

Comparative Analysis Matrix

Work Request 112, Amendment 10

June 10, 2004

(Final)

Change History

Rule No. & Name	Change	Date of Change
N/a	Issued Draft version of Comparative Analysis Matrix for review by Housing.	05/04/2004
REC-001.00 Statutory and Regulatory Complexity	An example was added to the <i>Simplify Forms</i> recommendation.	06/10/2004
Rec-003.01 TRACS Deficiencies	<p><u>Funding</u> Delete issue and associated Recommendation from the matrix.</p> <p><u>Integration Between Tenant and Voucher Processing</u> Deleted the phrase "Fund the work necessary to" from the recommendation.</p> <p><u>Correcting Dates and/or Types of Transactions</u> An example was added to the recommendation for clarity.</p> <p><u>Provide for a Delete Mechanism</u> Extend the recommendation to read, "Provide for a delete mechanism with appropriate accountability." It was noted that TRACS has this option in a prior Industry Spec.</p>	06/10/2004
REC-004.00 Contract Administration	Modified the recommendation to read, "Provide a uniform set of rules for this work so that all Contract Administrators are held to the same standards."	06/10/2004
REC-005.01 Project	Deleted the word "Forbid" from the recommendation.	06/10/2004
REC-005.02 Contract/Subsidy Type	<p><u>Duplicate and Multiple Identifiers</u> Indicated that the recommendation requires legislative approval.</p> <p><u>Contract Merges</u> Added recommendation for the following: Pre- to - pre AND Post - to - post.</p> <p><u>Contract Splits</u> Deleted issue and recommendation from matrix.</p>	06/10/2004
REC-005.04 Household	Modified to recommend verifying SSN against the three national credit bureaus.	06/10/2004
ELG 003.02 Timing of Income Eligibility	An example was added for clarity.	06/10/2004
ELG-003.15 Reporting Income Exceptions for Section 8	Added a waiver code of DSBL to cover a waiver for a non-disabled person to move into a property designated for the disables. (DSBL will be added to the Field 87 in the MAT10, Section 2 record.)	06/10/2004
ELG-004-00 Disclosure of Social Security Numbers	<p>Added the following recommendation:</p> <p>" Generate a fatal error on an MI or IC if any member,</p>	06/10/2004

Change History

Rule No. & Name	Change	Date of Change
	age 6 or greater, has an invalid SSN; however, this recommendation does not apply to the following: Households with subsidy type 0; Relationship code F or L."	
ELG-007.01 Prohibition Against Delay of Assistance	Deleted second paragraph concerning retroactive assistance modifications from the recommendation.	06/10/2004
RNT-003.02 Child Care Deduction	Deleted the first paragraph from the recommendation.	06/10/2004
RNT-005.8Rent in Group Homes	Deleted the recommendation concerning "Residential Spaces."	06/10/2004

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Chapter 1. Executive Summary

The Comparative Analysis Matrix, produced under Work Request 112, Amendment 10, identifies the business rules contained in HUD Handbook 4350.3 Rev 1 that impact funds control and automated systems such as TRACS and owner and contract administrator software. TRACS business rules related to the Handbook are summarized and any discrepancies noted. In addition, Matrix chapters 14 and 15 delineate TRACS business rules having to do with system integrity and processing that are unrelated to the Handbook. Where applicable, recommendations for change are presented. In some cases the recommendations are to implement longstanding Handbook rules that were never made part of TRACS, in others, to implement new or revised Handbook guidance, and in still others, to consider changes to the Handbook or TRACS.

The analysis of the Handbook resulted in the identification of many areas where handbook language is unclear or does not go into enough detail to serve as a basis for software development. In other words, the Handbook is not adequate as a requirements document. Such areas are noted throughout the Matrix with the words “COMMENT: Clarification needed:” or “Clarification needed.” These cases constitute a barrier to correct and accurate software. At such time as clarification is provided, there will undoubtedly be a need for further analysis and recommendations for change in TRACS and vendor software.

The Handbook, a decade after the birth of TRACS and the requirement for mandatory automation, strongly reflects its heritage as a repository of guidance for paper forms and manual processes where unusual situations could be annotated with a marginal note on a form and where reviewers could correct errors on the fly. In order to complete the move to an e-government model, it is essential that a complete set of requirements organized around processes and process flow be produced.

Some in the industry have commented that the Handbook is an 800-page document with instructions concerning a one-page certification and an invoice based on the certifications. The length of the handbook, in large part, is caused by the accretion of rules and regulations over decades and by the need to support eight distinct subsidy types. Anything that can be done to reduce the complexity of what TRACS and vendor software have to implement can only result in greater reliability and lower cost. Simplification will also reduce the costs of training site managers and other personnel and make the jobs of contract administrators and other auditors more straightforward.

We note, with chagrin, that the original design for TRACS, as an integrated system capable of paying vouchers based on the certifications in its database, has never been

realized—a victim of lack of funding. It is essential that the software systems developed after Business Process Reengineering are adequately funded.

What follows is a matrix containing a summary of recommendations organized by the rule number in the Comparative Analysis Matrix. To find full discussion of any recommendation along with the Handbook context, consult the table of contents where rules are listed sequentially by type.

