Owner/Agent Meeting

National Housing Compliance

Working Cooperatively with Our Industry Partners
<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Presenter</th>
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</thead>
<tbody>
<tr>
<td>9:00 a.m.</td>
<td>Welcome &amp; Introductions</td>
<td>Valerie Todaro</td>
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<td>Chief Executive Officer</td>
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<td>National Housing Compliance</td>
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<tr>
<td>9:20 a.m.</td>
<td>HUD Notice Update</td>
<td>Dan Burke</td>
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<td>Mid-West Multifamily Hub Director</td>
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<td>U.S. Department of HUD</td>
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<td>9:45 a.m.</td>
<td>General NHC Updates</td>
<td>Jeff Wirrick</td>
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<td>Chief Asset Management Officer</td>
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<td>National Housing Compliance</td>
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<td>10:15 a.m.</td>
<td>Break</td>
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<td>10:30 a.m.</td>
<td>Tenant Selection Plan, Waiting List, Management &amp; Occupancy Review</td>
<td>Umeka Taylor</td>
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<td>Compliance Manager</td>
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<td>National Housing Compliance</td>
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<td>11:45 p.m.</td>
<td>Questions &amp; Answers</td>
<td>Panel</td>
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<td>12:00 p.m.</td>
<td>Meeting Conclusion</td>
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Tenant Selection Plan, Waiting List Management, & Management Occupancy Review

July 14, 2016
Tenant Selection Plan

- What is required and recommended in a Tenant Selection Plan (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 Tenant Selection Plan

- HUD does not approve Tenant Selection Plans (TSP).
  - *Except when local or residency preferences are adopted by the owner.*
- Contract Administrators (CA) do not approve TSPs.
- HUD/CA review TSPs to ensure that the plan contains applicable requirements.
- HUD/CA will require modifications when applicable requirements are not included.
Key Requirements

- Content 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
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
- Violence Against Women Act (VAWA) Policies
- Occupancy Standards
- Unit Transfer Policies
- Opening and Closing the Waiting List
- Eligibility of Students
- Civil Rights Requirement

(See HUD Handbook 4350.3, Change-4, Figure 4-2)
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 as requested.
  - 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
  - Service fees and/or charges
  - Security Deposit Requirements
  - Unit inspections
  - Annual and Interim requirements along with reporting procedures
  - House rules changes
What does this 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 this 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?
  - Does your area have local/municipal requirements?
  - Is an occupancy certification issued?
    - If so, these steps should be included in the TSP.
What does this 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 for 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 determined 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 which include an applicant family member who is under the age of 6 and who cannot provide a Social Security Number (SSN), provided the child was added to the household within the last six months. The households will have 90 days and an additional 90 day extension to provide the SSN. This is the same extension timeframe allotted to current households wishing to add a new member, under the age of 6, to the unit.

- Social Security Number (SSN) requirement excludes:
  - 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 determined before this date.
Unit Transfer

- The TSP must describe the procedure of selecting between applicants on the waiting list and current tenants requesting unit transfers.
- Are current tenants given preference over applicants?
- Unit transfer policies must include allowable reasons for transfers, such as:
  - A transfer due to family size;
  - A transfer due to change in family composition;
  - A transfer due to a need of deeper subsidy (applicable to Rent Supplement, RAP, or Section 8);
  - A transfer due to a medical condition; or
  - A transfer 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.
  - 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.
  - Documentation must be retained in a separate file in a secure location.
  - Tenants must sign the VAWA lease addendum, form HUD-91067.
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.
  - Fees should be included in the definition of tuition.
Income Target

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 goal?
Income Targeting Methods

Select one of the methods below when following the waiting list in chronological order will not achieve Income Target efforts.

- **Method 1** – Admit Extremely Low-Income (ELI) applicants to every other vacant unit.
- **Method 2** – Admit ELI applicants first, before admitting other applicants regardless of income.
- **Method 3** – Alternate between the first extremely low-income applicant and the applicants at the top of the list in groups of 10.
  - Example: Admit the first 4 ELI applicants followed by the next 6 applicants at the top of the list regardless of income (repeat the process as necessary).
Income – Targeting Log

- Indicate method of admission;
- Name of head of household;
- Level of income;
- Percentage* of total admissions that have 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.
Preferences

- Preferences must be verified.
- Preferences must be ranked.
- Preferences affect the order of applicants on the waiting list.
- Applicants must be informed of all available preferences.
  - Statutory, HUD Regulatory, State/Local Preferences
  - Owner-Adopted Preferences
    - Residency (requires HUD approval), Working Families, Disability, Victims of Domestic/Dating Violence or Stalking, and/or Single person

