



THE ADMINISTRATOR

TRACS 202C and iMAX

As you may know, two major TRACS changes are scheduled for the Fall of 2008.

- TRACSMail is being discontinued.
- A new TRACS version, TRACS 202C, is being implemented.

TRACSMail is being replaced by a web-based system called iMAX—short for Integrated Multi-family Access Exchange. For those properties with high-speed Internet access, your transmissions will be faster.

iMAX users need Internet access and a browser to transmit 50059s and Vouchers. Users will also need a HUD Secure System WASS ID (M-ID) and password to transmit files and receive error responses. Both your M-ID and password and your existing TRACSMail ID and password will be required.



TRACS 202C will bring some exciting changes to the 50059 and the monthly voucher (HUD Form 52670). Some of the major changes include:

- The addition of new fields and deletion of other fields from the 50059 to comply with 4350.3 REV-1, Change 2 Handbook.
- The addition of a HUD Form 50059-A for partial certification submissions (MO, UT, etc.).
- Consistent adjustment reporting/formatting on the paper voucher.
- Introduction of new mid-month interim certifications to eliminate the risk of dual subsidy for households that have members that leave mid-month to join another household or form their own.

HUD has released the following

information regarding the schedule for implementation.

- Site Software Vendors and In-house Software Developers will have from July 1, 2008 to October 10, 2008 to develop and test their software program in preparation for iMAX and TRACS 202C implementation.
- Beginning October 13, 2008, properties may transmit vouchers and tenant files to SHCC via iMAX in the new TRACS 202C version.
- SHCC will be able to accept both TRACS 202B and 202C Monthly Activity Transmissions (MAT) through TRACSMail and iMAX from October 13, 2008 through January 31, 2009.
- SHCC will discontinue accepting TRACS 202B and TRACSMail after January 31, 2009. ■

RHIIP and EIV

– What do they mean and what are they for ?



The Rental Housing Integrity Improvement Project (RHIIP) is an initiative HUD created to reduce errors in the administration of HUD’s rental assistance funds, by taking actions that better assure the “right benefits go to the right persons.” Why was this initiative necessary? A 2001 National Study found that **60%** of all rent/subsidy calculations contained some type of error. To illustrate the significance that RHIIP has made, in terms of dollar amounts, SHCC, between September 2004 and June 2008, identified over \$750,000 in subsidy overpayments/underpayments that required correction.

The EIV system. HUD has developed the EIV (**E**nterprise **I**ncome **V**erification) system as a tool to further RHIIP’s objective of ensuring that the “right benefits go to the right persons.” (See www.hud.gov/offices/hsg/mfh/rhiip/eiv/eivhome.cfm). EIV is a federal database that contains tenant benefit and wage-related data, to be used by owners and agents to assist them in verifying the employment and income of existing tenants at recertification. It is intended to streamline and simplify the income verification process at recertification, by providing an *independent* source that systematically and uniformly maintains income information.

Data contained in the EIV system. EIV contains information obtained from the Social Security Administration (Social Security benefits, Supplemental Security Income [SSI] benefits, Dual Entitlement benefits and Medicare Insurance Premiums); and the Health and Human

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RHIIP and EIV – What do they mean and what are they for?

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Services (HHS) National Directory of New Hires (NDNH) (information on new hires, employment wages per quarter, and unemployment compensation benefits). In addition, EIV contains information that can:

- Provide a method of checking whether an applicant is already receiving rental housing assistance from another subsidized source.
- Help in identifying cases of unreported or under-reported resident income.
- Assist in the identification of *current residents* who are receiving HUD subsidy under multiple rental housing assistance programs.

Accessing EIV. For instructions on obtaining access to EIV, visit the following website: www.hud.gov/offices/hsg/mfh/rhiip/eiv/applyforeivaccess.pdf. Questions regarding obtaining EIV access can be submitted to HUD's Multifamily Help Desk at 1-800-767-7588 or mf_eiv@hud.gov. We recommend you not delay in obtaining this valuable resource. While EIV is optional today, at a future date it will be *mandatory*.

EIV Authorization Documents. The following documents are part of what is required for EIV access. EIV Coordinators/Users must retain the documents and make them available to HUD/SHCC upon request.

- Written authorization from the owner to the EIV Coordinator to access EIV data for the property.
- HUD approved EIV Coordinator Access Authorization Form (CAAF).
- EIV Coordinator approved EIV User Access Authorization Form (UAAF) for each employee assigned EIV access for the property.

EIV Policies/Procedures. The Owner/Agent is required to develop policies and procedures regarding securing EIV data and EIV use. These policies, at a minimum, should address the following.

- EIV access may only be granted to individuals with a need to access the data.
- A current, signed and dated HUD-9887 (Tenant Consent form) must be on file before EIV data on that resident is accessed.