Matrix of Recommendations

Rule Number	Recommendations
REC-001.00	<p>Statutory and Regulatory Complexity</p> <p>Seek statutory relief.</p> <p>Simplify Rent Determination.</p> <p>Convert RAP and Rent Supplement contracts to Section 8.</p> <p>Convert 202/162 PACs to PRACs.</p> <p>Eliminate retroactivity.</p> <p>Consider eliminating interim recertifications as is done in PIH.</p> <p>Simplify Forms.</p>
REC-002.00	<p>Handbook Deficiencies</p> <p>Coordinate Handbook Rules and software requirements.</p>
REC-003.00	<p>Required Automation for Certifications and HAP Voucher Billing.</p> <p>Establish a single authoritative data repository.</p> <p>Establish a formal source for guidance for software developers.</p> <p>Require data transmissions for market rent tenants.</p> <p>Require all TRACSMail users to have secure system (WASS) access.</p> <p>Pay HAP vouchers in arrears instead of in advance.</p>
REC-003.01	TRACS Deficiencies

Rule Number	Recommendations
	<p>Replace TRACSMail with a web accessible transmission method.</p> <p>Change to a processing model based on effective dates rather than certification dates.</p> <p>Redesign the edits and messages needed to properly enforce handbook rules.</p> <p>Issue proper documentation for the edits so that software vendors can implement similar ones.</p> <p>Provide a method for correcting certification effective dates and types.</p> <p>Provide for a certification delete mechanism with appropriate accountability.</p> <p>Fund and generate adequate program documentation.</p> <p>Establish real-time processing.</p> <p>Remove the CICS dependency.</p>
REC-004.00	<p>Contract Administration</p> <p>Provide a uniform set of standards for Contract Administrator work.</p> <p>Seek legislative authority to allow performance based contract administrators to work with the entire multifamily portfolio—not just with Section 8.</p>
REC-005.01	<p>Project</p> <p>Adopt a unique project identifier for all multifamily properties.</p> <p>Correct anomalies associated with project (FHA) numbers.</p>
REC-005.02	<p>Contract/Subsidy Type</p> <p>Eliminate duplicate contract numbers and FHA project numbers in the TRACS and contracts databases.</p> <p>Create a MAT transaction specifically for implementing contract combinations.</p>

Rule Number	Recommendations
REC-005.03	<p>Unit</p> <p>Consider amending existing contracts and requiring new contracts and renewals to express contracted units in terms of residential spaces.</p> <p>Assign a unique and unchanging identifier to each residential space in a property and update the contracts database to carry adequate floor plan and rent information.</p>
REC-005.04	<p>Household</p> <p>Consider requiring owners to submit a unique household identifier with certifications.</p> <p>Consider reorganizing the Tenant database by residential space identifier within a contract instead of by SSN.</p> <p>Verify SSNs against the three national credit bureaus.</p>
PRJ-001.00	<p>Section 231 Occupancy Mix</p> <p>Develop a report that will calculate the percentage occupancy by elderly families in Section 231 properties.</p> <p>Develop a report that will calculate the percentage occupancy by nonelderly physically disabled families in Section 231 properties.</p>
PRJ-002.00	<p>Requirements for accessible units</p> <p>Clarify definitions to use for mobility, hearing, and vision accessible units when submitting unit information to TRACS.</p>
PRJ-003.00	<p>Section 8 Income Targeting</p> <p>Consider using the calendar year as the compliance period for income targeting.</p>
ELG-002.00	<p>When Eligibility is Determined</p> <p>Provide a means to indicate that an eligibility waiver has been granted for a move-in or initial certification.</p> <p>Modify TRACS to not perform an eligibility check when a unit transfer is submitted as a MAT10 certification except for move-in and initial certifications.</p>

Rule Number	Recommendations
ELG-003.00	<p>Income Eligibility</p> <p>Consider having TRACS audit certifications for the use of correct income limits.</p>
ELG-003.01	<p>Establishing Income Limits</p> <p>Provide guidance on how long an owner has to implement new income limits or publish an effective date for new limits that is after their publication.</p>
ELG-003.02	<p>Timing of Income Eligibility Determinations</p> <p>Specifically identify the event whose date is used to determine income eligibility.</p>
ELG-003.03 ELG-003.08	<p>Program Income Limits</p> <p>Add a field to the TRACS database to store the BMIR limit when applicable rather than use the Low-income limit field for two purposes.</p>
ELG-003.04	<p>Section 8 Income Eligibility</p> <p>Eliminate the “Pre-1981” and “Post-1981” designation from Section 8 Contracts and Tenant certifications.</p>
ELG-003.05	<p>Section 236, Rent Supp, RAP Income Eligibility</p> <p>Modify TRACS to require submission of the low-income limit amount with Section 236, Rent Supplement and RAP certifications.</p>
ELG-003.07	<p>Section 202/811 PRAC Income Eligibility</p> <p>Identify how TRACS, or any other software, can identify which PRAC contracts are affected by the “FY 1995” exception.</p> <p>Modify TRACS to specifically require submission of very low-income limits except for those contracts that can be identified as FY 1995.</p>
ELG-003.09	<p>Income Limits and Family Size</p> <p>Publish, in the Handbook, the formula for calculating income limits for family sizes greater than 8.</p> <p>Modify TRACS to distinguish between a child, subject to joint custody, who is eligible for a dependent allowance and one who is not eligible.</p>

Rule Number	Recommendations
	<p>Specify how information on unborn children, children pending adoption, and anticipated foster children should be submitted to TRACS.</p> <p>Consider distinguishing between live-in aides and other non-family members.</p> <p>Clarify which, if any, categories of people used for income limit and unit size determination are considered family.</p> <p>Determine whether additional relationship or special status codes are needed.</p>
ELG-003.10	<p>Income eligible families must need the assistance</p> <p>Modify TRACS to detect situations where assistance is zero or less for non-PRAC subsidy types.</p>
ELG-003.12	<p>Income limit exceptions in Section 8 projects</p> <p>If the Continuous Section 8 indicator field is dropped, modify TRACS edits dealing with income exception codes.</p>
ELG-003.13 ELG-003.15	<p>Section 8 exceptions for in-place tenants</p> <p>Review use of exception codes and add new ones as required.</p>
ELG-003.14	<p>Exceptions for Post-1981 Properties Requiring Approval</p> <p>Consider automating the process of tracking project- and tenant-based exceptions.</p>
ELG-003.15	<p>Reporting Income Exceptions for Section 8</p> <p>Bring all lists of exception codes in the Handbook into agreement.</p> <p>Define exception codes to use for non-Section 8 subsidies.</p> <p>Add a waiver code of DSBL to cover a waiver for a non-disabled person to move into a property designated for the disables. DSBL will be added to the Field 87 in the MAT10, Section 2 record.</p>
ELG-003.16	<p>Admitting Over-Income Applicants</p> <p>Require certification information to be submitted for market tenants.</p> <p>Generate a fatal error on an MI or IC if any member, age 6 or greater, has</p>

