Owner/Agent Meeting

Working Cooperatively with Our Industry Partners
## Agenda
Thursday, August 4, 2016
1:00pm - 4:00pm

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speaker(s)</th>
</tr>
</thead>
</table>
| 1:00 p.m. | Welcome  
Opening Remarks | Valerie Todaro  
Chief Executive Officer  
National Housing Compliance |
| 1:30 p.m. | NHC Updates | Jeff Wirrick  
Chief Asset Management Officer  
National Housing Compliance  
&  
Kim Lance  
Director, Asset Management  
National Housing Compliance |
| 2:00 p.m. | Break |  |
| 2:30 p.m. | Tenant Selection Plan  
Waiting List  
Management & Occupancy Review | John Nocheherly  
Senior Compliance Manager  
National Housing Compliance |
| 3:45 p.m. | Questions & Answers | Panel |
| 4:00 p.m. | Meeting Conclusion |  |
Tenant Selection Plan, Waiting List Management, & Management Occupancy Review

August 4, 2016
Tenant Selection Plan (TSP)

- What is required and recommended in a TSP?
- Are your policies and procedures reasonable?
- Does your TSP contain all of the required topics?
- Have you read your TSP?
- Have you reviewed the TSP in the past 12 months?
Review of the TSP

- HUD does not approve the TSP.  
  *(Except when local or residency preferences are adopted by the owner.)*

- Contract Administrators (CA) do not approve the TSP.

- HUD/CA review TSPs to ensure that the plan contains applicable requirements.

- HUD/CA will require modifications when applicable requirements are not included.
TSP Key Requirements

- TSP must include:
  - Project Eligibility Requirements
  - Citizenship Requirements
  - Social Security Requirements
  - HUD Income Limit Requirements
  - Procedures for Accepting Applications/Pre-Applications
  - Waiting List Selection
  - Income Targeting
  - Preferences and Application of Preferences
TSP Key Requirements (cont.)

- Screening for Drug Related/Criminal Activity and State Lifetime Sex Offender Registration
- Procedures for Rejecting Applicants
- Enterprise Income Verification (EIV) Existing Tenant Search
- Opening and Closing the Waiting List
- Violence Against Women Act (VAWA) Policies
- Occupancy Standards
- Unit Transfer Policies
- Eligibility of Students
- Civil Rights Requirement

*(See HUD Handbook 4350.3, Change-4, Figure 4-2)*
TSP Key Requirements

- Owners are required to develop a written Plan.

- The TSP must include:
  - Written policies and procedures;
  - Eligibility requirements;
  - HUD income limit requirements;
  - Preferences; and
  - Equal opportunity requirements.

- TSPs must be available upon request.
  - Including but not limited to applicants, tenants, Contact Administrators, HUD, etc...
Tenant Selection Plan Recommendations

- Recommended topics include:
  - Contacting Applicants
  - Determining need for accessible units or accommodations
  - Procedures for updating the Waiting List and receiving supplemental information
  - Procedures for assigning accessible units
  - Security Deposit Requirements
  - Annual and Interim requirements along with reporting procedures
  - Service fees and/or charges
  - Unit inspections
  - House rules changes
What does it all mean?

- **Project specific requirement**
  - The TSP must indicate the population served by the property (e.g., elderly/disabled).

- **Citizenship/immigration status requirements**
  - Include verification procedures;
  - Describe how citizenship/immigration requirements will be implemented.; and
  - Use of consent forms.

- **Income Limits**
  - Income Limits must be updated annually when released by HUD.
  - The income level(s) utilized must be indicated in the TSP (Note: The specific maximum income amounts do not have to be included in the plan).
  - If the specific income amounts are listed, the TSP must be updated whenever the limits are updated.
What does it all mean? (cont.)

- Does your property take pre-applications and applications?
  - The TSP must describe this process.
  - Is the time and date received entered on the application?

- Applicant screening is property specific.
  - The TSP must describe the standards specifically applied at the property and the standards must be applied to all applicants consistently.