- EIV data is protected by The Privacy Act. Measures must be in place to safeguard EIV data.
- EIV must be used in uniform manner and cannot be used selectively to target certain individuals.
- EIV use must be restricted to official business purposes only.

Staff with access to EIV must be trained on these policies. EIV policies and procedures must be made available to HUD/SHCC upon request. (See www.hud.gov/offices/hsg/mfh/rhiip/eiv/eivmonitoringconfcall.pdf).

Notifying residents. We recommend that upon gaining access to EIV you inform your residents that you have EIV capability. Notify your residents by a formal resident meeting or by sending a letter. The notice should inform your residents of the EIV system capabilities and when you will begin using the system. This advanced awareness may prompt residents to come in and report previously unreported income before you've even implemented the system! ■

Lesser Of Test Required for All Option 4 Renewals



Prior to April 19, 2007, renewing your HAP Contract under Option 4 meant you could choose to request either an OCAF or budget-based rent adjustment, depending on the needs of the property. HUD released Section 8 Renewal Policy revisions dated December 12, 2006 that changed this policy. **Effective April 19, 2007, all Contract Renewals under Option 4 are subject to the Lesser Of Test. This means the owner must submit the paperwork for both an OCAF adjustment and a budget-based adjustment.** SHCC will process both adjustments and will grant the lesser of the two. See Chapter 6 of the Section 8 Renewal Policy for more details. Additionally, HUD has clarified that rents may be decreased if the budget indicates that the current income exceeds allowable budget expenses.

This will require additional planning for a couple of reasons.

1. If you were planning to submit a fairly quick and easy OCAF request, you will need to allow more time since you will also have to prepare a budget.
2. If you were planning to submit a budget because your expenses have increased so much that the OCAF will not be enough, you will need to reassess your options because the rents will be capped at the OCAF-adjusted amounts.

Can You Avoid the Lesser Of Test?

There are two ways to avoid the Lesser Of Test.

1. Choose to renew under a different option. The property may be eligible for Option 1 or 2. However, you will likely be required to obtain a Rent Comparability Study, (RCS), which can be expensive. There are alternatives to the RCS for some properties. See Section 9-4 of the Section 8 Renewal Policy for details.
2. Renew the contract under Option 4 for more than one year. While you will not be able to avoid the Lesser Of Test in the first year you renew the contract, you can choose to submit the OCAF *or* budget-based rent adjustment at each subsequent contract anniversary date during the contract term.

We encourage you to start planning for your renewal at least 6 months before the contract expiration date. Your SHCC Financial Analyst will send you a reminder around this time and is always available to answer any questions you may have. If you are not sure who you should contact with questions, please visit our website www.shccnet.org ■

Safety & Security: A Contract Administrator Perspective

As you know, the primary responsibility for safety at your property lies with the local police department. Nevertheless, owners generally are held to a legal standard of providing “a reasonably safe premises” at their Section 8 properties. SHCC, as HUD’s Contract Administrator, is required to assess the status of safety and security during the Management and Occupancy Review (MOR).

How does SHCC assess safety/security at your property? SHCC approaches this requirement primarily through documenting the answer to question #2 in the “General Appearance & Security” section of HUD form 9834: “Indicate whether any of the events below have been documented in the last twelve months and the frequency.” Note that the question refers to *events*. “Events” is a broad term; it does not necessarily mean arrests or convictions. The basis for SHCC’s response to this question may include conversations with site staff, visual observations on the day of the MOR review, and/or our review of Call Center complaints. More formally, it may include a review of owner-contracted safety patrol logs or local police logs.

What does SHCC review? SHCC generally will review police logs if there is some recent or present evidence of crime

occurring on the property. SHCC will always review owner contracted safety patrol logs, if available. In doing so, we look for two things: the *frequency* and the *seriousness* of events.

SHCC will consider some of the following questions. Are the events greater in number than the previous year? Are the events serious crimes involving weapons, assaults, burglaries and drugs, or are they more minor disturbances? Do the resident files or general records indicate that management is aware of these events and investigates and takes action in the form of lease violations or evictions, where appropriate?

What if I have a contracted safety patrol? Owners that provide contracted safety patrols should be applauded! But remember that a Security Patrol service alone does not guarantee results. Consistent assessment of the quality and effectiveness of the service is critical. A few SHCC recommendations include:

- Require the Security Patrol service to maintain and turn in written patrol logs. Basic information in the log should include the time of the patrols, where they patrolled, and details regarding names and unit numbers of residents, guests, or other non-residents involved in any disturbances.

- Require the Security Patrol service to check on and document your safety features such as lighting and access gates to ensure they are working properly.
- Require your site manager to investigate, act on, and document any concerns with problem individuals noted in the safety patrol logs.

