for Partial Releases of Security/Partial Payment of Claim 10. Requests for a Workout Agreement 11. Neighborhood Networks Plans 12. NOFA Applications (i.e. ,Service Coordinator and 202/811) 13. Monthly Vouchers on any funded NOFA Grant (i.e. DEG, SNG, Service Coordinator) 14. Monitoring Service Coordinators 15. Process prepayment requests 16. Assignment of HAP contracts to owners 17. Process and monitor flexible subsidy 18. Process special claims (debt service) 19. Management reviews on HUD administered contracts 20. Review comprehensive needs assessments 21. Process foreclosure packages 22. Approve neighborhood networks 23. Monitor use agreements 24. Process bond refunds 25. Liaison with HUD Centers (DEC, OHMAR, REAC) 26. Coordinate with PIH to secure vouchers on contract terminations 27. Oversee procurement funding and initiate requests for contract services 28. Contract renewals, rental adjustments, contract opt-outs, combining contracts on HUD administered contracts 29. Respond to resident and community inquiries for HUD administered contracts 30. Physical inspection follow-up on HUD administered contracts 31. REAC physical inspection appeals 32. Lead based paint monitoring 33. Processing statutory waiver requests 34. HUD Model lease revisions 	<ol style="list-style-type: none"> 1. Establish resident baseline data 2. Review of Monthly HAP Vouchers and Special Claims 3. Responses to Discrepancies on Monthly HAP vouchers 4. Disburse monthly housing assistance payments to owners 5. Section 8 Contract Opt Out Notification 6. Rent Increase requests/budgets, special rent adjustments 7. HAP renewal requests (governed by Section 8 Renewal Policy, 1/19/01) 8. Tenant inquiries/Complaints for life and non-life threatening health and safety issues 9. General resident/community complaints 10. Follow-up to REAC Physical Inspections including EH&S findings 11. Process abatement action and advise HUD 12. Recommend Section 8 contract terminations 13. Negotiate Management Improvement Operating plans (MIO) 14. Management/Fair Housing Reviews on PBCA contracts 15. Requests for information related to the payment of a specific voucher 16. Process special claims (vacancy, damage) 17. Utility allowance analysis 18. Prepare budgets, requisitions and revisions 19. Submit year end statements 20. Submit annual audit 21. Prepare monthly, quarterly and annual reports 	<ol style="list-style-type: none"> 1. Processing Contract Opt Outs 2. Review of MIO Plans 3. Rent increases over 5% 4. Coordination of activities within various departments of HUD 5. Rent increases-236 vs Section 8 6. Management reviews which indicate the need for enforcement activities 7. Management reviews with a rating of below average or unsatisfactory 8. FHEO checklist review 9. Appeals processing 10. FOIA and congressional inquiries 11. Enforcement/Compliance activity 12. Funding reservations for contract renewals 13. Data input 14. Reserve for replacement deposits 15. Processing OMHAR Mark to Market contract renewals 16. OMHAR "watch list" properties 17. Monitoring and oversight of DEC properties.
<p><i>As a rule of thumb, anything that is only governed by the Regulatory Agreement, Mortgage, Mortgage Note or a Use Agreement will be processed by the local HUD Office.</i></p>		<p><i>Generally the PBCA will be the initial point of contract on all of these areas.</i></p>

TRACS Notices

HUD has announced that starting with the April 2004 Section 8 vouchers, TRACS will suspend payment for any contract that is not compliant with the tenant certification reporting requirement. If your voucher is suspended for noncompliance, you should log on to Secure Systems and do a TRACS tenant certification query to identify the missing certifications. Transmit the missing certifications to TRACS, wait a day or two, and then do another TRACS tenant certification query to verify that the certifications have been accepted by TRACS. Then re-transmit the voucher as a correction. TRACS will re-calculate the percent compliance and release the voucher for payment.

This is a good reason to transmit your vouchers to TRACS (or to your contract administrator) as early in a month as possible. If you transmit late in a month and your voucher is suspended for noncompliance, you may not have left yourself sufficient time to transmit the missing certifications and re-submit the voucher in time to be paid on the first of the following month.

Those properties with the contrary problem – too many active certs in TRACS due to an inability to re-transmit move-outs – can now request the TRACS help desk to manually process move-outs. The move-out request form can be downloaded from the Documents link on the TRACS homepage:
<http://www.hud.gov/offices/hsg/mfh/trx/trxsum.cfm>.