- Occupancy Standards
  - Is bedroom size/square footage used to determine the number of occupants per unit?
  - Are anticipated children, temporarily absent HH members, and live-in aides taken into consideration?
  - Does your area have local/municipal requirements?
What does it all mean? (cont.)

• **Section 504**
  ◦ Prohibits discrimination on the basis of disability.

• **Social Security Number (SSN) requirement**
  ◦ All applicants and tenant household members must provide verification of SSN
    • Except those who do not contend eligible immigration status, or
    • Tenants who were age 62 or older as of January 31, 2010 and whose initial eligibility determination was begun before this date.

• **Enterprise Income Verification (EIV)**
  ◦ The Existing Tenant Search screening is mandatory.
    • This screening must be completed prior to move-in.
Social Security Requirement

- The new Final Rule, 24 CFR 5.216 permit owners to accept applicant households that add an “applicant” family member who is under the age of 6, and who cannot provide a Social Security Number (SSN), as long as the child was added to the household within six months from the date of admission.

- Households have 90 days, and an additional 90 day extension (at owner’s discretion) to provide the SSN. This is the same extension timeframe allotted to current households wishing to add a new member under the age of six to the unit.

- Social Security Number (SSN) requirement excludes individuals who do not contend eligible immigration status, and tenants who were age 62 or older as of January 31, 2010, and whose initial eligibility determination was begun before this date.
Unit Transfer

- The TSP must describe the procedure of selecting between applicants on the waiting list and current tenants requesting in-house transfers.

- Are current tenants given preference over applicants?

- Unit transfer policies must include allowable reasons for transfers, such as:
  - Transfers due to family size;
  - Transfers due to a change in family composition;
  - Transfers due to a need of deeper subsidy;
  - Transfers due to a medical condition; or
  - Transfers based on the need for an accessible unit.
Violence Against Women’s Act (VAWA)

- **VAWA protections**
  - The TSP and House Rules must include policies and procedures covering VAWA protections.
  - Procedures must assist victims of domestic violence, dating violence, stalking, or sexual assault.
  - Procedures must protect victims as well as their family from being denied housing or losing HUD assisted housing as a consequence of domestic violence, dating violence, stalking, or sexual assault.
VAWA (cont.)

- VAWA protections
  - The Certification of Domestic Violence, Dating Violence, or Stalking, form HUD 91066 must be provided in such cases.
  - In lieu of form HUD 91066, a police report or a statement from a professional with knowledge or a belief that the abuse occurred can be used along with a signed statement from the victim.
  - All information must be kept confidential.
  - Tenants must sign the VAWA lease addendum, form HUD-91067.
  - Current form HUD 91066 has an expiration date of 3-30-2014.
  - Documents must be retained in a separate file, in a secure location.
Student Eligibility

- The TSP must include the requirements for determining eligibility of students enrolled at an institution of higher education.

- Student eligibility must be established at the time of move-in, initial, annual, and interim certification.
  - Interim certification when a household member reports being enrolled as a student.
  - Other required fees must be included in the definition of tuition.
Income-Targeting

Applies only to Section 8 Properties

- What was the number of turnovers for the previous year?

- How will your goals of leasing to at least 40% of units to Extremely Low-Income applicants be achieved? What is your method?

- Will applicants be skipped on the waiting list in order to achieve income targeting goals?

- Are you meeting your Income Targeting goals? If not, why?

- What can you do to meet your 40% goal?
If the Income-Targeting goal cannot be reached by following the waiting list in chronological order, HUD suggests one of the following methods:

- Method 1 – Admit only extremely low-income families until the 40% target is met.
- Method 2 – Alternate between the first ELI applicant on the waiting list and the applicant at the top of the waiting list.
- Method 3 – Alternate between the first ELI applicant on the waiting list and the applicant at the top of the waiting list in groups of 10.