Rule Number	Recommendations
	an invalid SSN; however, this recommendation does not apply to the following: Households with subsidy type 0; Relationship code F or L.
ELG-003.17	Admission of Police Officers or Security Personnel Modify TRACS edits to agree with new handbook guidance on the rent that police or security personnel should pay.
ELG-004.00 RNT-004.02	Disclosure of Social Security Numbers Require Social Security Numbers for all household members within 60 days of move-in or initial certification.
ELG-005.00	Residence Criteria Revise current TRACS efforts to prevent double dipping to comply with handbook guidance related to tenants who move out without notice. Consider blocking move-in certifications in double subsidy situations. Implement a prevalidation transaction to allow owners to see if any prospective tenants are already living in subsidized housing. Provide a way to track tenants who do not meet their rent obligations on move-out.
ELG-006.00	Consent and Verification Forms Add a termination code for tenants who refuse to sign the consent forms
ELG-007.01	Prohibition Against Delay of Assistance Modify TRACS to support the concept of prorated assistance pending verification of immigration status at move-in. Revisit the decision to provide prorated assistance at move-in. Check to see if statute intended to allow for temporary deferral of termination of assistance beyond a transition period to the noncitizen rule.
ELG-007.02 ELG-007.05	Mixed Families Modify TRACS to enforce time restrictions on temporary deferral of termination of assistance.
ELG-007.03	Continued Assistance

Rule Number	Recommendations
	<p>Check for changes in family composition when a family is on Continued Assistance.</p> <p>Do not allow a household to have a Continued Assistance status on any move-in or initial certifications with effective dates > 6/19/1995</p>
ELG-007.06	<p>Prohibition of Assistance to Noncitizen Students</p> <p>Consider having TRACS check for a violation of this rule.</p>
<p>ELG-007.08</p> <p>ELG-010.00</p>	<p>Eligibility of the Remaining Member of a Family</p> <p>Eligibility for Admission to 202 and 811 Projects</p> <p>Add any necessary fields to the Tenant and Voucher header records to allow a determination of the elderly status of a property.</p> <p>Add a field to indicate whether such a property serves the elderly or persons with disabilities.</p> <p>Clarify elderly definitions</p>
ELG-012.00	<p>Occupancy Standards</p> <p>Consider modifying TRACS to support all categories of anticipated children.</p>
ELG-012.01	<p>Assigning a Smaller Unit Than Required</p> <p>Modify TRACS to check the situations where assigning a smaller unit than required is permitted.</p>
ELG-012.02	<p>Assigning Units Larger Than Required</p> <p>Consider checking for the appropriateness of such assignments.</p>
RNT-001.00	<p>Determining Annual Income</p> <p>Consider having owners report income from all sources and have TRACS determine which incomes should be included and which should be excluded.</p>
RNT-001.02	<p>Whose Income is Counted?</p> <p>Consider implementing a coding scheme for temporarily absent family members and enforce the rules that apply with respect to income and allowances.</p>

Rule Number	Recommendations
	Add an income for adoption assistance payments so that TRACS can enforce the cap on them
RNT-002.00	Calculating income from Assets Implement the Member Number future field in the MAT10 Section 5 record so that TRACS can determine whether or not an asset should be counted as part of the certification.
RNT-002.02	Income from Assets when Assets Exceed \$5,000 Store the history of the HUD passbook rate in the TRACS database. Check that the correct passbook rate is reported in a certification. Check that the owner is using the correct rate when applicable.
RNT-002.03	Assets disposed of for less than fair market value Activate the divested date future field in the MAT so that TRACS can tell whether or not a divested asset should be included on the certification. Recommend that owners report all assets divested for less than fair market value.
RNT-003.00	Determining Adjusted Income Specify the order of calculation for deductions. Consider requiring that each expense supporting a deduction be reported as part of the MAT so that TRACS can properly audit deduction calculations. Attach care codes to specific incomes rather than to household members.
RNT-003.01	Dependent Deduction Modify TRACS to deal with the reporting of children in joint custody who do not receive a dependent allowance.
RNT-003.02	Child Care Deduction Clarify how to deal with an adult disabled person subject to joint custody.
RNT-004.00	Verification Requirements

Rule Number	Recommendations
	Consider requesting a modification to statute to allow owners access to income matching information.
RNT-004.01	SS/SSI Income Data Match Perform a cost-benefit analysis on the SS/SSI Data Match process.
RNT-005.00	Calculating Tenant Rent Modify TRACS to store both owner submitted and TRACS calculated values. Update TRACS TTP and Rent calculations to follow the latest handbook rules for calculations and rounding.
RNT-005.01	Calculating TTP TRACS should add the edit requiring TTP to be less than gross rent for the Section 8, RAP, and PAC programs.
RNT-005.05	Section 8 Minimum Rent Remove the obsolete minimum rent logic from TRACS.
RNT-005.06	Welfare Rent Publish, in the handbook, a list of states in which welfare rent rules are applicable.
RNT-005.07	Rent for Authorized Security Personnel HUD, not the owner, should establish the formula for calculating TTP for Security Personnel in order to apply a consistent audit standard.
RNT-005.08	Rent in Group Homes Reconsider 811 Group Home Assistance Calculations as Specified in 4350.3 REV-1, 5-28, D. & E. Consider activating a field in the MAT to indicate group home status.
RNT-005.11	Procedures for Calculating Rent Include the algorithms used by TRACS in the MAT User's Guide and Industry Specifications to minimize differences due to software implementations.