Professional Liability Insurance for Section 232 Healthcare Facilities

On January 6, 2004, the Department issued Notice H04-01, Subject: "Professional Liability Insurance for the Section 232 Programs." Notice H 04-01 supercedes Section X of Notice H 01-03, which required HUD-insured healthcare facilities maintain professional liability insurance. The Notice provides guidance concerning professional liability insurance in mortgage underwriting and asset management.

The minimum liability coverage required by the notice is: (a) \$1,000,000 per occurrence and (b) \$3,000,000 aggregate. The per occurrence deductible is not to exceed \$25,000.

The Notice is effective immediately for all healthcare facilities that did not have an outstanding firm commitment. If a loan application was in process on January 6, 2004, and had a firm commitment in place, it must comply with the provisions of Notice H 01-03 unless the mortgagee chooses to process the

application under Notice H04-01. The mortgagee must then provide a written statement to the HUB Director requesting that the application be processed under Notice H04-01.

If a mortgagee has received a firm commitment and allows the firm commitment to lapse, then seeks to reopen the expired firm commitment, all provisions of Notice H04-01 will apply.

Notice H04-01 applies to Section 232 new construction/substantial rehabilitation transactions, Section 232 pursuant to 223(f) transactions and Section 232 pursuant to 223(a)(7) transactions, Section 223(d) transactions involving Sections 232 facilities, Section 241 transactions involving Section 232 facilities. It also applies to all owners and/or lessees proposing to replace the operator/manager of a Section 232 healthcare facility, and all transfers of physical assets (TPAs) involving Section 232 healthcare facilities.

Annual Financial Statement Requirements for Section 232 Properties

Many Section 232 properties are required by their Regulatory Agreement to submit both lessee and lessor financial statements. While HUD's REAC FASS system is capable of accepting the lessor's financial statements electronically, HUD is unable to accept lessee financial statements electronically at this time. If required by the Regulatory Agreement, lessee financial statements must be submitted in hardcopy to the appropriate Hub or Program Center. In addition, all financial statements must be prepared in accordance with the Department's requirements using the prescribed chart of accounts.

Clarification Regarding Previous Participation Certifications and Rent Schedules

Recently questions have been raised concerning the disclosure to HUD of social security numbers of non-profit and cooperative board members, stockholders, general partners, etc., on Rental Schedule, HUD-92458, as well as Previous Participation Certifications, HUD-2530. Some parties have argued that non-profit board members should not be required to disclose, as they are unpaid, they are serving as honorary members, they have no control, etc. However, the members of the board of directors of the owning corporation are the responsible parties. They provide the overall policy direction for the routine operations of the property. They control the management agent and direct the agent's operations. Therefore, whenever there are proposed changes to a non-profit or cooperative Board of Directors, those

Continued on Page 11

Visalia Senior Housing II dba Oak Meadows



Oak Meadows is a 60-unit affordable housing community for low-income seniors located in Visalia, California .

Oak Meadows features one-bedroom units, which are all fully equipped with an electric range, refrigerator, garbage disposal, as well as emergency call system. The facility provides coin-operated laundry machines, a community room, a media center, monitored entry and on-site management. The site, which is located adjacent to the Visalia Senior Center and Nutrition Center, also offers residents the assistance of an on-site social service coordinator to help meet the needs of elders aging-in-place. Most importantly, Oak Meadows offers a sense of community and camaraderie for residents as they age-in-place.

The opening of *Oak Meadows* was the culmination of five years of community-supported and community-based work by co-sponsors Visalia Senior Housing (VSH) and developer and management agent, Christian Church Homes of Northern California (CCHNC). VSH and CCHNC share a long history of "Providing Affordable Housing in Caring Communities" for the low-income elderly.

VSH and CCHNC worked closely with city officials in order to garner both community and financial support for *Oak Meadows*. The \$6.5 million facility received financial support from the U.S. Department of Housing and Urban Development, the City of Visalia and its Community Development Agency, as well as the Affordable Housing Program of the Federal Home Loan Bank of San Francisco (sponsored by Visalia Community Bank). Also working closely with the development team were the contractors of Brown Construction, Inc., architect Bob Ogren, the Law of Offices of Goldfarb and Lipman, and consultant Bob Richards.

Project/Location:

Visalia Senior Housing II
dba Oak Meadows
111 W. School Avenue
Visalia, CA 93291

Description:

4-story L shaped structure with enclosed courtyard, Community Room and adjacent Media Room for social and recreational events. Coin-operated laundry rooms both on 2nd & 3rd floors.