(Single person preference applies 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.
- Applicants can not 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 sex offenders lifetime registration; 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

• Owner/agents should complete a three-step analysis to determine if current criminal screening has a discriminatory effect on any protected group.
  ◦ Evaluate whether the Criminal History Policy or practice has a discriminatory effect;
  ◦ Evaluate whether the policy or practice is necessary – what are you trying to achieve; and
  ◦ 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 written in the TSP.
- Notification of rejection must be in writing.
  - The 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 hearing must be with a party that was not with the initial decision regarding admission. The applicant must be advised in writing of the decision within 5 business days of the meeting.
Waiting List Management

• Don’t discriminate!
  ◦ Follow Civil Rights, Illinois Human Rights, and equal opportunity requirements.
    • Race
    • Color
    • National Origin
    • Sex
    • Religion
    • Disability
    • Familial Status
    • Age
    • Sexual Orientation
    • Military Status
Waiting List Management

- Where do we start?
  - Taking Applications for Occupancy
    - The application attachment, form HUD-92006, Supplement to Application for Federally Assisted Housing is required.
      - Completion of this form by the applicant is optional. The applicant must check the box to indicate that he/she declines to provide the information.
      - The applicant is required to sign and date the form in all cases.
      - The HUD form 92006 can be updated at the time of move-in and at the time of annual certification.
    - Applications should be thoroughly prepared with all required as this information will be utilized when entering data for the waiting list. ???????????I don’t understand.
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 items be excluded from the waiting list:
  - Race/Ethnicity
  - Gender
  - Family size
## Sample Waiting List

<table>
<thead>
<tr>
<th>Date of Application</th>
<th>Time of Application</th>
<th>Head of Household</th>
<th>Income Level</th>
<th>Need for</th>
<th>Comment/ Removed/Rejected</th>
<th>Move-in Date</th>
<th>Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/4/2001</td>
<td>1:00 PM</td>
<td>Hiroshi Kihara</td>
<td>2 X</td>
<td>X</td>
<td></td>
<td></td>
<td>Elderly Preference</td>
</tr>
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</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 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 meets the property’s occupancy standard.
Reinstating Applicants

- If an applicant is removed from the waiting list in error, 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;

- Then, the applicant must be re-instated at the original place on the waiting list.
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).
  - A new AFHMP was issued in 2011.
- To achieve income targeting, outreach and advertisement attracting extremely low-income applicants must be conducted for at least 30 days
File Retention

• If the applicant becomes a tenant, keep the tenant data for the term of tenancy plus three years.
• If the applicant does not become a tenant, keep the application, attachments, and processing paperwork for three years.
• Files must be kept secure and confidential.
File Retention (cont.)

- Move-in documentation, the current certification, and prior two years of certification must 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 can only be viewed by authorized staff and for those with an official purposes.
Management & Occupancy Review

- **Form HUD-9834** (expiration date 4/30/18)
  - General Appearance & Security
  - REAC/EHS Inspection Follow-up
  - Maintenance & Operating Procedures
  - Leasing & Occupancy
  - Tenant/Management Relations
  - General Management Practices

- Reviews conducted by HUD includes Financial Management and Procurement.
Management & Occupancy Review (cont.)

- Added topics include:
  - EIV
    - Reports, File Maintenance (i.e., master binder and tenant file)
    - 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
Management & Occupancy Review (cont.)

- NHC will contact the O/A to schedule the review.
- All correspondence (i.e., Scheduling letter, Additional Action letter, Closeout letter) is sent via e-mail.
- 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 should take about 90 days.*
MOR Rating

- Superior
- Above Average
- Satisfactory
- Below Average
- Unsatisfactory

- Form HUD-9834 General Appearance & Security
  - 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

- 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

- The master file contains:
  - New Hire Summary Report
  - Multiple Subsidy Summary Report
  - Failed EIV Pre-screening Report
  - Failed Verification Report(Failed EIV SSA Identity Test)
  - Deceased Tenants Report
  - No income reports

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

- **Retention:**
  - Master binder reports
    - 3 years
  - Tenant EIV folder
    - The term of tenancy plus 3 years
  - Application file
    - 3 years

- **Additional Documentation that must be available:**
  - Owner Authorization
  - Coordination Authorization Access Form
  - User Authorization Access Form
  - Access Renewal forms
  - Security Awareness Training
  - Rules of Behavior
  - Property’s EIV policies & Procedures including Administrative Security Safeguards
  - EIV Disposal Log
Best Practice

- 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???????