Rule Number	Recommendations
	Bring TRACS calculations into line with Handbook guidance.
LSE-004.00	<p>Extended absence or abandonment</p> <p>Establish a definition for these terms in days, weeks, or months—do not leave it up to owners to define them.</p> <p>Determine what termination code should be used in extended absence or abandonment cases.</p>
LSE-005.00	<p>Termination for a Pet Rule Violation</p> <p>Add a termination code to cover this situation.</p>
LSE-006.00	<p>Amending the Lease for Rent Changes</p> <p>Provide guidance, in the MAT guide, for how to process a gross rent change and the transactions needed to communicate to TRACS.</p>
LSE-007.00	<p>Security Deposits</p> <p>Consider regulatory simplification.</p> <p>Modify TRACS to differentiate between Section 8 programs.</p> <p>Bring TRACS security deposit edits in line with Figure 6-6 in the Handbook.</p>
CRT-001.00	<p>Annual Recertifications</p> <p>Consider having TRACS check for adult children moving in after initial occupancy in a 202/8 property.</p> <p>Modify TRACS to change the move-in date to be less than or equal to the effective date when applicable.</p> <p>Consider not allowing future transactions to be submitted to TRACS.</p> <p>Consider not allowing a certification to be effective after the first of the voucher month.</p>
CRT-001.01	<p>Timing of Annual Recertifications</p> <p>Require that all annual recertifications be effective on the first of the month.</p>
CRT-001.02	Annual Recertification Procedures

Rule Number	Recommendations
	<p>Clarify the 15-month rule.</p> <p>Define for TRACS and the CAs what effective date should be used for system (HQ) terminations.</p> <p>Consider a financial penalty for late owner submission of recertifications.</p>
CRT-001.03	<p>Effective Dates of Rent Changes</p> <p>Clarify, in the MAT guide, what certifications and effective dates are acceptable after either an owner initiated termination or an HQ termination. Implement any necessary changes in TRACS edits.</p> <p>Add a field to the MAT indicating the effective date of a change in rent as distinct from a change in assistance.</p> <p>Clarify when rent changes on corrected certifications.</p> <p>Resolve any inconsistencies between Rule CRT-001.02 and CRT-001.03 regarding when assistance should be terminated for late recertifications. Should the headquarters termination be effective retroactive to the anniversary date?</p> <p>Replace the “tenant unable to sign indicator” in TRACS with an “extenuating circumstances” code that can be used to justify accepting a recertification on a tenant terminated for failure to recertify on time.</p>
CRT-002.01	<p>Interim Recertification: Owner’s Responsibilities</p> <p>Add a “do not check eligibility” flag to the MAT10 section 2 record.</p> <p>Consider continuing the use of the LR termination code.</p>
CRT-002.02	<p>Effective Date of Interim Recertifications</p> <p>Consider implementing all changes from one subsidy to another and from subsidized to market or market to subsidized as terminations followed by initial certifications.</p>
CRT-004.00	<p>Gross Rent Changes</p> <p>Deal with any retroactive portion of a gross rent change with a miscellaneous accounting request or special claim.</p>

Rule Number	Recommendations
	<p>Reconsider the requirement for retroactive certifications in general.</p> <p>Require TRACS and/or CAs to generate the new rents based upon changes to the contract rent schedule and advise the owners of the new rents for their units.</p> <p>Modify TRACS changing the gross rent change logic to make sure that the unit number in the gross rent change matches the unit currently occupied by the tenant.</p> <p>Organize the TRACS Tenant database by contract and unit.</p>
CRT-005.01	<p>Termination of Assistance</p> <p>Define the meaning of the termination date.</p> <p>Revise the list of termination codes to cover all applicable situations and have each code cover only a single situation.</p>
CRT-005.02	<p>Termination of Tenancy by Lessees</p> <p>To help eliminate situations where tenants fail to give a full 30-day notice, consider stating that a tenant is not eligible for assistance in any other property until the end of the notice period.</p>
CRT-005.03	<p>Termination of Tenancy by Owners</p> <p>Add appropriate termination and move-out codes to allow the tracking of fraud cases and the enforcement of sanctions.</p>
CRT-005.05	<p>Discrepancies Based on SWICA Information</p> <p>Perform a cost-benefit analysis on the SS/SSI Data Match process.</p>
CRT-005.06	<p>Reimbursement to HUD for Overpayment of Assistance</p> <p>Clarify how to deal with situations involving repayments agreements on the HAP voucher.</p>
REP-001.00	<p>50059 Facsimile Printing</p> <p>Consider adding a standard 50059 format to the MAT User Guide and coordinate the MAT field numbering with the fields in the form.</p>
REP-002.00	<p>Electronic Data Processing and Transmission</p>

Rule Number	Recommendations
	It may simplify communication with multifamily industry software developers if a separate web page were created specifically for software developers, and the issues they raise.
REP-003.00	<p>Signatures on 50059 Facsimiles</p> <p>Collect all guidance related to the need for signatures on 50059 facsimiles for full certifications, gross rent changes, unit transfers, terminations, and move-outs together in a single exhibit for reference.</p> <p>Where a tenant signature is required for a partial certification, consider not asking for the signatures of all adult household members.</p> <p>Guidance is needed on the printing of partial certifications.</p> <p>Eliminate the term “partial certification”.</p>
REP-004.00	<p>Deadlines for TRACS Submissions</p> <p>TRACS could audit the 60-day submission requirement for special claims that have been processed by HUD offices using the online claims application.</p> <p>Consider a financial penalty for late submission.</p> <p>Solicit opinions from contract administrators and the FMC on the timing of certification submissions and issue revised guidance if necessary.</p>
REP-005.00	<p>Internet Applications</p> <p>Consider requiring each site or (at a minimum) central office to have access to WASS.</p>
REP-006.00	<p>Manual Vouchers</p> <p>The handbook description should be modified to reflect the actual process.</p>
REP-007.00	<p>Contract Administrator Requirements</p> <p>Provide guidance on what are legitimate CA requests for paper reports and forms.</p> <p>A discussion with Contract Administrators concerning their needs with respect to modification of data transmitted from sites would be a useful</p>