Project Size:

59 one-bedroom units
plus 1 one-bedroom
staff apartment

Status:

Fully occupied
(Permission to Occupy
given on August 25,
2003)

Sponsor:

Visalia Senior Housing II,
A local organization
Representing four
Local churches

Architect:

Robert A. Ogren

Contractor:

Brown Construction

Funding Source:

HUD Capital Advance
\$4,869,400
City of Visalia \$900,000
AHP—Federal Home
Loan Bank of San
Francisco, Sponsored by
Visalia Community Bank
\$250,000



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Clarification Regarding Previous Participation Certifications and Rent Schedules

(continued from Page 5)

changes need to be submitted to HUD for processing under HUD's Previous Participation Certification system.

By HUD regulation, if the ownership composition changes, all new participants are required to apply for participation clearance with the HUD field office before they are authorized to serve. There are no exceptions allowed in 24 CFR Part 200 Subpart H. Disclosure of the entity participants on HUD 92458 is a control mechanism that allows HUD to check and approve such participation.

Mountain Valley Haven Groundbreaking

Mountain Valley Elderly Care (MVEC), a non-profit organization created to assist the elderly in Hayford, California, is located about 100 miles from Redding, California.



Ray Gee, Eskaton Executive Director, thanks Local Hayfork Community for their support at Ground Breaking Ceremony

The 202 application was submitted in May of 2001. With extraordinary support of the local community, coupled with the track record of Eskaton, their application was successful and they received notice of the award in December 2001. MVEC has control of over nine acres on the site in which the first phase will be built. MVEC envisions additional phases of independent, congregate, and assisted living on the site.

The initial closing for the project, Mountain Valley Haven, was on September 26, 2003. The property received a HUD capital advance in the amount of \$933,700. Trinity County Grants and Housing

Rehabilitation office also submitted an application to the California Department of Housing and Community Development for HOME funds. The sponsor, MVEC, was able to secure \$107,000 of additional HOME funds. The groundbreaking ceremony was held on November 11, 2003 and was attended by Mr. William Bolton. Construction is expected to be complete in June 2004.



Ray Gee (Eskaton Executive Director), Larry McCord and Bill Sharp (Mountain Valley Elder Care) help Sacramento FOD Bill Bolton start the Mountain Valley Haven Senior Housing 202 Development.

2530 - Previous Participation Certification

Did you know that Previous Participation Certifications are to be submitted to your local HUD office whenever a property has a change of ownership, a transfer of physical assets, a new management agent, changes in the partnership structure, change of officers of the management company, changes in the corporate structure, or a change of officers on the Board of Directors? When any of these circumstances occur, a new HUD-2530, Previous Participation Certification, must be completed and submitted for review and approval. Be sure to complete all blocks on the form. Incomplete forms will be returned for additional information.

Who's Required to Submit a Management Certification?

As a reminder, all multifamily properties insured or financed directly by HUD, and HUD-assisted multifamily properties where HUD is the Contract Administrator, are required to submit for HUD approval management documents including the Management Entity Profile and the Management Certification.

MAP Frequently Asked Questions

On September 9, 2003, new Frequently Asked Questions were posted to Chapter 2 and Appendix 12 of the MAP Guide. You can view these questions and others at <http://www.hud.gov:80/offices/hsg/mfh/map/mapfaq.pdf>

Other Accomplishments from Around the Hub

Rededication of Marlton Manor—San Francisco, CA

Marlton Manor celebrated its "Rededication Ceremony on Thursday, September 4, 2003. Marlton Manor was built in 1924 and is located in the Tenderloin neighborhood of San Francisco. The ceremony recognizes the efforts of residents who organized with the assistance of Agape Outreach Center into the Marlton Manor Tenants Council. With the assistance of the San Francisco Redevelopment Agency, the Tenants Council partnered with Mercy Housing and AF Evans Company to become the owner and developer of the "new" Marlton Manor.

Renovation of the property included improvement of 3,733 square feet of ground floor retail space, projected to house a small grocery store and credit union. The developer also renovated residential units, completed system upgrades and seismic retrofit, created accessible units, expanded common space for residents and installed a new computer-learning center. The acquisition and renovation was made possible by financing from the San Francisco Redevelopment Agency, Citibank, Fannie Mae, and Alliant Capital.



Jane Graff, President of Mercy Housing California, opened the ceremony by speaking of her memories of what Turk Street was in the past and the fabulous addition the "new" Marlton Manor will be to the neighborhood. Art Evans, President of AF Evans Company, Inc., spoke about his commitment to the neighborhood and how Marlton Manor originally was a relocation source for the Yerba Buena redevelopment project. He spoke of the neighborhood's drug history and how the commitment of the Tenant Council and their partners made this positive transition possible.