Regardless of the method implemented by the owner, that method must be described in the Tenant Selection Plan.
Income-Targeting Log

- Indicate method of admission;
- Name of head of household;
- Level of income;
- Percentage* of admissions that are ELI.
- Many computer software companies have built in reports available.

*Dividing the number of ELI household admitted by the total number of households admitted.
Marketing

• If you are not successful in attracting ELI applicants, outreach and advertisement efforts must be conducted for at least 30 days before other income eligible families can be admitted.

• However, you must continue to advertise to extremely low-income applicants.
Preferences

• Preferences affect the order of applicants on the waiting list.

• Preferences must be ranked and verified.

• Applicants must be informed of all available preferences.
  ◦ Statutory, HUD Regulatory, State/Local Preferences (Sec. 221d3/BMIR, 221d4, and 236)
  ◦ Owner-Adopted Preferences
    • Residency (requires HUD approval), Working Families, Disability, Victims of Domestic/Dating Violence or Stalking, and/or Single person

(Single person preference applicable to Elderly/Displaced/Homeless/Disabled)
Screening

- Criteria used to determine whether the applicant is suitable for the property.

- Screening criteria must be written in the Tenant Selection Plan.

- Screening criteria must be applied uniformly to all applicants to prevent discrimination/fair housing violations.

- Live-in Aides must comply with drug abuse and criminal screening (including sex offender) as well as other established screening except the ability to pay rent.
Screening (cont.)

• Applicants cannot be charged the cost of screening.

• Required Screening includes:
  ◦ Drug-related criminal behavior;
  ◦ Eviction from federally assisted housing in the past three years for drug-related criminal activity;
  ◦ Household members subject to a State Lifetime Sex Offender registration program; and
  ◦ Individuals whose abuse or pattern of abuse interferes with the health, safety, or right to peaceful enjoyment of other residents.
Disparate Impact
HUD Memo 4-4-2016

- Owner/agents should complete a three-step analysis to determine if current criminal screening has a discriminatory effect on any protected group:

  1. Evaluate whether the Criminal History Policy or practice has a discriminatory effect;
  2. Evaluate whether the policy or practice is necessary (for what you are trying to achieve); and
  3. Evaluate whether there is a less discriminatory alternative.
Prohibited Screening

• Criteria that:
  ◦ Could be discriminatory;
  ◦ Requires medical evaluation or treatment;
  ◦ Requires meals or other services;
  ◦ Requires donations or contributions;
  ◦ Inquires about disabled status; and
  ◦ Is prohibited by State/Local laws.
Rejecting Applicants

- The TSP must describe the circumstances under which an applicant’s application may be rejected.
- When extenuating circumstances will be considered, a policy must be established and included in the TSP.
- Notification of rejection must be in writing.
Rejecting Applicants (cont.)

• The rejection notice must include:
  • The specific reason for rejection;
  • The applicant’s right to appeal within 14 days of receipt of the notice; and
  • That persons with disabilities have the right to request reasonable accommodations to participate in the hearing.

• The rejection Policy must state that:
  • The hearing will be conducted by an individual who was not involved in the initial decision regarding admission.
  • The applicant will be advised in writing of the decision within 5 business days of the meeting.
Waiting List Management

- Don’t discriminate!
  - Follow Civil Rights, and equal opportunity requirements.
    - Race
    - Color
    - Religion
    - Sex
    - National Origin
    - Familial Status
    - Disability
  - HUD Notice
    - Sexual Orientation
    - Gender Identity
    - Marital Status
Waiting List Management (cont.)