Rule Number	Recommendations
	<p>prelude to the issuance of more definitive guidance.</p> <p>Contract Administrator software should be certified as is site software.</p> <p>Make it made clear that CAs may not impose different rules on site transmissions than does TRACS.</p> <p>Publish requirements for features that site and CA software vendors must support.</p> <p>Consider developing a standard set of test case scenarios with expected results that can be used to certify site and CA software.</p>
REP-008.00	<p>Data Collection and Processing Procedures</p> <p>Consider implementing voucher detail, adjustment, and special claims detail voucher records for transmission to CAs only.</p> <p>TRACS should consider storing records that generate TRACS fatal errors so that there is a record of what data exists in the site or CA database.</p> <p>TRACS should consider storing and reporting both site submitted and TRACS calculated values for fields.</p> <p>Rewrite sections of Handbook Chapter 9 to ensure technical accuracy.</p> <p>Consider specifying rules for CAs to follow when returning messages to owners.</p>
REP-009.00	<p>Correcting TRACS errors</p> <p>Consider modifying TRACS to store fatal errors as well as discrepancies, and adding a mechanism to positively identify when a correction or an acknowledgement has been processed.</p>
REP-010.00	<p>Full and Partial Certifications</p> <p>Consider eliminating partial certifications and requiring full data to be transmitted for all transactions.</p> <p>Remove the examples of MAT record formats from the handbook in favor of referencing the MAT guide for the information.</p>

Rule Number	Recommendations
	<p>Incorporate Handbook guidance concerning MAT fields into the MAT Guide.</p> <p>Rename the MAT User’s Guide to “TRACS User’s Guide.”</p>
REP-010.01	<p>MAT15 Address Record</p> <p>Incorporate the TRACS 2.0.1.A industry specification guidance on MAT15 records into the MAT guide.</p> <p>Consider including tenant address information as part of the MAT10 certification record and using the MAT15 record for unit address information only.</p> <p>Add a Unit Identifier field to the MAT to hold a permanent, unique identifier for a unit in a property.</p> <p>Add a globally unique Property Identifier (the REMS property identifier) to allow TRACS to retain MAT15 records for properties that lack an FHA identifier.</p>
REP-010.02	<p>MAT40 Move-Out Record</p> <p>Provide guidance on the need for signatures on move-outs.</p> <p>Consider using only the property id (REMS) and the contract number as identifiers in TRACS.</p> <p>Add to the list of move-out codes to allow for the tracking of fraud cases, tenant skipping or moving out without full 30-day notice.</p> <p>Consider implementing move-out code #5—unit transfer between projects.</p> <p>When an owner opts out, consider issuing HQ move-outs for all affected tenants.</p>
REP-010.03	<p>MAT65 Termination Record</p> <p>Provide guidance on the use of the CE, EN and HQ termination codes.</p> <p>Define the termination date as being the last day of subsidy similar to how a move-out date is defined.</p>

Rule Number	Recommendations
	<p>The LR code should be permitted for the situations where the old rules were in effect.</p> <p>Add to the list of termination reasons to allow the tracking of fraud cases.</p>
REP-010.04	<p>MAT70 Unit Transfer/Gross Rent Change</p> <p>TRACS needs to add a load module before the certification processing modules that performs the transfer out action on tenants being transferred from one unit to another by either a MAT70 or a MAT10.</p> <p>Split the mat 70 record into two records -- one for unit transfers and one for Gross rent changes rather than keeping the current format that serves two purposes.</p> <p>Consider enhancing the MAT10 record to carry information on prior rents (similar to what is done for unit transfers) so that both Contract Administrators and TRACS can see explicitly when a full certification is conveying gross rent change information.</p> <p>As part of the MAT guide, instructions should be given on how to handle situations where multiple certification events occur with the same effective date.</p> <p>If partial certifications are not eliminated, consider storing partial certifications independent of full certifications.</p> <p>Consider making almost all MAT70 fields mandatory.</p> <p>Require that unit transfers be handled according to the following rules:</p> <ol style="list-style-type: none"> 1. Where both the project/property and contract/subsidy type remain the same, submit the transfer as a MAT70 or MAT10 unit transfer. 2. Where the project/property remains the same but the contract/subsidy type changes, submit the transfer as a MAT65 termination followed by a MAT10 initial certification. 3. Where the project/property changes, submit a MAT40 move-out followed by a MAT10 move-in certification. <p>Consider adding fields to cover the previous rent and subsidy</p>

Rule Number	Recommendations
	<p>information.</p> <p>Issue guidance on how to submit data when a unit transfer and gross rent change both occur on the same date.</p> <p>Eliminate the need for staged gross rent changes.</p> <p>In Appendix 6, Figure 4 the guidance given for fields marked with an asterisk is incorrect. Remove the asterisks and the guidance.</p>
REP-011.00	<p>MAT10 50059 Data Requirements</p> <p>Clarify exactly what paragraphs in Appendix 7 should be printed as part of the 50059 facsimile.</p> <p>Some of the fields required on the facsimile are not known when the facsimile is printed. Modify the list of fields to be printed.</p> <p>HUD should design the facsimile formats in collaboration with the multifamily industry.</p> <p>Consider adding a query with the ability to display TRACS data in certification format.</p>
REP-011.01	<p>Tenant Header Record</p> <p>A1. Project Name: Clarify the use of this field in TRACS.</p> <p>A3. Property ID: Activate this field and populate with the REMS Property ID and drop Project Number.</p> <p>A5. Contract Number: Use this field for entry of subsidy types without contract numbers. For example: Rent Supplement and RAP contract numbers (FHA project number + SUP or RAP).</p> <p>A9. OA Software Vendor: The software should be required to emit this data element to provide consistent formatting.</p> <p>A10. Release/Version: The software should be required to emit this data element to provide consistent formatting.</p> <p>A12. Sender's Telecom Address: Drop this field.</p>