Other speakers included Richard Rainey, HUD's Regional Director; Sheila Burks, Director of Bay Area Partnership Office of Fannie Mae; Michael Weitzman, President of Citibank Western Region; Marsha Logan, Director of the San Francisco Redevelopment Agency; and Roy Bouse, Board Chairman, Marlton Manor Tenant's Council.

Covenant House Intergenerational Mentoring Program—Tucson, AZ

Covenant House, a HUD funded 202 property, is starting a United Way funded intergenerational mentoring program with at risk youth from Drake Alternative Middle School. Biltmore Properties, Inc., management company for the Covenant House, hosted a reception to bring residents and students together. The program will be called "Caring Hearts". The participation goal is about 12 middle school students and about 20 to 40 residents with 10 to 20 serving as mentors. The reception was intended as an "ice breaking" event to encourage interaction and introduce the program. Representatives of United Way hope that this program will be successful and become a model for other HUD funded 202 projects. Betsy Copeland, Operations Analyst, represented HUD at the reception.

Rental Housing Integrity and Improvement Project (RHIP)

When HUD issued the new Occupancy Handbook 4350.3, it also established the Rental Housing Integrity and Improvement Project (RHIP). Each Hub and Program Center was asked to designate a RHIP Help Desk Representative who serves as the principle contact person for questions related to the revised Occupancy Handbook. These Help Desk Representatives will be part of a national team that will serve as experts on the subject of admission and occupancy policies and rent and income determinations. This team is essential in assisting the Department in meeting its goal to make sure the right benefits go to the eligible persons.

Owners and agents with Section 8 contracts administered by a PBCA should contact the PBCA with any occupancy questions. If necessary, the PBCA will then contact the Help Desk Representative for assistance.

The individuals designated as RHIP Help Desk Representatives in the San Francisco Hub are:

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To learn more about RHIP, please visit our website at <http://www.hud.gov/offices/hsg/mfh/rhiip/mfhrhiip.cfm>.

Arizona Service Coordinator Workshop

The quarterly meeting of Arizona Service Coordinators working at HUD properties took place on January 22, 2004 at the HUD Arizona State Office in Phoenix. HUD Multifamily Asset Management staff also attended the meeting. Kathy McElvain, Special Services Coordinator for Biltmore Properties, Inc., chaired this regularly held workshop. Participants share information and support members in their quest to improve the quality of life for residents of HUD low-income housing.



Participants at the workshop

The workshop, entitled "Outreach Strategies: Effective Ways to Tap Resources and Build Community Partnerships" involved members of the Service Coordinators group each sharing at least one meaningful "service" provided to their residents and the community source of that service. A wealth of information was shared. Resources mentioned included Literacy Volunteers, Fresh Start Women's Foundation, and a neighborhood coalition offering "Public Speaking Training for Teens." The Arizona Chapter of the Affordable Housing Management Association (AHMA), Pacific Southwest Region, sponsors the group.

To help you stay abreast of new HUD research and resources, subscribe to HUD User News. This listserv will automatically e-mail you publication announcements and other notices from HUD's Office of Policy Development and Research. To subscribe, send a message to hudusernews@huduser.org.

In the subject of the message, type: subscribe. You will receive a confirmation message with instructions on how to post messages to the list, search the message archives, and how to unsubscribe.



Crescent Ridge

The newest Neighborhood Networks Center Grand Opening was held at Crescent Ridge, a 192 unit family complex, located in Tucson, Arizona. Sharon Atwell, Director of the Tucson Field Office and Lynn Serfling, the Phoenix Program Center AZ Neighborhood Networks Coordinator, presented the Certificate of Achievement for the Grand Opening of the Crescent Ridge Apartment Neighborhood Networks Center, to Emery Chukly, the property owner, and Anna Sethman the Manager/Service Coordinator of Crescent Ridge.

The Neighborhood Networks Center was developed by remodeling a maintenance office. The construction of the NNC and the equipment hardware and software was purchased by Mr. Chukly with money released from the initial operating deficit escrow account. Since the property has consistently operated at a profit and is current with mortgage payments, the Phoenix Office had no objection to release of a portion of the escrowed funds to finance the Center.



Top Left: Lynn Serfling, Phoenix Program Center Neighborhood Network Coordinator and Anna Sethman, Manager/Service Coordinator of Crescent Ridge with children attending the grand opening.

