

Dear NAHMA Members,

Yesterday, HUD requested public comments on three regulatory updates: **the Interim Final Rule for the FAST Act; the suspension of the Small Area Fair Market Rent designations; and the implementation of a Family Self-Sufficiency performance measurement system.**

1. Interim Final Rule on Streamlining Administrative Regulations for Multifamily Housing Programs and Implementing Family Income Reviews under the Fixing America's Surface Transportation (FAST) Act – Comments Requested by January 8th, 2018

Yesterday, HUD published an interim rule to implement the FAST Act and align the current regulatory flexibilities with those provided in the FAST Act. In addition, this interim rule seeks to extend some of the streamlining changes made for Housing Choice Voucher (HCV) and Public Housing (PH) programs to Multifamily Housing (MFH) programs.

Summary of Interim Final Rule

- **Streamlined Certification of Fixed Income** - Under this interim final rule, during years 2 and 3 after a full income review, PHAs and owners in the HCV, PH, and PBRA programs may determine a family's fixed income by using a verified COLA or rate of interest on the individual sources of fixed income. In the case of a family with at least 90 percent of the family's unadjusted income from fixed income, a PHA or owner using streamlined income verification may, but is not required to, adjust the non-fixed income. For families with at least one source of fixed income, but for which less than 90 percent of the family's income is from fixed sources, PHAs and owners must verify and adjust non-fixed sources annually.

This interim final rule does not change the requirement that the PHA or owner must undertake a full recertification every 3 years. Nor does it alter the requirement, applicable under the current regulations, that families certify that all the information they submit for income verification, including the sources of income, is accurate.

- **Utility Reimbursements** - This interim final rule explicitly allows owners to make reimbursements of \$45 or less (per quarter) on a quarterly basis, in order to eliminate the burdensome process of processing and mailing monthly reimbursement checks. In the event a family leaves the program in advance of its next quarterly reimbursement, the owner would be required to reimburse the family for a prorated share of the applicable reimbursement. Owners exercising this option will be required to have a policy in place to assist tenants for whom the quarterly reimbursements will pose a financial hardship.

For the Section 202 and Section 811 programs, the regulations do not contain the requirements around utility reimbursements, in general, leaving such requirements in the assistance contracts. Therefore, HUD is not including regulatory text to implement these new flexibilities in this interim final rule, but rather would be open to amending the assistance contracts of any owners looking to take advantage of the flexibilities.

- **Family Declaration of Assets Under \$5,000** - Families in the PBRA program are required to report all assets annually. The amount of interest earned on those assets is included as income used to calculate the tenant's rent obligation. Tenants with assets below \$5,000 typically generate minimal income from these assets, which results in small changes, if any, to tenant rental payments. Owners spend significant time verifying such assets.

This rule amends the regulations so that, for a family that has net assets equal to or less than \$5,000, an owner, at recertification, may accept a family's declaration that it has net assets equal to or less than \$5,000, without annually taking additional steps to verify the accuracy of the declaration. Third-party verification of all family assets will be required every 3 years.

The regulations allow owners in the Section 202 and Section 811 programs to require tenants to provide the same certification of assets allowed in the HCV, PH, and PBRA programs.

HUD's interim rule is effective on **March 12, 2018** and can be read online [here](#). Please submit any comments to us by Monday, January 8th, 2018.

2. Small Area Fair Market Rents – Comments Requested by December 20th, 2017

In August, HUD suspended mandatory use of most Small Area Fair Market Rent (SAFMR) designations for two years. The delayed implementation of mandatory Small Area FMR adoption will provide HUD with reasonable time to analyze the final findings of the demonstration and determine what measures are necessary to mitigate negative effects, if possible.

While HUD is not required to post the suspension for public comment, HUD yesterday solicited comments for a period of 30 days to consider if any further changes to the suspension are necessary. The HUD notice is also available to read online [here](#). Please submit any comments to us by Wednesday, December 20th, 2017.

3. Family Self-Sufficiency Performance Measurement System – Comments Requested by January 23, 2018

Today, HUD requested public comment on a performance measurement system that HUD plans to implement for PHAs that receive HUD Family Self-Sufficiency (FSS) program coordinator grants. The notice also requests comment on whether and how to develop a performance measurement system for FSS programs that do not receive HUD FSS coordinator funding.

HUD plans to use the performance measures to identify high performing and troubled FSS programs. In the future, HUD will likely consider the FSS performance score of an FSS program in determining FSS funding awards. HUD may also use the rating system to identify PHAs that could benefit from technical assistance to improve their programs. At this time, HUD does not envision using this performance measurement system for PHAs with a Moving to Work (MTW) designation. However,

HUD is presently exploring a change to the reporting processes for MTW agencies in order to include them in the FSS performance scoring process.

Under the planned performance measurement system, at least once per year, HUD will analyze data collected through the PIC to calculate FSS performance scores for each FSS program for which sufficient data are available to calculate the score. A PHA's FSS performance score will be calculated based on three measures, weighted as follows: Earnings Performance Measure (50 percent); Graduation Rate (30 percent); Participation Rate (20 percent).

To inform HUD's analysis of this issue, HUD requests comments on several questions, including:

1. Should HUD evaluate FSS programs that do not receive funding from HUD?
2. How should HUD evaluate FSS programs offered by HUD-assisted **multifamily properties with Section 8 contracts**? These programs are very new and currently submit quarterly spreadsheets rather than an FSS addendum integrated into a HUD data reporting system.

The HUD FSS notice can be viewed online [here](#). Please submit comments to us by Tuesday, January 23, 2018.

Thanks,
Juliana

*Juliana Bilowich, Government Affairs Coordinator
National Affordable Housing Management Association
400 N. Columbus St., Suite 203, Alexandria, VA 22314
Phone 703-683-8630, ext.116 Email jbilowich@nahma.org, Website www.nahma.org
NAHMA is the leading voice for affordable housing management, advocating on behalf of multifamily property managers and owners whose mission is to provide quality affordable housing.*