Rule Number	Recommendations
	<p>A14. CA Software Vendor: The software should be required to emit this data element to provide consistent formatting.</p> <p>A15. CA Software Release/Version: The software should be required to emit this data element to provide consistent formatting.</p> <p>Add in Section 202 indicator and a Section 231 indicator so that it is possible to determine when these apply to Section 8 and other deep subsidy contracts.</p> <p>Add an additional field for software vendor use. Possible uses include a code that would identify the specific site using the software.</p>
REP-011.02	<p>MAT10 Basic Record (Tenant Certification)</p> <p>B2. Previous Head ID: Document how to use this field in various scenarios.</p> <p>Implement a household identifier and consider eliminating fields B2 through B7 (Previous Head information).</p> <p>B8. FIPS County Code: Drop this field.</p> <p>B9. Transaction Effective Date: For correction certifications specify that both fields B12 and B13 should be filled.</p> <p>B11. Transaction Type: Consider eliminating the CR and CS certification types.</p> <p>B14. Effective Date of Certification Being Corrected: Change the name of the field to Tenant Rent Effective Date.</p> <p>B15. Previous Subsidy: Either clarify its use or eliminate the field.</p> <p>B16-B18. Conversion Date Code, Age 62 at Conversion Indicator, Continuous Section 8 Indicator: Consider eliminating these fields.</p> <p>B19. Race: Eliminate in favor of collecting information at the tenant level.</p>

Rule Number	Recommendations
	<p>B20. Ethnicity: Eliminate in favor of collecting information at the tenant level.</p> <p>B23. Number of Family Members: Review the use of this field and clarify relative to anticipated members and temporarily absent members.</p> <p>B28. Reported Passbook Rate Percent: Store rates in a table in the TRACS database along with effective dates.</p> <p>B??. (Should be B35) Asset Income: Restore this field to the list and renumber the remaining fields.</p> <p>B38. Extremely Low-Income Limit Amount: Clarify the definition and use.</p> <p>B41. Section 8 Assistance 1984 Indicator: Add a description of how to fill this field.</p> <p>B42. Income Exception Code: Resolve differences between the description of this field given here and that in the MAT Guide.</p> <p>B44. Market Rent: Resolve differences between the description of this field given here and that in the MAT Guide.</p> <p>B46. Disability Expense: Change the name of this field in the MAT Guide to match this one.</p> <p>B47. Disability Allowance: Attach care codes to incomes, not members. Consider collecting expense detail for even greater accuracy.</p> <p>B53. Contract Rent Amount: TRACS should audit these amounts. Add unique unit identifier and floor plan fields to allow this.</p> <p>B54. Utility Allowance Amount: TRACS should audit these amounts. Add unique unit identifier and floor plan fields to allow this.</p> <p>B56. Welfare Rent: List the states considered “as paid.”</p> <p>B57. HCDA%: Eliminate or clarify the use of this field.</p>

Rule Number	Recommendations
	<p>B58. Worksheet Code: Drop references to the D, F, and G worksheets here and in the MAT Guide. Modify TRACS edits accordingly.</p> <p>B59. Total Tenant Payment: Give advice on situations where TTP would equal Gross Rent. Require owners to submit market certifications to TRACS.</p> <p>B61. Tenant Rent: Fix error in the field description.</p> <p>B63. Assistance Payment Amount: Clarify whether or not values of zero are allowed.</p> <p>B64. % Actually Charged: Eliminate the field or provide guidance on how to fill it in situations where the value would be infinite.</p> <p>B65. Police or Security Tenant: Resolve differences between the description here and guidance in the body of the handbook.</p> <p>B68. Building ID: Implement this field and populate it with the REAC building identifier.</p> <p>B69. Unit Number: Add a unique unit identifier to the MAT. Organize the contracts database around residential spaces rather than number of units to fix group home issues.</p> <p>B71. Region Code: Drop this field.</p> <p>B72. Field Office Code: Drop this field.</p> <p>B73. Tenant Signed Date: Update description to reflect current handbook requirements.</p> <p>B75. Household Assistance Status Codes: Eliminate the Full Assistance code and provide up-to-date advice on the use of the remaining codes.</p> <p>B76. Family Addition Adoption: Implement this field.</p> <p>B77. Family Addition Pregnancy: Implement this field.</p> <p>B78. Family Addition Foster Children: Implement this field.</p>

Rule Number	Recommendations
	<p>B81. Voucher Date: Clarify the use of this field and provide guidance in the MAT guide. Make this field Mandatory on Condition.</p> <p>B82. Secondary Subsidy Type: Expand the definition of this field so that it can be populated for any Section 236 or BMIR project.</p> <p>B84. Waiver Type Code: Implement this field.</p> <p>B85. Move-Into Unit Date (Family): Delete this field.</p> <p>B86. Owner Preference Code: Decide whether to implement or delete this field.</p> <p>B87. Baseline Certification Indicator: Update the description and add to the MAT Guide, advice on the use of and rules for generating baseline records and files.</p> <p>B88. Plan of Action Indicator: Clarify use or delete the field if it is no longer needed.</p> <p>B89. HUD-Owned Indicator: Describe when HUD-Owned properties may send certifications to TRACS.</p> <p>B90. Unit Transfer Code: Update guidance and determine how to support transfers between properties.</p> <p>B95. Tenant Unable to Sign Indicator: Consider deleting this field in favor of an Extenuating Circumstances indicator.</p> <p>Consider adding optional unique certification identifiers (one for site use and one for CA use) that would be passed back with error messages.</p>
REP-011.03	<p>MAT10 Household Record</p> <p>C5. Relationship Code: Provide additional guidance on the use of Head, Dependent, and Other codes. Add clarification on emancipated minors.</p> <p>C6, C7. Sex Code, Birth Date: Decide how to deal with anticipated members and revise advice for the Household Record accordingly.</p>

Rule Number	Recommendations
	<p>C8. Special Status Code: Explore the consequences of allowing status codes to be filled for all members no matter what the relationship code.</p> <p>C9. Identification Code: Delete the paragraph concerning persons who are not family members.</p> <p>C10. Member Eligibility Code: Clarify the advice for this field and revise it to agree with what TRACS expects to be submitted. Consider implementing a limit to the amount of time that a member may receive the pending verification code.</p> <p>C12. Occupation Description: Either implement this field or drop from the MAT.</p> <p>C13. Able to Work Care Code: Consider attaching the care codes to the incomes and collecting detailed expense data rather than the summary fields that are now part of the Basic record.</p> <p>C14. Care Codes: Move some of the advice for this field to C13 and either drop or implement the field.</p> <p>Provide guidance related to the submission of data for anticipated family members as part of the Industry Specification.</p>
Rep-011.04	<p>MAT10 Income Record</p> <p>D4. New Household Member Income Indicator: Either implement or drop this field.</p> <p>D5. Newly Employed Income Indicator: Either implement or drop this field.</p> <p>D6. SSN Benefits Claim Number: Implement this field.</p>
REP-011.05	<p>MAT10 Asset Record</p> <p>E1. Member Number: Implement this field.</p> <p>E6. Date Divested: Implement this field.</p>
REP-012.00	<p>50059 Data Entry Rules</p> <p>Resolve the discrepancy between the Chapter 5 advice on how to</p>

