

## CHAPTER FOUR

### WORKING WITH RESIDENTS

#### 4.1 GENERAL

HUD expects owners and their management agents to build good resident/management relations. The participation and cooperation of residents is important in creating a suitable living environment and can contribute to the successful operation of these properties. For example, resident involvement can help maintain the physical condition of the property, ensure proper maintenance, improve security, contribute to improvements in energy efficiency, and control operating costs.

HUD regulations establish several basic requirements that owners and their management agents must abide by with respect to resident involvement. HUD views these requirements as minimum standards for resident participation and encourages owners and agents to take further steps to foster strong resident/management relations.

#### 4.2 APPLICABILITY

The requirements regarding resident participation presented in this chapter apply to all HUD-insured and HUD-assisted projects with the exception of the resident input provision described in paragraph 4.5, which applies only to projects receiving project-based assistance.

#### 4.3 DEVELOPING A COLLABORATIVE RELATIONSHIP

a. Residents and resident organizations can be invaluable allies for owners/agents and should be given the opportunity to voice their views and concerns. Toward this end, HUD encourages owners/agents to go beyond the minimum requirements for resident involvement and take the following steps.

(1) Foster Enhanced Communication Between Residents and Both On-Site and Central Office Management. Owners/agents are encouraged to request constructive comments and suggestions from residents. Resident suggestions often reveal cost-effective ways to reduce maintenance problems or improve security at the property.

(2) Increase Resident Access to Management. Steps that give residents greater access to managers help encourage resident input and increase

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the likelihood that owners/agents will find out about problems before they become severe.

(3)Ensure that Proper Consideration and Acknowledgement to Resident Input is Given. When residents offer their input, they need to know that their input is taken seriously or they will often stop contributing their comments. Owners/agents are encouraged to follow up with residents to show them that their views were considered.

(4)Emphasize the Importance of Promptly Resolving Problems. Encouraging on-site staff to respond to resident complaints promptly will send the message that responding to resident concerns is important. Owners/agents can help ensure that the people who have regular interaction with residents are aware of these issues and understand that the owner/agent takes these concerns seriously. Toward this end, owners/agents should establish a system to track resident complaints/service requests and communicate resident concerns to all on-site staff.

#### 4.4 RESIDENT INPUT REGARDING OWNER REQUESTS TO HUD

a.When seeking HUD approval for certain actions, HUD regulations (24 CFR, Part 245) require owners of projects receiving project-based assistance to show that they have notified residents in the affected project of the proposed action and solicited resident input regarding the impact of this action. Resident notification and comment is required when an owner will request any of the following actions:

(1)Increase in maximum permissible rents.

(2)Conversion from project-paid utilities to resident-paid utilities, or a reduction in resident utility allowances.

(3)Conversion of residential units to non-residential use, or to cooperative housing or condominiums.

(4)Partial release of mortgage security.

(5)Major capital additions.

(6)Additional resident subsidy or funding under the Flexible Subsidy program.

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The specific procedures necessary to comply with resident

notification and comment requirements can be found in the documents that provide guidance on preparing requests for HUD approval of any of these actions. Additional resident notice requirements apply to project receiving LIHPRHA funding. These requirements are covered in HUD Handbook 4350.6.

b. Owners/agents must make copies of the following documents available to designated resident association representatives upon request.

(1) HUD's completed Physical Inspection and Management Review reports.

(2) Owner/agent's proposed MIO Plan and funding strategy.

(3) HUD non-compliance notices to the owner and the owner's response.

(4) HUD declaration of default, MIP action, or other sanctions.

(5) Applications by the owner for HUD assistance or HUD approval.

c. The owner is ultimately responsible for meeting resident notifications and comment requirements. However, management agents are expected to comply with these requirements to the extent that they are obligated to perform this function as a condition of their management contract and, in any event, to make their best effort to follow resident notification and comment procedures. HUD regulations regarding resident input also establish that owners and their agents must not take any actions that would hinder proper notification or resident input.

d. HUD will respond in writing within 30 days to written comments submitted by a legitimate, independent resident association regarding proposed owner actions requiring HUD approval. Resident association representatives may request a meeting with Area Office representatives, prior to any final action by HUD on such owner/agent requests.

#### 4.5 RESIDENT EFFORTS TO OBTAIN ASSISTANCE

##### a. Residents Seeking Assistance

Owners/agents may not interfere with the efforts of residents to obtain rent subsidies or other public assistance (24 CFR, Part 245.205). For example, owners/agents may not reject residents during the screening process solely because they receive public assistance or hold a Section 8 Rental Certificate or Rental Voucher.

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b.Rental Assistance for Existing Residents

(1)Owners/agents must provide in-place residents with information regarding rent subsidies and other public assistance that is prepared by HUD and sent to the project for distribution to residents (24 CFR, Part 245.210).

(2)Owners/agents of properties with rent supplement, RAP, and Loan Management Set-Aside HAP contracts may not refuse to make assistance available to existing residents who are eligible if sufficient funding and units are available. Existing residents who are eligible for assistance may, at the option of the owner, receive priority over applicants on the property's waiting list (24 CFR, Part 245.205).