What else can I do? Become familiar with the local police department web sites. Mid to larger cities often have websites through which you can retrieve crime statistics for your property and/or neighborhood. This will allow you to assess a formal record for frequency, severity, and peak times of problems.

Overall, your first line of defense remains your working relationship with the local police department, as well as the requirement that you perform screenings for drug abuse and other criminal activity. See HUD Handbook 4350.3 REV-1, Change 2, Chapter 4 for screening requirements and HUD Handbook 7460.4 for helpful guidance on security planning for HUD assisted multifamily housing. Whatever the measures you are taking, make sure to report them in detail to the SHCC reviewer during the MOR. Give yourself credit for what you are doing! ■



Preparing For Your Management and Occupancy Review (MOR)



SHCC is acutely aware that you, as Owner, Agent or site staff spend a great deal of time and effort preparing for SHCC’s visit to your property for the annual MOR. Amid the ever-changing HUD regulations, we would like to offer the following practices and procedures to make that site visit a more positive experience.

The Role of Training. Property staff who are receiving continuing education regarding HUD regulations are often better prepared for the annual MOR. This holds true for both new and seasoned site staff. We recommend attending at least one training course and/or seminar per year. As an additional benefit, attendance at trainings and seminars gives the site staff the opportunity to network with others in the industry. Please visit SHCC’s website, www.shccnet.org, for information regarding upcoming training opportunities.

Addressing questions throughout the year. SHCC encourages site staff to contact SHCC during the year to address specific concerns regarding the MOR process and changes in HUD regulations. We encourage site staff to spot-check their resident files throughout the year, during the Annual Recertification process, to ensure the required documentation is present and accurate. We also encourage you and your staff to sign up for various email bulletins (RHIP ListServ, SHCC ListServ) so that you may have the most current and updated information at your fingertips. Information on how to sign up appears on page 5 of this Newsletter.

Notification of the upcoming MOR. Carefully review the 60-day advance notification letter you receive regarding the annual MOR, as this letter and some of the requirements have changed from previous year requirements. The 60-day letter requests that you provide documentation to SHCC in advance of the site visit. This will allow SHCC to complete the desk review portion of your MOR in advance and will reduce the amount of time and disruption to daily operations the day of the site visit.

Preparing the administrative aspects. Preparing the administrative aspects of your property consists of implementing standard organization and documentation practices at your site. In addition, we recommend that you take the following steps.

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Preparing For Your Management and Occupancy Review (MOR)

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- Review the previous year's MOR Report to determine if all Findings/ Required Corrective Actions have been adequately addressed.
- Review the Observations/ Recommended Actions from the previous year's MOR Report.

Finally, Owners, Agents and site staff are encouraged to review and conduct a mini-audit of their site using a copy of the HUD-9834 MOR Report (available at www.shccnet.org) prior to the site visit, to prepare for the questions SHCC's on-site reviewer will be asking.

Preparing the physical aspects. Preparing the physical aspects of your property for the SHCC site visit should begin with the basics, including the following actions:

- Ensure the grounds, common areas, maintenance areas and the management office are clean and tidy.
- Review your last Physical Inspection Report (REAC Report) and ensure that any deficiencies noted have been corrected.
- If any deferred maintenance tasks are present, site staff should be aware and prepared to answer questions regarding the status and expected dates of completion of the repairs.

The big day.

When the day of the MOR arrives, please have staff available and prepared to accompany the SHCC reviewer with the unit reviews and the file audits. Please answer all questions as thoroughly as possible. Contrary to popular belief, usually the more information provided, the better the result! ■

Appealing REAC Physical Inspections

(Excerpt from "Technical Reviews and Database Adjustments")

www.hud.gov/offices/reac/products/pass/PDFs/guidelines-adj.pdf



Process for Appealing. There are two processes by which a REAC Physical Inspection score can be appealed: a Technical Review (TR); or a Database Adjustment (DA).

Technical Reviews may be requested to correct an objectively verifiable and material error that occurred in the inspection which, if corrected, will result in an improvement in the property's overall score. The following qualify for a TR.

- Building Data Errors - the inspection includes the wrong building or a building that is not owned by the property.
- Unit Count Errors - the total number of units considered in scoring is incorrect as reported at the time of the inspection.
- Non-Existent Deficiency Errors - the inspection cites a deficiency that did not exist at the time of the inspection.

Disagreements over the severity of a defect, deficiencies that were repaired or corrected, deficiencies with no point loss, and deficiencies caused by residents do not qualify for a Technical Review.

Database Adjustments may be requested to adjust for circumstances affecting the property that are out of the ordinary, reflect an inconsistency with ownership, or are allowed by city/county/state codes. The following qualify for as a DA.