The Center includes two computers with high speed internet service, one printer, and a three-in-one fax/copier/scanner. Anna, the enthusiastic Service Coordinator, is perfect to bring to fruition Mr. Chukly's goal to make Crescent Ridge Apartments a model center. A local high school will allow students to receive extra credit for providing computer instruction to resident children. Anna is also working with a Credit Union to provide savings/investment/budget

instruction beginning with elementary school children through adults.

This Center is unusual because it was owner driven. Mr. Chukly views the Crescent Ridge Apartments NNC as a business model for the development of future Centers in his market properties. The owner plans to expand the NNC to create a business center with the installation of ports for lap top computers. The Phoenix HUD Office will continue working closely with Sharon Atwell the Director of the Tucson Field Office, to facilitate the opening of future NNC's with Mr. Chukly. He is already planning the next Grand opening of a NNC in Sierra Vista. A partnership in Sierra Vista with a local college is already in development and the manager is being introduced to the START Program. Emery Chukly and Anna Sethman have been recognized as leaders who have taken a concept and made it their own.

New TRACS Reports on Secure Systems

In the near future, new TRACS Web reports will be added to HUD's Secure Systems website. These reports are:

- Assistance Payment Report will display certifications with a difference between the submitted assistance payment and the TRACS-calculated assistance payment.
- Certifications with Discrepancies will display all certifications that have discrepancies and displays a description of the actual discrepancy and Contains the correction submission procedure code for resolving the discrepancy.
- Late Recertification Query presents all certifications which are late in recertifying based on the input contract or project number, and the number of days late for each. All certifications which are late in recertifying will be presented except those that are older than three years (current date - next recertification date).
- Contract/Project Based Voucher Summary will show at a glance the Voucher Unit Summary (subsidized, vacant, market, total units) and the Voucher Payment Summary (voucher date, regular tenant assistance, adjustments, special claims, total subsidy).

HUD staff and contract administrators will also use these reports in preparing for management reviews.

HUD Occupancy Handbook Frequently Asked Questions

HUD's Rental Housing Integrity Improvement Project (RHIP) Initiative's website has two documents relating to the new Occupancy Handbook which may benefit tenants and owners. There is a Handbook Summary for Owners as well as a Handbook Summary for Tenants. These documents can be obtained at www.hud.gov/offices/hsg/mfh/rhiip/mfhrhiip.cfm. This site also includes Frequently Asked Questions, a list of Help Desk Representatives for your questions concerning the Occupancy Handbook, RHIP Newsletters, etc. In support of this initiative, each issue of Pacific Currents will contain frequently asked questions relating to occupancy issues. If you have an occupancy question you would like addressed, please send it to Christine Day at Christine_J._Day@hud.gov or Diana Mann at Diana_C._Mann@hud.gov.

- Q. The new model lease in the 4350.3 for PRACS is silent on the issue of late charges. We would like to use a standard late charge like we do in the Section 8 model lease. Can we do that? Should we amend the lease?
- A. No, neither the Section 202 regulations nor the HUD model lease provide the authority to charge for late rent.
- Q. Paragraph 5-6 J of the new Handbook states that "The full amount of periodic payments from annuities, insurance policies, retirement funds, pensions, and disability or death benefits is included in annual income." If the resident doesn't actually receive the full amount of these payments (i.e., annuity split due to community property settlement), are they still counted as income?
- A. If the payment in question has been split pursuant to a court decree, the resident would have no legal claim to the portion of the payment not received. It is, in fact, not the resident's income. However, it is important to distinguish between a community property settlement, and situations involving the payment of alimony. In the latter case, if a resident received an annuity but is required to pay an ex-spouse a portion of it, the full amount of the annuity would be counted in determining the resident's annual income. The amount owed as alimony should be treated like any other debt or garnishment and not be excluded.
- Q. Please clarify when Nutritional Supplements may be deducted as a medical expense. Paragraph 5-8, page 5-44, states that nutritional supplements may be deducted if prescribed by a doctor. However, Exhibit 5-3 states that nutritional supplements may not be included as a medical expense unless they can be obtained legally only with a physician's prescription. Which is it?
- A. There is no contradiction in the guidance or the Exhibit. Nutritional supplements may only be included as a medical expense if they are prescribed or recommended by a physician, as stated in Paragraph 5-8. The word legal in Exhibit 5-3 is there to be sure it is understood that nutritional supplements, over-the-counter medicines, must be legally obtained, and not, as some would suggest, from foreign countries. There are cases where people go to other countries seeking treatment of a medical condition. Nutritional supplements and other over-the-counter medicines obtained from these sources would not be "legal" and, therefore, not eligible as a medical expense.
- Q. Since passbook savings rates are so low, is HQ considering lowering the rate used in calculating imputed income?
- A. HQ is considering lowering the rate and Field Offices and owners/agents will be notified. There is no projected date for this change.
- Q. An owner has an occupancy standard of 1 person in a studio apartment and 1-2 people in a 1 bedroom unit. They now have several 1 bedroom units occupied by one person. However, they also have several residents in the studio apartments who require a 1 bedroom unit due to the need for a live-in aide. Can the owner require that the 1 person household occupying a 1 bedroom unit move to a studio in order to accommodate the 1 person in a studio unit who requires a live-in aide? If the person in a studio unit wants/needs a live-in aide, does the property have to allow them to have a live-in aide in their studio apartment in violation of their occupancy standards?