4.6 RELATIONS WITH RESIDENT ORGANIZATIONS

a.Recognizing Resident Organizations and Their Efforts

HUD expects owners/agents to recognize legitimate resident organizations which meet regularly, operate democratically, are representative of all residents in the development, and are independent of non-resident owners and management agents. Owners/agents may not impede the reasonable efforts of residents to organize or activities of resident organizations to reasonably represent resident interests (24 CFR, Part 245.105).

b.Meeting Space for Resident Organizations

(1)Owners/agents are expected to provide an accessible meeting space within the premises of the development for legitimate resident associations to hold meetings.

(2)Owners/agents may not unreasonably withhold the use of community rooms or other available space within the project when requested by:

(a)A resident organization in connection with the representational functions of the organization; or

(b)Residents seeking to organize or to collectively consider any matter pertaining to the operation of the project (24 CFR, Part 245.110).

(3)The following restrictions apply to fees for resident use of community rooms.

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(a)In projects subject to budget-based rent reviews,

owners/agents may not charge residents a fee for the use of such rooms.

(b)For all other projects, owners/agents may charge residents a fee for the use of these facilities only if a fee is normally charged for the use of such space. If owners/agents do not normally charge a fee for such facilities, they may not charge resident organizations for the use of this space (24 CFR, Part 245.110). HUD does not approve the fees for such facilities

#### 4.7 ADDRESSING RESIDENT SERVICE REQUESTS/COMPLAINTS

a.Owner/Agent Responsibility. HUD expects owners/agents to respond to valid resident requests involving concerns about conditions or quality of life at the project, and to resolve all significant or recurring problems.

(1)Whenever possible, owner/agents should take immediate action to address problems or concerns registered by residents.

(2)Owners/agents should provide a copy of any written request or complaint received from a resident or resident association to the person filing the request/complaint.

b.HUD's Response to Notice of Resident Concerns/Complaints. While HUD will monitor the level of consideration given to resident concerns, it will not become intricately involved in the resolution of routine complaints.

(1)If HUD receives a complaint from a resident, Loan/Asset Management staff will notify the owner/agent of the problem. Upon notification of a complaint, owners/agents should take immediate action to address the problem. HUD may require the owner/agent to provide information about the resolution of the problem.

(2)If HUD discovers an ongoing high level of resident complaints over several months, Loan/Asset Management staff should perform a nonscheduled management review of the project's operations.

c.Developing and Implementing A "Service Request" System. NOTE: While most good management companies have an effective work order system in place for addressing tenant concerns, this section details a recommended outline for those agents who do not have such a system in place and are in the process of developing one.

(1)Resident requests involving concerns or problem conditions at a project are often referred to as "resident complaints." HUD encourages

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owners/agents to take a positive, customer service approach in addressing resident concerns. One action that owners/agents can take is to develop and implement a "Service Request" system for processing and responding to resident concerns.

(2) Exhibit 4-1 at the end of the chapter contains a sample "Resident Service Request" form that could be used as part of such a system.

(3) Owner/agent adoption of a Service Request system is strictly voluntary.

d. Special Consideration Given to Projects Using Service Request Systems. Proper use of a Service Request system reflects a commitment by the owner/agent to respond effectively to resident concerns.

(1) Owners/agents who implement an acceptable Service Request system can receive the following considerations from HUD. It should provide enough flexibility for residents to either write or phone in their concerns.

(a) HUD will not become involved in situations involving resident complaints (with the exception of immediate health and safety threats) until the owner/agent has had 30 days from the date of the resident's service request to present a written response to the concern.

(b) HUD would consider evidence of proper implementation of a Service Request system as a strong positive factor when rating the agent's resident/management relations during management reviews.

(2) To receive the considerations outlined above, owners/agents must take the following steps.

(a) Notify HUD in writing that the agent is implementing a Service Request system that meets HUD's standards. The written notice should include:

1) a description of the procedures used to implement the system;

2) a copy of the Service Request form to be used by residents; and

3) a description of the steps taken to obtain resident input regarding the design of the system and a summary of their comments and suggestions.

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(b) Maintain records on-site showing the disposition of service requests received during the past three months and any outstanding or unresolved requests.

e. Failure to Address Resident Complaints. Owner/agent failure to respond timely to valid resident complaints will be noted during management reviews. Both the agent and the owner will be notified of failure to address resident complaints. A lack of consideration for resident concerns and poor response to resident complaints could result in a lower overall rating on a management review. Poor ratings can affect owner/agent participation in HUD programs.

#### 4.8 HUD OVERSIGHT

a. HUD Response to Tenant Complaints. Loan/Asset Management staff are expected to ensure that owners/agents are responding to resident concerns.

(1) Loan/Asset Management staff should have a system in place to formally notify management agents and/or owners when a resident complaint is received. Valid resident complaints forwarded by other agencies, as well as those discovered during on-site reviews or sent directly to HUD, should be addressed by Loan/Asset Management staff. In the event Loan/Asset Management staff believe an owner/agent is not responding to resident complaints, they should conduct an on-site review to assess the situation and take appropriate action to ensure that identified problems are addressed.