- Local Conditions and Exceptions - inconsistencies between local code requirements and REAC Physical Inspection protocol such that local code allows the conditions to exist.
- Ownership Issues - items were inspected that the property owner does not own and is not responsible to maintain, such as sidewalks owned by the city.
- Adverse Conditions Beyond the Owner's Control - items scored as deficient were caused by a natural disaster or by a third party or a public entity working near the property. NOTE: The property owner/agent remains responsible for correcting such conditions.
- Modernization Work in Progress - property undergoing modernization work at the time of inspection.

Deficiencies that were repaired or corrected and items covered by the Technical Review process do not qualify for a Database Adjustment.

Deadlines for Appealing – Multifamily Housing Inspections. Technical Reviews must be submitted to REAC in writing within 30 days following release of the Physical Inspection report. **Database Adjustments** must be submitted to REAC in writing within 45 days following release of the Physical Inspection Report.

Information to be Included in the Appeal.

All requests for Technical Reviews or Database Adjustments must include property identification information and deficiency location information. Your submission must contain documentation that sufficiently supports the request. Appropriate documentation must be objectively verifiable and include one or a combination of written materials, photographs and videos.

Examples of appealed items and appropriate documentation are included in the article, "Technical Reviews and Database Adjustments," available on HUD's website, www.hud.gov/offices/reac/products/prodpass.cfm

What can happen to your request?

- The request could be denied.
- A new inspection could be scheduled.
- Correction (score adjustment) could be made to the Physical Inspection Report.

Send your appeal requests to:

PASS Technical Reviews (or)
PASS Database Adjustments
HUD/PIH/REAC
550 12th Street S.W., Suite 100
Washington, DC 20410

Please contact REAC Support at 1-888-245-4860 if you have questions or visit the HUD website at: www.hud.gov/offices/reac/index.cfm ■

What's New at SHCC?

SHCC has implemented a number of new practices and procedures in the past year, designed to better serve you, our client.



- **SHCC ListServ.** In September 2007, SHCC started an email ListServ as a means to provide updates on important, time-sensitive information about the administration of your Section 8 HAP Contract. All owners, agents and site managers listed as designated contacts of properties in SHCC's portfolio are automatically signed up to receive the ListServ. If you are not currently receiving the SHCC ListServ and would like to join, go to <http://list.shccnet.org/cgi-bin/lyris.pl?join=updateshcc> to sign up.
- **Customer Survey.** In April 2008, SHCC launched its Customer Survey. The Survey is sent with the close out letter to the annual Management and Occupancy Review (MOR). It is a short 2-page questionnaire, requesting feedback on your experience with SHCC overall and in the areas of contract administration we handle. A self-addressed stamped envelope is enclosed with the Survey, which is returned to SHCC's Quality Control Department. All information is treated as confidential. Please take a few minutes to complete the Customer Survey when you receive it. Our goal is to use your responses to help us find better ways to serve you!
- **Reorganization of the Management Review Department.** The SHCC Asset Management Department, which handles the annual MORs, was reorganized this spring. Effective April 1, 2008, we added a fourth Senior Asset Manager, to provide additional expertise in the Department. The 4 Senior Asset Managers supervise the 15 Asset Manager/Occupancy Specialist teams that are assigned to properties by Region.
- **Redesigned SHCC Website.** SHCC will soon roll out its redesigned website, with updated and expanded information on all aspects of SHCC's business practices. We encourage you to visit our website at www.shccnet.org. ■

SHCC encourages you to sign up for RHIIP ListServ, a HUD Multifamily Housing Program internet mailing list. The RHIIP ListServ provides current RHIIP related publications, news, information and occupancy tips in an effort to help reduce errors in rent determinations and subsidy calculations. To sign up for the RHIIP ListServ, visit <http://www.hud.gov/subscribe/maillinglist.cfm>

You can view the RHIIP Tips Archives, under "ListServ-Multifamily RHIIP Tips" at www.hud.gov/offices/hsg/mfh/rhiip/mfhrhiip.cfm



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THE ADMINISTRATOR

CONTACT INFORMATION

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512-474-5332

Community Relations:

888-842-4484

Fax:

512-476-4238 or 512-437-3898

UPCOMING TRAINING

SWAHMA

(Southwest Affordable Housing Management Association)

Visit the SWAHMA website for conference details and registration information at

<http://www.swahma.com>

Basic Housing Tax Credit Course

August 12, 2008 - Albuquerque, New Mexico

SHCC Contract Administrator Workshop

August 26 - 27, 2008 - Little Rock, Arkansas

AHMA East Texas

(Affordable Housing Management Association)

Visit the AHMA website for information on upcoming AHMA trainings at

<http://www.ahmaet.org>

AHMA Occupancy Training Course IV: Part four of the AHMA East Texas
Occupancy Training Series covering HUD Handbook 4350.3

Thursday, August 21 - Houston, Texas