

## FREQUENTLY ASKED QUESTIONS ON NOTICE H-00-18

### Tenant Income Verification

How does Notice H-00-18 affect the 1998 Large Scale Income Verification Program?

The provisions of this Notice were effective April 28, 2000 and not retroactive in nature. Consequently, the Notice has no effect on the 1998 Computer Matching Income Verification program nor the upcoming 1999 match. However, owners/agents must continue to collect signed copies of H-9887, Notice and Consent for the Release of Information, and HUD-9887-A, Applicant's/Tenant's Consent to the Release of Information, at admission and annually at the household's annual recertification.

What documentation are tenants and applicants to complete which consents to their providing the owner/agent their family's income as derived from IRS and/or SSA and sent by HUD to the household members?

QHWRA and this Notice indicate applicant and tenant household members sign an agreement, either an amendment to the lease or a separate agreement. Until a rule is generated, with a lease amendment or model lease language, we recommend owners/agents use a consent agreement. The consent agreement is completed during the information intake for admission and completed annually at the annual recertification. This is in addition to the HUD-9887/A and other verification letters for income, child care, medical expenses, handicapped expenses, etc. and all of the other pieces of documentation required before completion of the HUD-50059.

Why did HUD have different guidance for the Calendar Year 1998 Computer Matching Income Verification Program than provided in other published HUD guidance, i.e., regulations, contracts, and Handbooks?

HUD, in working to improve Federal housing programs and increase the availability of affordable housing resources throughout America, has been strengthening

the integrity of it's rental assistance programs by ensuring the programs serve only eligible households with the correct amount of assistance. HUD undertook the Tenant Income Verification (TIV) program to assist owners/agents in determining the correct annual income and rent payment for their tenants.

HUD's first year priority was to identify where there are discrepancies between income and rental assistance levels. Working closely together, HUD's senior management and industry groups agreed to supersede current policy for the 1998 process.

How can we get additional copies of the 1998 Tenant Income Verification Guide?

While the guide will change for the 1999 match, you may obtain additional copies from three sources:

- each field office received a very limited number of copies;
- the guide is also available on the REAC web address which is [http://www.hud.gov/reac/products/tass/tass\\_doc.html](http://www.hud.gov/reac/products/tass/tass_doc.html);
- call one of the TAC offices at 1-888-708-8277, who also received a limited number of copies.

As part of the 1999 Computer Matching Income Verification program, the guide will be updated. Additional training may be authorized as well.

#### Minimum Rent

How are HUD and TRACS going to implement the minimum rent calculation for Section 8 units?

The calculation for minimum rent has not been changed from that implemented by the 1/26/96 Continuing Resolution and it's Notice H-96-7. That legislation set the TTP in the Section 8 program as the greatest of:

- 30% of the household's monthly adjusted income;
- 10% of the household's monthly income;

- that portion of welfare assistance adjusted in accordance with actual housing costs;
- or \$25.

As previously implemented, there are a set of exceptions to minimum rent. It is unclear in the rulemaking whether these exceptions are eliminated and replaced by the financial hardship exception, or if financial hardship is being added to the list.

**The financial hardship exception constitutes the only statutory exemption to minimum rent. The statute then establishes sub-categories of financial hardship exemptions.**

How will TRACS treat the 90 day suspension of the minimum rent?

**When the minimum rent's hardship exemption codes are implemented, an owner/agent will use code '5' to both allow the owner/agent to process a tenant's request for exemption and implement the 90 day suspension. As the owner/agent processes the request and determines a request is invalid, the owner/agent will process an interim recertification to change the code to the ineligible code of 'space'. If the request is valid, the interim recertification will change the code to '1-4' as indicated by the determination. Codes which remain '5' for longer than 30 days will be considered part of the 90 day suspension.**

**As field office staff will monitor minimum rent requests through routine management reviews, they will track the owners/agents processing of requests and determinations the hardships are temporary or long term.**

### Income Targeting

Does this mean that 40% of new admissions each fiscal year must meet the extremely low income requirements, or does it mean that 40% of all units must be occupied by residents who have incomes at or below the 30% area median income requirement?

