



New Hampshire Housing

Bringing You Home

TO: Owners/Management Agents
FROM: Asset Management, Management & Development Division
SUBJECT: Streamlining Administrative Regulations for Multifamily Housing Programs and Implementing Family Income Reviews under the Fixing America's Surface Transportation (FAST) Act
DATE: April 23, 2018

On December 12, 2017 HUD published an Interim Final Rule (the reason it was an "Interim Final Rule" is that it allowed for comments through January 11, 2018 to allow HUD time to review any comments and make any changes prior to the effective date) which extends two of the Administrative Streamlining changes that were adopted in 2016 for the Housing Choice Voucher and Public Housing programs to Multifamily Housing programs and were effective March 12, 2018. The Interim Final Rule also aligns regulatory flexibilities with those provided in the FAST Act. We have been waiting for HUD to issue; if necessary, any changes to the Interim Final Rule and issue additional guidance with regard to the Rule but, didn't want to wait any longer to get the basics out to you about how the Interim Final Rule can be of benefit to you and your residents.

Incorporating Streamlining and FAST Act processes into your management practices is not mandatory but, allows you the flexibility to incorporate some or all of the processes at your discretion.

You have already incorporated practices to implement Streamlining Administrative Regulations for Multifamily Housing Programs that went into effect April 7, 2016 as follows:

- If an applicant family member who is under the age of 6 does not yet have a Social Security Number assigned to him/her, and was added to the household 6 months or less from the move in date, the owner does not deny the occupancy, the owner moves the household in and allows the household 90 days from the move in date to provide documentation of the Number for the child. An additional 90-day period must be granted if the failure to provide documentation is due to circumstances that are outside the control of the household.
- The new statutory definition of an extremely low-income family as a family whose income does not exceed the higher of 30% of the area median income or the federal poverty level.
- Exclusion of mandatory education fees from income so that any amount of financial assistance an individual receives for tuition and "other required fees" be considered income.

The Interim Final Rule does not provide for flexibilities with regard to the requirement to process Annual Certifications. All Multifamily households are required to complete the Annual Recertification process every year. O/As must provide the required Initial Notice, First Reminder 120 -day Notice, (60-day and 90-day Notices, as applicable) and all required Annual forms and documents (9887/9887A, 9887/9887A Fact Sheet, HUD Fact Sheet-How Your Rent is Determined, EIV & You Brochure, the current version of the Resident's Rights and Responsibilities Brochure).

The Interim Final Rules allows the following flexibilities to be incorporated into the Annual Certification process:

1. Allows for the O/A to accept a household's declaration/certification of assets for all households with net assets equal to or less than \$5,000 for the two annual certifications following an annual certification or move in certification in which all assets were verified through a third party source. You may accept a declaration/certification that the household has assets of \$5,000 or less without having to take additional steps to verify the accuracy of the declaration/certification. This applies to all households, those with fixed income, those with non-fixed income, elderly/disabled households, and households living at family properties.
2. Allows the option of making utility allowance reimbursement payments of \$45 or less per quarter (\$15 per month) on a quarterly basis. Please keep in mind, that if this poses a hardship on a resident, that they can request reimbursement on a monthly basis.
3. Streamlined Certification of Fixed Income which allows O/As to adjust fixed income by a COLA or interest rate (using a verification from a public source like the Social Security Administration or from resident provided third party generated document like a notice provided to the resident of the adjusted rate for a pension, etc.) on the two annual certifications following an annual certification or move in certification in which the income was verified through a third party source. This applies to:
 - A. Households where at least 90% of total household income is from a fixed source.
 - Fixed income sources are:
 - ✓ Social Security, Supplemental Security and Supplemental Disability;
 - ✓ Federal, state, local or private pensions;
 - ✓ Annuities or other retirement programs, insurance policies, disability or death benefits or other similar types of periodic earnings.
 - ✓ Any other source of income subject to adjustment by a verifiable COLA or current rate of interest.
 - B. Any households who have income from a fixed source (could be just one member of a multi-member household) but, the total household income doesn't meet the 90% fixed-income threshold.
- In years 2 and 3 there is no need to re-verify fixed income simply:
 - Have the household certify/verify the fixed income source **and** that their sources of fixed income have not changed from the previous year
 - Apply the verifiable COLA or current rate of interest to the previously verified fixed income.

- Although New Hampshire Housing recommends that EIV be run for all Annual Certifications in order to investigate any potential discrepancies/misreporting; HUD does not require it as outlined in H-2016-09: “In the years when an O/A elects to utilize streamlined income determination, the fixed source of income does not have to be verified using the EIV system. The O/A may, however, use the EIV system at his/her discretion and as indicated in the property’s policies and procedures (*New Hampshire Housing note: if you chose not to use EIV for years 2 and 3, please outline that change in your EIV policies and procedures*). All non-fixed income sources of income remain subject to full income-verification requirements (*meaning use of EIV*).” Please also remember that the EIV Income and Income Discrepancy Reports must be run for all Interim Certifications that are the result of a change in income or household composition.
4. Allows the O/A the flexibility of whether to verify and adjust non-fixed income sources for households where at least 90% of total household income is from a fixed source. You may accept a declaration/certification from the household of what sources of non-fixed income they have and what amount of gross (weekly, monthly, annually) income is expected to be earned in the next year from those non-fixed sources. For those households with a fixed income source but, the total household income doesn’t meet the 90% fixed-income threshold; you will have to verify and adjust the non-fixed income sources annually.
- Remember: If the tenant confirms that the employment and/or unemployment information in the EIV system is correct, you need only request that the resident provide you with 4 current consecutive pay stubs which will support current income being received. Annualize the resident’s current income projected forward for the next 12 months.

Utilizing the acceptable verification flexibilities that the 4350.3 Rev 1 Chg 4 allowed:

“An original or authentic document generated by a third party source that is dated within 120 days from the date of receipt by the owner. Such documentation may be in possession of the tenant (or applicant), and commonly referred to as tenant-provided documents. These documents are considered third-party verification because they originated from a third-party source. Examples of tenant-provided documentation that may be used includes, but is not limited to: pay stubs, payroll summary report, employer notice/letter of hire/termination, SSA benefit letter, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices. (*residents can also provide you with a printout of their out of pocket prescription costs*)”

And incorporating the flexibilities provided by Streamlining and the FAST Act lowers the burden of the verification process for both the owner/agent and the resident.