HUD Occupancy Handbook
Frequently Asked Questions (Continued)

- A. Paragraph 3-22, C.1 states that an owner must apply their occupancy standards before moving an individual into the unit. Therefore, they may not ask the existing 1-person household to move to a studio unit simply to meet someone else's needs. The owner may wish to modify their occupancy standards and apply them to all future applicants. Since the owner has established occupancy standards and that policy is 1 person per studio, the owner does not have to make an exception to allow for the live-in aide.
- Q. What's the difference between a pet, a companion animal, and a service animal?
- A. A pet can be either a companion animal or a service animal. In general, a companion animal simply provides companionship, and a service animal performs a service for a disabled person. There are extensive definitions of "Assistance" or service animals and Common Household Pets in the Glossary contained in 4350.3. An owner must not apply house pet rules or require a pet deposit for assistance/service animals.
- Q. Who is responsible for cleaning up after a guide dog for the blind?
- A. Neither the Occupancy Handbook (4350.3) nor the Project Servicing Handbook (4350.1) address this issue. Even if the tenant cannot see to clean up after the animal himself/herself, it doesn't necessarily rule out the tenant making other provisions for the animal relieving itself in public areas. Perhaps an attendant, another member of the household, or neighbor can help. The housing provider may wish to contact an organization like Guide Dogs for the Blind and ask how they suggest their clients deal with this issue.
- Q. In a 202/811 property, are children ages 18 and under allowed to live in the unit if the head of household has legal custody of that child?
- A. Yes. Owners may not exclude otherwise eligible elderly families with children from elderly properties or elderly/disabled properties covered by Handbook 4350.3. See Paragraph 3-22.D.
- Q. Is it permissible to allow an elderly person already in the unit to admit an adult child to move into the unit?
- A. In all Section 202 projects, adult children are not eligible to move into a unit after initial occupancy, unless they are performing the functions of a live-in aide and are classified as a live-in aide for eligibility purposes. Paragraph 7-10.A.2. will be updated to include all Section 202 properties.
- Q. If an owner does not submit the required recertification date within 15 months of the previous year's recertification anniversary date, will HUD terminate the owner's HAP payment forever?
- A. If a new recertification is not submitted within 15 months of the previous year's recertification date, the HAP payment will stop, but will be reinstated retroactively to the anniversary recertification date once the new recertification data is submitted. See Paragraphs 7-8 C.2. and 7-8 D.1.b.
- Q. If a tenant submitted the required information to the owner on time and the owner failed to complete the recertification process by the tenant's anniversary recertification date and later determined that the tenant's rent should have increased, can the owner retroactively collect from the tenant the amount of the new rent increase back to the date of the original recertification.
- A. No. If the owner failed to complete the verification and recertification process by the tenant's recertification date and, as a result, the tenant's rent increased, the owner is not entitled to collect the tenant's portion of the new rent increase amount retroactively to the anniversary date. The owner must provide the tenant a 30-day notice indicating the new rent increase amount. See page 7-13, Paragraph D.1.c.(2).