Rule Number	Recommendations
	<p>calculate an income and that given here.</p> <p>Provide guidance on how to round negative numbers.</p> <p>Revise the statement to the effect that only whole numbers may be transmitted to TRACS.</p> <p>Make it explicit that intermediate calculations should be rounded to the nearest penny. This is what is done in the examples but the rule is not stated.</p> <p>Add a technical appendix to the MAT guide giving algorithms to be used in certification and voucher calculations.</p>
HAO-001.00	<p>Assistance Payments Requirements</p> <p>Revise the allowed exceptions to the rule that a unit may be claimed under more than one contract for the same voucher period.</p>
HAP-002.00	<p>Assistance Payments Procedures</p> <p>Paragraph 9-12.C.3 should eliminate all of its sub-sections and instead refer the interested reader to Appendix 9 for information on what information should appear on the form and to the MAT guide for the information required to be transmitted electronically.</p>
HAP-003.00	<p>Assistance Payments Calculations</p> <p>Add advice on how billing should be done in the context of residential spaces for group homes.</p> <p>Describe how unit rents should be assigned to residential spaces.</p>
HAP-004.00	<p>Payments for Partial-Month Occupancies</p> <p>Provide additional guidance on the case of a move-out after the death of a sole member.</p> <p>Decide whether adjustments should be reported on a month-by-month basis or whether a single number may be reported covering the period of the adjustment.</p> <p>Either stop issuing HQ move-outs in favor of blocking subsequent move-ins or allow for a move-out transaction to indicate that it is in response to</p>

Rule Number	Recommendations
	<p>a tenant's vacating without proper notice.</p> <p>Add a technical appendix to the MAT guide giving algorithms to be used in certification and voucher calculations.</p>
HAP-006.00	<p>HUD-52670</p> <p>For consistency, present the information in this handbook appendix and following ones in a way similar to what is done for fields submitted on a certification.</p> <p>Move field level guidance to the MAT Guide for ease of revisions.</p> <p>The wording to prepare a separate form "for each subsidy contract for each of the following" (General, A) is incorrect and should be revised.</p> <p>Correct the wording on when each of the subsidy types submits vouchers.</p> <p>Provide definitions for how items 6a, 6b, 6c, 6d, and 6e should be determined including when the determination is made (e.g. what are the effective dates for the various counts?).</p> <p>Revise the language for Item 6 to comport with Housing's decision to move away from "units" to "residential spaces."</p> <p>Number of Units Vacant for a PRAC is defined as item 6c. It should be 6d.</p> <p>Consider whether a second set of Item 6 fields should be added to the MAT30 record to reflect contract administrator totals.</p> <p>Eliminate voucher form differences between the PRAC and other subsidy types.</p> <p>Item 10. The instructions for subitems a. and b. refer to the wrong item on the schedule of tenant assistance payments due.</p> <p>Provide advice on the use of miscellaneous accounting requests.</p> <p>Consider adding miscellaneous accounting request sub-types to the main types to aid in categorizing such requests.</p>

Rule Number	Recommendations
HAP-007.00	<p>HUD-52670-A Part 1, Schedule of Payments Due</p> <p>Item 8. Unit Size: With the move to “residential spaces” guidance is needed on how to complete this item for a certification in a group home.</p> <p>Item 12. Income Code: Revise the list of exception codes to agree with the body of the Handbook.</p> <p>Require that entries for regular tenant assistance and for adjustments be sorted in unit number order.</p> <p>Item 7. Revise this entry to refer to a unique unit identifier if implemented.</p> <p>Item 15. Provide guidance on the use of the CE, EN, and HQ termination codes.</p> <p>Consider giving Contract Administrators a CA termination code.</p> <p>Item 16. Consider requiring that no events occurring after the first of the voucher month be reported on the regular tenant assistance portion of the voucher.</p>
CLM-001.00	<p>Special Claims</p> <p>Make it clear that Contract Administrators may continue to assign a single claim ID to a batch of claims of different types.</p> <p>Publish the TRACS edits involving Special Claim Ids.</p> <p>Assign CA Ids to the Traditional CAs and require their use in Special Claim Ids.</p> <p>Have TRACS generate an error message if a claim is submitted for a Rent Supplement or RAP voucher.</p> <p>Consider automating the submission of special claims at the site level.</p> <p>Expand the TRACS Special Claim Approval application to accept the special claim detail instead of the summary by claim type that it accepts now.</p>

Rule Number	Recommendations
CLM-002.00	<p>Claims for Unpaid Rent and Damages</p> <p>For situations where it has not been possible to get evidence of a move-out into TRACS, consider allowing the reviewer to use the adjustment pages on the voucher, along with the regular tenant assistance reporting, to determine whether a move-out or move-in has occurred.</p>
CLM-003.00	<p>Claims for Vacancy Losses During Rent-Up</p> <p>TRACS should check to be sure that Loan Management Set-Aside contracts do not submit claims for vacancy losses during rent-up.</p>
CLM-004.00	<p>Claims for Vacancy Losses After Rent-Up</p> <p>Either reconsider the guidance not to submit data for market tenants or provide for alternative proof of move-out for tenants who have been terminated per handbook guidance.</p> <p>For situations where it has not been possible to get evidence of a move-out into TRACS, consider allowing the reviewer to use the adjustment pages on the voucher, along with the regular tenant assistance reporting, to determine whether a move-out or move-in has occurred.</p> <p>Are owners entitled to resubmit vacancy claims if they receive a retroactive gross rent increase subsequent to filing the claim?</p>
CLM-005.00	<p>Claims for Debt Service Losses</p> <p>Either reconsider the guidance not to submit data for market tenants or provide for alternative proof of move-out for tenants who have been terminated per handbook guidance.</p> <p>For situations where it has not been possible to get evidence of a move-out into TRACS, consider allowing the reviewer to use the adjustment pages on the voucher, along with the regular tenant assistance reporting, to determine whether a move-out or move-in has occurred.</p>
CLM-006.00	<p>Special Claims Schedule (52670-A Part 2)</p> <p>Provide instructions on how to fill out this form.</p> <p>Specify the order in which claims should appear on the form.</p>
CLM-007.00	<p>Special Claims Worksheets (526701 A through D)</p>