The legislation and rule indicate that 40% of new admissions each year MUST meet the extremely low income requirements.

What affect does income targeting have, if any, on the pre- and post-81 contracts?

Income targeting has no affect on the number of income eligible households being admitted to pre- and post-81 contracts.

My waiting list is closed due to heavy demand. I cannot do any marketing for the new requirements.

In accord with the legislation, waiting lists are to be opened and reworked in line with the QHWRA legislation.

Doesn't income targeting mean we may have shortfalls?

Owners/agents will need to begin keeping an eye on their Section 8 'burn rate' for shortfalls caused by more needy households.

What if my contract is in an area where there is little or no market?

QHWRA provides the criteria for requesting exceptions to the limits. Handbook 4350.3, paragraph 2-17, addresses limits on admission of low income applicants in Section 8 projects, and Appendix 3, Sample Request for Exception to Limitations on Admission of Families with Incomes Above 5% of the Area Median Income. The Appendix can be revised to comply with the stricter QHWRA requirements and submitted to your local HUD office for their consideration.

If the local HUD office provides exceptions to the QHWRA requirements, how do they get tracked for my admissions?

Like exceptions provided for the post-81 contracts, owners/agents tract each exceptions at the resident level on their 50059 transmission to TRACS as well as monthly on their subsidy billing's transmission to

TRACS. For the 50059 requirement, see MAT 10, Section 2, fields 43-46. For the voucher requirements, see MAT 30, Section 2, fields 11-15.

I have 2 projects, one a PAC and the other a PRAC. Do QHWRA's income targeting rules apply?

No.

## Preferences

Does QHWRA's repeal of Federal preferences apply to Section 8 project-based properties, projects financed under Section 202 of the 1959 Housing Act, as well Rent Supplement and Rental Assistance Payments properties?

**Yes. These projects should revise their tenant selection plans to exclude the repealed preferences. Owners may use PHA established local preferences, worker preferences, residency preferences and/or other preferences such as persons with disabilities, singles 62 and older, or victims of domestic violence, etc. Not only should all changes meet fair housing and civil rights requirements; in the case of residency preferences, they must also be approved by the local Fair Housing and Equal Opportunity staff or local Housing staff (where there is no FHEO staff).**

**All tenant selection plans must be written, equitable and guard against discrimination. Applicants on the waiting lists should be notified of the changes as well as their position on the revised waiting list.**

## Leasing to Police Officers and Security Personnel

Why would an owner consider leasing one or more Section 8 units to a police officer or security personnel?

**Owners may consider leasing one or more Section 8 units to police officers or security personnel as a crime deterrent in and around the property.**

Are police officers or security personnel applicants required to go through regular screening processes even though income eligibility requirements are waived?

**Yes. While these households may be admitted to a project after approval of a written plan by either the local HUD office or Contract Administrator, the applicant household is still processed in much the same manner as are income eligible applicants.**

How much rent does this household pay?

The proposed plan for renting to a police officer needs to describe the proposed unit rent and any special conditions for occupancy. These conditions may include the rent that would ordinarily be charged for the unit and an owner's annual maintenance unit cost. Since the household income of these applicants are generally above the Section 8 income limits for the area, we would prefer the officer/security personnel household pay at least 50% of the contract rent.

How does that rent affect the unit's monthly housing assistance payment?

The unit's HAP payment shall be equal to the contract rent less the amount paid by the household. The HAP payment will not be increased if this household fails to pay their monthly rent.

May the owner receive vacancy payments after the police officer or security personnel moves?

No.

Do these households sign the same lease as regular Section 8 households?

While these households may sign a regular Section 8 lease, the lease must be revised to include a provision that indicates their right of occupancy depends on continuation of the employment that qualified the household for residency at the property under the plan.

How many units may be rented to police officers or security personnel?

A local HUD office may approve no more than one percent (or one unit in a less than 100 unit) of the property's assisted units to lease to police or security personnel.