HUD Occupancy Handbook
Frequently Asked Questions (Continued)

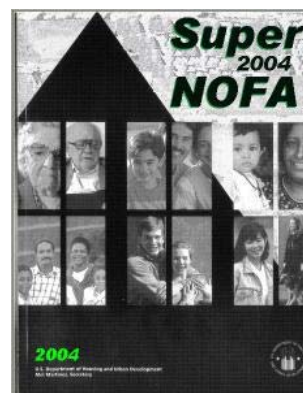
- Q. If a tenant submitted the required verification information to the owner on time and the owner failed to complete the recertification process by the tenant's anniversary recertification date and later determined that the tenant's rent should have decreased, is the tenant entitled to reimbursement retroactively for the difference that the tenant overpaid?
- A. Yes. If the owner did not complete the verification and recertification process by the tenant's recertification date and, as a result, the tenant's rent decreased, the owner must retroactively reimburse the tenant for the difference that the tenant overpaid. See page 7-13, Paragraph D.1.c.(1).
- Q. Tenants are given a 120-day notice to provide information for the recertification process. See Paragraph 7-7.B.2. Verification of the various materials received during the recertification process is valid for 90 days from receipt by the owner. See Paragraph 5-17B.1. For those materials that are received prior to the expiration of the 120-day period, but the materials are more than 90-days old, is the owner authorized to extend the validation period from 90 days to 120 days to coincide with the 120-day recertification period?
- A. The Handbook at Paragraph 5-17B.2. provides that after the 90 days, "...the owner may update the verifications orally with the verification source. As with any oral verification, the owner must include written documentation in the file." The regulations do not prescribe a specific time period for the age of materials received during the recertification process. Further, 9887 (Individual Consent Form) provides that the owner "...may use these individual consent forms during the 120 days preceding the certification period." Owners may now extend the validation period from 90 days to 120 days and are no longer required to complete the extra step of calling to confirm the validity of the information. For verifications that are more than 120 days old, the owner must obtain new verifications. See Paragraph 5-17B.3.
- Q. Chapter 3, Paragraph 3-12 K. 1. a. states, "If a unit is available, the family has come to the top of the waiting list, and at least one member of the family has submitted the required documentation in a timely manner, the owner must offer the family a unit and provide prorated assistance to those family members whose documents were received on time." However, Appendix 7, page 21, Household Assistance Codes, state that "F = Verification of eligibility is pending. A family in this status is awaiting verification of eligibility and receives full assistance." Since these two statements conflict, does the family receive prorated or full assistance when at least one family member has submitted the required documentation in a timely manner?
- A. The information in HUD Handbook 4350.3 REV-1, at Paragraph 3-12 K.1.a. is correct. The family would receive prorated assistance. The information in Appendix 7 on page 21 will need to be corrected to reflect that the family should receive prorated assistance.

ATTENTION! ATTENTION! ATTENTION! ATTENTION!

SuperNOFA!

HUD's SuperNOFA may be published in the near future. Although it has not been finalized, we anticipate that the SuperNOFA will contain the Section 202 Supportive Housing for the Elderly, Section 811 Supportive Housing for Persons with Disabilities, Assisted Living Conversion Program for Eligible Multifamily Projects, and the Service Coordinators in Multifamily Housing programs.

Be sure to check our website
<http://www.hudclips.org> frequently for publication.



Development Corner

Section 202/811 Initial Closings

New Dimensions Apartments, Woodland, California, 15 units, Section 811
Eastmont Court, Oakland, California, 19 units, Section 811
5199 Mission Street Senior Housing, San Francisco, California, 37 units, Section 202
Richard S. Lieb Senior Apartments, Petaluma, California, 23 units, Section 202
Skyline Apartments, Napa, California, 19 units, Section 811

Section 202/811 Final Closings

John King Senior Community, San Francisco, California, 91 units, Section 202
Chestnut Creek Senior Housing, South San Francisco, California, 40 units, Section 202
Oak Meadow, Visalia, California, 60 units, Section 202
President Abraham Lincoln Manor II, Placerville, California, 45 units, Section 202
Avondale Senior Village, Avondale, Arizona, 41 units, Section 202