(2) If a complaint appears to involve discrimination, Loan/Asset Management staff must contact Fair Housing and Equal Opportunity staff for guidance on how to proceed. Initial requests for guidance from FHEO should be made in writing and describe the basic allegation(s).

(3) Loan/Asset Management staff should consult with the Resident Initiatives Specialist (RIS) regarding resident/management relations at the project and the circumstances surrounding resident complaints.

(4) Repetitive complaints, including complaints regarding harassment of residents or residents associations who attempt to exercise their rights, should be viewed as an indicator that the project may be in trouble. In the event that Loan/Asset Management staff believe an owner/agent is not responding to resident complaints, they should conduct an on-site review to assess the situation and take appropriate action to ensure that identified problems are addressed.

Note:When HUD's automated Early Warning System becomes available, Loan/Asset Management staff should use the system

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to aid in performing monitoring and follow-up activities concerning resident/management relations.

(5)A great deal of judgement is involved in separating routine from non-routine complaints. The Director of Housing for the Area Office should be consulted if Loan/Asset Management staff require guidance in this area.

(6)There are certain circumstances where Loan/Asset Management staff should not become actively involved in resolving a problem. Loan/Asset Management staff should refrain from involvement in:

(a)Disputes involving third parties;

(b)Suits brought by residents against owners/agents, or vice versa;

(c)Eviction matters; and

(d)Interpretations of local laws and ordinances.

b.Assessing Resident/Management Relations During Management Reviews. The management review form (Form HUD-9834) includes a section for rating resident/management relations.

(1)To develop this rating, Loan/Asset Management staff are encouraged to meet with representatives of residents in the property to obtain their views of resident/management relations. Loan/Asset Management staff should also visit units chosen for review by the resident organization and the management agent, as well as randomly selected units. Loan/Asset Management staff should ask the Resident Initiative Specialist for the project to comment on resident/management relations and provide input regarding the rating. Chapter 6 of HUD Handbook 4350.1 provides specific instructions for completing a management review and discusses the procedures for rating resident/management relations.

(2)Loan/Asset Management staff must also determine whether the agent is responding to valid resident complaints. Resident complaints that correspond to one of the following conditions must be addressed promptly by the agent.

(a)The resident's rights as established by the lease or described in the HUD Resident Rights and

Responsibilities brochure have been violated;

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(b)The physical condition of the property violated HQS requirements;

(c)The owner/agent has failed to properly carry out its management responsibilities; or

(d)The owner/agent has engaged in one or more of actions that constitute harassment of residents or resident associations attempting to exercise their rights as described in paragraph 4.8d below.

(3)Loan/Asset Management staff should give a less than acceptable rating on the resident/management relations section of the management review to owners/agents who fail to show that they are responding effectively to legitimate resident concerns or who fail to address resident complaints.

(4)In cases where an owner/agent has shown continued failure to respond to valid resident complaints, Loan/Asset Management staff should establish a reasonable time period for the owner/agent to address these complaints and recommend actions that could be taken to adequately respond to the complaints. The nature of the complaints will govern the type of actions to be taken.

(5)If the owner/agent fails to adequately respond to the outstanding resident complaints within the time period set by the Area Office, Loan/Asset Management staff should consider implementing sanctions against the agent and/or owner in accordance with the procedures in Chapter Seven.

d.Impediments to Residents or Resident Associations Attempting to Exercise Their Rights.

(1)The following actions by owners/agents constitute impediments to residents or resident associations attempting to exercise their rights.

(i)Unreasonable denial of accessible meeting space to residents.

(ii)Repeatedly sending management representatives to resident meetings when residents have requested management not to attend.

(iii)Evicting, threatening to evict, withholding

entitlements, or otherwise penalizing residents for organizing or asserting their rights.

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(iv) Attempting to adversely influence resident leaders by offering individual inducements such as employment, preferential transfers, rent abatements, favored repairs, or other benefits not available to all residents in the development.

(v) Attempting to form a competing resident organization under the control of the management company or the owner.

(vi) Sexual harassment of residents by owners/agents.

(2) Management employees may not run for elected office in the residents organization. (NOTE: Coop owners who are also employees of the management company are not subject to this restriction.)

(3) HUD considers any of the above actions taken by owners/agents to be a violation of residents' right to organize and assert individual rights.

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Exhibit 4-1

SAMPLE RESIDENT SERVICE REQUEST FORM

Name: \_\_\_\_\_ Apartment: \_\_\_\_\_  
Phone: \_\_\_\_\_ Type of Request: \_\_\_\_\_ Maintenance Problems \_\_\_\_\_  
Neighbor Issues \_\_\_\_\_  
Management Staff \_\_\_\_\_  
Concerns \_\_\_\_\_  
Other \_\_\_\_\_

Please provide a detailed description of your request:

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Please attach additional sheet of paper if necessary.

Received by:

\_\_\_\_\_  
Representative

Management Agent

Date:

\_\_\_\_\_  
Owner/Agent Response:

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Signed  
by: \_\_\_\_\_  
Owner/Agent

Date: \_\_\_\_\_