- Where do we start?
  - Taking Applications for Occupancy
  - Applications should be thoroughly filled out, as the required information is entered in the waiting list.
  - Form HUD-92006, Supplement to Application for Federally Assisted Housing is required.
    - Completion by the applicant is optional.
    - Applicant must check the box to indicate that he/she declines to provide the information.
    - Applicant must sign and date the form in all cases.
    - HUD form 92006 can be updated at move-in, at annual certification, and/or per request.
Creating Waiting List

- Were applicants processed fairly?
- Is the waiting list up-to date?
- When activity/actions occurs are they documented on the waiting list?
- When was the last time the waiting list was updated?
- Was the application reviewed prior to placing the applicant on the waiting list?
Key Requirements

- The waiting list must include:
  - The date & time the application was received;
  - The name of the head of household;
  - Level of annual income (e.g., ELI, VLI, or LI); and/or feature;
  - Need for an accessible unit/feature;
  - Applicable preferences; and
  - Unit size
Waiting List Exclusions

- HUD suggests that the following topics be excluded from the waiting list:
  - Race/Ethnicity
  - Gender
  - Family size
### Sample Waiting List

#### Figure 4-5: Sample Waiting List Format

<table>
<thead>
<tr>
<th>Date of Application</th>
<th>Time of Application</th>
<th>Head of Household</th>
<th>Unit Size</th>
<th>Income Level</th>
<th>Need for Accessible Unit</th>
<th>Comment/Contact</th>
<th>Removed/Rejected Date</th>
<th>Move-in Date</th>
<th>Preference Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/3/01</td>
<td>10:30 AM</td>
<td>Mary Tate</td>
<td>2</td>
<td>X</td>
<td>Y</td>
<td>X</td>
<td></td>
<td></td>
<td>Working family preference; Elderly preference</td>
</tr>
<tr>
<td>12/4/01</td>
<td>1:00 PM</td>
<td>Hiroshi Kihara</td>
<td>2</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Documenting Waiting List Changes

- The waiting list must provide an auditable record of applicant’s addition, selection, withdrawal, and/or rejection from the list.

- An auditor should be able to:
  - Find an applicant on the waiting list;
  - Confirm whether an applicant was housed;
  - Determine if the applicant was properly selected;
  - Determine if preferences were applied properly; and
  - Trace actions taken to process the household.
Documenting Waiting List Changes (cont.)

- Manually maintained waiting list:
  - Can not be rewritten;
  - Is a permanent record; and
  - Must be auditable.

- Electronic Waiting List
  - Must use a backup function;
  - Must be printed at least monthly (with the time & date the report was printed); and
  - Electronic safeguards should be used.
Updating the Waiting List

- Waiting list should be updated annually or semi-annually.
- If household composition changes, the owner must update the waiting list and determine whether a new unit size is required.
- If the applicant’s contact information changes, the change(s) must be updated along with the date the information was received.
Removing Names from the Waiting List

- Removal from the waiting list must be aligned with the removal policies as stated in the TSP.

- The applicant:
  - No longer meets eligibility requirements;
  - Fails to respond to written interview;
  - Rejects two or more occupancy offers;
  - Fails to provide Social Security Numbers for all household members;
  - Undeliverable mail is returned to the property; or
  - Requests a unit size not provided by the property or the household size does not meet the property’s occupancy standard.
Reinstating Applicants

- An applicant must be re-instated at the original place on the waiting list if the applicant was removed from the waiting list in error, or due to:
  - A notice being sent to an incorrect mailing address;
  - An applicant not responding to notices or update letters as a result of a disability;
Marketing

- The owner must provide notice of the waiting list opening and closing.
  - Notice of waiting list opening, must be placed in a publication most likely to be read by potential applicants.

- Outreach and advertising must be described in the Affirmative Fair Housing Market Plan (AFHMP).
  - The current AFHMP form HUD 935-2A is dated (12/2011).
File Retention

- Tenant files and supporting documents must be retained for the term of tenancy plus three years.
- Application, attachments, and processing documents must be retained for three years.
- Documents submitted to the owner as part of the DHS appeal or informal hearing process, must be retained for 5 years.
- All files must be kept secure and confidential.
File Retention (cont.)

- Move-in documentation, the current certification, and prior two years of certification should be kept in the tenant file.

- The additional years of documentation should be kept in separate purge file.

- Applicant and tenant files must be disposed of by means of burning, pulverizing, or shredding, etc.