Initial/Final Endorsements

Elmwood Village Apartments, Las Vegas, Nevada, 128 units, Section 223(a)(7)
Baltimore Gardens, Las Vegas, Nevada, 166 units, Section 223(a)(7)
Granada Apartments, Las Vegas, Nevada, 16 units, Section 223(a)(7)
The Met Apartments, Phoenix, Arizona, 140 units, Section 223(a)(7)
103 Avenue and McDowell Apartments, Avondale, Arizona, 240 units, Section 221(d)(4)
Villa Pallavicini, Chandler, Arizona, 290 units, Section 221(d)(4)
Myrtle Manor, Phoenix, Arizona, 44 units, Section 223(a)(7)
Starview at Starr Pass Apartments, Tucson, Arizona, 176 units, Section 223(a)(7)
Kachina Springs Apartments, Tucson, Arizona, 129 units, Section 223(a)(7)
Punch Ridge Apartments, Oro Valley, Arizona, 144 units, Section 223(a)(7)
Casa Ducinda Apartments, Tucson, Arizona, 138 units, Section 223(a)(7)
Glassford Hill Apartments, Prescott Valley, Arizona, 150 units, Section 221(d)(4)
Parkview Apartments, Gilroy, California, 54 units, Section 223(a)(7)
Pacific Hills Manor, Morgan Hill, California, 100 beds, Section 223(a)(7)
Pacific Coast Manor, Capitola, California, 99 beds, Section 223(a)(7)
Seabreeze Apartments, Vallejo, California, 184 units, Section 223(a)(7)
Wesley Manor Apartments, Campbell, California, 156 units, Section 223(a)(7)
Jeanne d'Arc Manor, San Jose, California, 87 units, Section 223(a)(7)
7th Avenue Center, Santa Cruz, California, 99 beds, Section 232
La Posada Apartments, Santa Cruz, California, 150 units, Section 223(a)(7)



The Brookings Institute has published a number of community profiles from the 2000 Census. Communities included are Oakland and Phoenix. The reports are available at

<http://www.brookings.edu/es/urban/publications.htm>.

There are a number of other articles you may also find of interest.

Issuances

Notice 04-01 - Professional Liability Insurance for Section 232 Programs

Notice 04-02 - Revised Prepayment of Direct Loans on Section 202 and Section 202/8 Projects with Inclusion of FHA Mortgage Insurance Guidelines

Notice PDR 04-02 – Transmittal of Fiscal Year 2004 Income Limits for the Public Housing and Section 8 Programs

Notice PDR-04-03 – Transmittal of the Fiscal Year 2004 Income Limits for the Section 221(d)(3) BMIR, Section 235, and Section 236 programs

Federal Register October 7, 2003 – Changes in Certain Multifamily Mortgage Insurance Premiums

Federal Register October 7, 2003 – Up-Front Mortgage Insurance Premiums for Loans Insured Under Sections 203(k) and 234(c) of the National Housing Act; Proposed Rule

Federal Register November 21, 2003 – Annual Indexing of Basic Statutory Mortgage Limits for Multifamily Housing Programs

Federal Register December 1, 2003 – Mixed-Finance Development for Supportive Housing for the Elderly or Persons with Disabilities and Other Changes to 24 CFR Part 89; Interim Rule

Federal Register December 19, 2003 – Notice of Guidance of Federal Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons; Notice

COMINGS AND GOINGS San Francisco Hub

Welcome To:

Leonora Royster, Administrative Staff Specialist, Operations Division, San Francisco
Tracey Ayze, Program Assistant, Phoenix
Brenda Payette-Zeh, Project Manager, Las Vegas

Congratulations to the following individuals on their recent retirements:

Eileen D'Alfonsi, Administrative Staff Specialist, Operations Division, San Francisco
Diane Brambila, Supervisory Project Manager, Sacramento
Dave Neet, Project Manager, Las Vegas

Congratulations as well to:

Unetha Gage-Norman on her recent selection as Supervisory Project Manager in Sacramento
John M. (Matt) Naish on his recent appointment as the Contract Administration Oversight Monitor (CAOM) in San Francisco
Bonita Hovey, Project Manager in Sacramento, on her transfer to our Los Angeles Office.

**U.S. Department of Housing and Urban Development
Office of Multifamily Housing, 9AHM
450 Golden Gate Avenue, 9th Floor
San Francisco, CA 94102-3448**

**Pacific Currents
ON THE WEB!**

<http://www.hud.gov/local/index.cfm?state=ca>
For any updates regarding the selection of the
PBCA visit the web site url address noted above!

CALENDAR

March, 2004

31 - April 2— Neighborhood Networks:
Maximizing HUD Resources to Accelerate the
Growth and Number of NN Centers, Phoenix,
888-312-2743

April, 2004

14 -16 - Certified Manager of Maintenance,
NCHM, San Francisco, www.nchm.org

15 - 10:00 a.m. Multifamily HUD Industry
Meeting, 450 Golden Gate Ave., 2nd Floor,
San Francisco

27 - 4350.3 Update, NCHM, Oakland, www.nchm.org

28 - 30 - Certified Occupancy Specialist,
NCHM, Oakland, www.nchm.org

May, 2004

4 - 5 - CAHSA's 2004 Annual Meeting & Exhibi-
tion, Pasadena, California (916) 392-5111

