

On January 5, 2015, HUD published in the Federal Register proposed rules intended to relieve some administrative burdens on PHAs and Multifamily Housing owners. Some of these previously only were enjoyed by MTW agencies. HUD invites comments on the proposed streamlining methods and asks if there are other changes that should be addressed. See below.

The proposed rules are accessible here: <http://www.gpo.gov/fdsys/pkg/FR-2015-01-06/html/2014-30504.htm>.

### **Here's a quick summary of the proposed changes:**

#### **A. Proposed changes to HCV, MFH, and PH Program Regulations:**

- Make for easier verification of Social Security Numbers for children under 6 years old
- Re-define "Extremely Low-Income Families" in accordance with the 2014 HUD Appropriations Act definition: "a very low-income family whose income does not exceed the higher of 30 percent of area median income or the poverty level."
- Re-define "annual income" as either actual past income or projected income.
- Permit exclusion of education fees in excess of tuition from income
- Streamline the requirements associated with determining the annual income of families on fixed incomes

#### **B. Proposed changes to just HCV and PH Program Regulations:**

- Permit PHAs to make utility reimbursements of \$20 or less on a quarterly basis, rather than monthly
- For programs other than HOPWA, limit the Earned Income Disregard (EID) to 24 consecutive months from the date that a participant qualifies for the EID
- Permit PHAs to accept a family's declaration of assets under \$5,000 without taking additional steps to verify the accuracy of the declaration

#### **C. Proposed changes to only public housing regulations:**

- Make a number of changes to flat rents, such as permitting PHAs to use flat rents for mixed families (immigration), phasing, ceiling limits, etc.
- Permit tenant self-certification for Community Service requirements
- Eliminate some of the repetitive and overly prescriptive grievance regulations. Procedures proposed to be streamlined are: informal settlements (Sec. 966.54), grievance procedures for failure to request a hearing and requiring escrow deposits (Sec. 966.55), and matters relating to transcripts, copies, and the conduct of the hearing (Sec. Sec. 966.56 and 966.57). Requirements relating to scheduling and location formerly contained in Sec. 966.55 are proposed to be merged into Sec. 966.56. HUD also proposes to permit PHAs to establish expedited grievance procedures and eliminates a separate category of hearing

panel by redefining "hearing officer" to include the possibility of more than one person hearing a complaint

- Clarity vacancy rules such that the number of vacant units eligible for operating subsidy shall be not more than 3% of the total units, on a project-by-project basis

D. Proposed changes to only HCV regulations:

- Permit PHAs to limit move-ins to certain days of the month, such as the first day of the month
- Permit biennial inspections and alternate inspection methods
- Allow PHAs to approve, if they so choose, a payment standard of not more than 120 percent of the FMR without HUD approval if required as a reasonable accommodation for a family that includes a person with a disability
- With respect to interim examinations, conform HCV regulations with less prescriptive public housing regulations regarding reexaminations of income whenever a family member with income is added to an HCV family. HUD proposes to revise Sec. 982.516 to align the regulatory language more closely with Sec. 960.257, which will facilitate HUD's ability to issue guidance on interims that applies uniformly to the public housing and voucher programs
- With regard to utility payment schedules, HUD proposes to require that the utility allowance be based on the size of the unit and either the type of the unit, as is currently required, or a streamlined version of "unit type," limited to "attached" or "detached." Thus, PHAs would have the option to define unit type as either "attached" or "detached"

**HUD specifically seeks comment on the following:**

1. Use of Actual Past Income (Sec. 5.609). Does this provision provide a clear streamlining benefit to PHAs? If not, what additional specific changes should HUD consider?

a. For PHAs that choose to use past income to determine annual income, does requiring the same time frame for all sources of income and expenses still provide for streamlining, or does this make the information collection and verification process too complex? If it does make the process too complex, what alternatives should be available?

b. Should PHAs be permitted to use past income for only some income sources, rather than for the entire program? For example, does past income only work for families with consistent income amounts? Or, does past income also work for families that have sporadic income?

c. What other types of income documentation should HUD permit PHAs to use to verify past income?

2. Earned Income Disregard (Sec. Sec. 5.617, 960.255). Will the proposed changes to the earned income disregard reduce the administrative burden associated with implementing the EID? If not, what other or additional specific changes would facilitate administration of the EID?

3. Streamlined Annual Reexamination for Families on Fixed Incomes (Sec. Sec. 5.657, 960.257, 982.516). In order to utilize these provisions, PHAs and MFH owners will be required to determine annually that family incomes consist solely of fixed-income sources. Consistent with the goal of streamlining, by what means could PHAs and MFH owners assure that such families do not have other sources of income?

4. Utility Reimbursements (Sec. Sec. 960.253, 982.514). Will the proposed changes to the required frequency of utility reimbursement provide regulatory relief to PHAs? If not, then what changes would provide such relief?

5. Start of Assisted Tenancy (Sec. 982.309). HUD is concerned that this proposed change may have the unintended consequence of limiting tenant choice. Does the provision provide enough of a benefit to PHAs to merit inclusion in this streamlining regulation?

6. Biennial Inspections and the Use of Alternate Inspection Method (Sec. 982.405). Where an inspection conducted under an alternative method results in a finding that a property is out of compliance with the standard particular to that method, should HUD still require PHAs to inspect units using HQS, or should HUD allow PHAs to rely upon remedial actions taken to bring the property into compliance with the standards under the alternative inspection protocol? In the latter instance, if HUD were to adopt such a policy, what should HUD require of PHAs to demonstrate that an initially noncompliant property was subsequently brought into compliance with the standards under an alternative inspection method?

7. Inspection of Mixed-Finance Properties (Sec. 982.405). Should HUD broaden the applicability of this provision beyond PBV-assisted properties with LIHTC or HOME financing or an FHA-insured mortgage? If so, to what specific type(s) of mixed-finance properties should it apply, and why?

8. General. Are there other opportunities to align requirements across programs? Please be specific.

Comments are due March 9<sup>th</sup>.