- EIV documents must only be viewed by authorized staff and those with an official purposes.
Management & Occupancy Review (MOR)

- Form HUD-9834; Exp. date (4/30/18) & bottom date (06/2016)
  - General Appearance & Security
  - REAC/EHS Inspection Follow-up
  - Maintenance & Operating Procedures
  - Financial Management (HUD)
  - Leasing & Occupancy
  - Tenant/Management Relations
  - General Management Practices
MOR (cont.)

- Added topics include:
  - EIV Reports, File Maintenance (i.e., master binder and tenant file)
  - EIV Policy & Procedures (including EIV Security procedures)
  - VAWA
  - HUD Fact Sheet Forms
  - EIV & You, How Your Rent is Determined, HUD 92006, etc…
  - Sex Offender
    (Addendum D – State Lifetime Sex Offender Statistics)
MOR (cont.)

- NHC will contact the O/A to schedule the review.
- All email correspondence (i.e., Scheduling letter, Additional Action letter, Closeout letter).
- O/A submits an electronic copy of the Tenant Selection Plan, House Rules, and Application.
- On-site Review
  - Tenant File Review
  - Physical Inspection, if applicable
  - Form HUD-9834
  - Exit Interview
- Additional Action Letter
- Closeout Letter

(The entire process from beginning to end takes about 90 days.)
MOR Rating

- Superior (90 – 100)
- Above Average (80 – 89)
- Satisfactory (70 – 79)
- Below Average (60 – 69)
- Unsatisfactory (Below 60)

- Form HUD-9834 General Appearance & Security (10%)
- REAC/EHS Inspection Follow-up (10%)
- Maintenance & Operating Procedures (10%)
- Financial Management /Procurement HUD reviews (25%)
- Leasing & Occupancy(25%)
- Tenant/Management Relations (10%)
- General Management Practices (10%)
EIV Reports
See Exhibit 9-5; USE OF EIV REPORTS

- The tenant’s EIV folder contains:
  - Summary Report
  - Income Report
  - Income Discrepancy Report;
  - No Income Reported on 50059-Documentation
  - No Income Reported by HHS or SSA-Documentation
  - New Hire Detail Report
  - Existing Tenant Search-Documentation
  - Multiple Subsidy Detail Report
  - Failed EIV Pre-screening Report-Documentation
  - Failed Verification report(Failed EIV SSA Identity Test)-Documentation
  - Deceased Tenants Report-Documentation
EIV Reports (cont.)

See Exhibit 9-5; USE OF EIV REPORTS

- Master Files contain:
  - New Hire Summary Report
  - Multiple Subsidy Summary Report
  - Failed EIV Pre-screening Report
  - Failed Verification Report (Failed EIV SSA Identity Test)
  - Deceased Tenants Report

- Supporting documentation must be included with the applicable reports for the EIV folder and master files.
EIV Reports (cont.)

- Retention:
  - Master binder reports
    - 3 years
  - Tenant EIV folder
    - The term of tenancy plus 3 years
  - Application file
    - 3 years
EIV Reports (cont.)

- Additional documents that must be available:
  - Owner’s Letter
  - Coordinator Authorization Access Form
  - User Authorization Access Form
  - Access Renewal forms
  - Security Awareness Training (Certificates)
  - Rules of Behavior
  - Property’s EIV policies & Procedures including Administrative Security
  - Safeguards
  - EIV Disposal Log
Best Practices

- Ensure that you are using the correct version of forms;
- Review calculations;
- Use a calculation worksheet;
- Clarify discrepant information;
- Read and follow the property’s policies and procedures;
- Sign-up for RHIIP ListServ Updates;
- Attend HUD and Industry Training Events;
- Review the Frequency Asked Questions (FAQs);
- Establish preventative maintenance plans; and
- Track vacancies and work orders.
Questions?

John Nocheherly
Senior Compliance Manager
(770) 939-3939 Ext.2019
John.nocheherly@nhcinc.org
&
Please visit our website @ nhcinc.org