Rule Number	Recommendations
	Provide guidance on which form fields should be rounded to the nearest penny and which should be rounded to the nearest dollar.
EIR-001.00	<p>Excess Income Report</p> <p>Clarify how rents received for past and future periods should be reported.</p> <p>Give instructions and examples concerning how to handle partial month occupancy situations and both current and retroactive gross rent changes and unit transfers.</p> <p>Give instructions on how to deal with retroactive corrections to certifications.</p>
TEN-001.01	<p>Tenant MAT Transmission Level Requirements</p> <p>Clarify whether records may be padded at the end to be longer than required.</p> <p>Clarify whether records may be truncated in situations where no data is being reported in the omitted fields.</p> <p>Document TRACS edits surrounding the use of the CA ID.</p>
TEN-002.00	<p>Tenant Batch Processing Requirements</p> <p>Consider submitting move-out, termination, gross rent change, and unit transfer information as part of a full certification.</p> <p>Consider splitting the MAT70 record into two transactions if the suggestion above is not implemented.</p> <p>Modify TRACS to process the vacate part of a unit transfer prior to processing MAT10 records and the occupy part of the unit transfer.</p>
TEN-002.01	<p>Tenant Batch Processing Flow</p> <p>If the transaction effective date is interpreted as the date that the transaction affects assistance, the database should be keyed by transaction effective date, instead of certification effective date, and the processing sequence should be by transaction effective date, instead of the date/timestamp.</p>
TEN-002.04	HQ Move-Out

Rule Number	Recommendations
	Reconsider the philosophy behind this transaction and either retain it or block move-in transactions instead.
TEN-002.05	Duplicates Scrub Expand the duplicates report to include all household members.
TEN-002.06	Headquarters (HQ) Termination Provide guidance for owners on how to avoid HQ terminations, including what to do when an eviction is in process. Consider financial penalties for failure to inform TRACS as to the status of a recertification.
TEN-002.08	Unit Addresses Replace the project number in TRACS with the REMS property id.
VCH-001.04	Voucher MAT Error Requirements Consider redesigning the MAT messaging system to provide a more user-friendly error message format.
VCH-002.00	Voucher Batch Processing Requirements Consider retaining MAT30s that have fatal errors in TRACS for a limited time as an aid for troubleshooting and error analysis.
VCH-002.01	Voucher Submission Requirements Establish a rule that TRACS will not accept a voucher header (VCHHR) with the CA data populated until the contract has been assigned to the CA in TRACS. Establish the rule that TRACS will not accept a VCHHR without the CA data populated after the contract has been assigned to the CA in TRACS. Establish the rule that TRACS will accept MAT30s from CAs for periods prior to the payment start date, but the CA approved amount fields will be ignored and the owner will be paid. Establish the rule that MAT30s for contracts assigned to a CA must have the CA approved amount fields populated if the voucher is for a period on or after the payment start date. Return the compliance percentage as part of the voucher acknowledgement message.

Chapter 2. Introduction

This Comparative Analysis Matrix contains Business Rules in HUD Handbook 4350.3 that directly or indirectly affect funds control. TRACS business logic supporting the Handbook rules is also presented. Particular attention is paid to rules that are or could be subject to automation and that would improve accountability and reduce errors in payments. Situations are identified where rules are ambiguous or not well defined and recommendations for improvement are made with respect to both rules and current processes. The final two chapters describe TRACS rules related to process flow and database integrity that are unrelated to the Handbook requirements.

These rules contained in HUD Handbook 4350.3 cover the following HUD programs:

- Section 221(d)(3) Below-Market Interest Rate (Section 221(d)(3) BMIR)
- Section 236
- Rental Assistance Payment (RAP)
- Rent Supplement
- Section 8 Project-Based Assistance
 - New Construction
 - State Agency Financed (generally are New Construction or Substantial Rehabilitation projects)
 - Substantial Rehabilitation
 - Section 202 Projects with Section 8 Assistance (Section 202/8)
 - Rural Housing Section 515 Projects with Section 8 Assistance (RHS Section 515/8)
 - Loan Management Set-Aside (LMSA)
 - Property Disposition Set-Aside (PDSA)
- Section 202 with 162 Assistance – Project Assistance Contracts (Section 202 PACs)
- Section 202 with Project Rental Assistance Contracts (Section 202 PRACs)
- Section 202 without Assistance (Income Limits Only)
- Section 811 with Project Rental Assistance Contracts (Section 811 PRACs)

In particular this document analyzes the following areas:

- Program Eligibility for tenants
- Project Eligibility issues except as noted below
- Occupancy and Certifications
 - Move-in and Initial Certifications
 - Recertifications
 - Terminations
 - Move-outs

- Unit Transfers
- Gross Rent changes
- Billing Requirements including Special Claims
- TRACS automation

The following topics are excluded from the review:

- Pre-Admission Concerns and Rules--These are properly the subject of on-site management and occupancy reviews.
- Fair Housing and Non-Discrimination issues
 - Owner/Agents are required not to discriminate based on race, color, religion, sex, disability, familial status, or national origin.
 - Data on race, ethnicity, sex, disability (limited to program definitions), and familial status for those admitted to housing is transmitted to TRACS. However, since the data is only for housed families, it is not possible to use it to detect patterns of discrimination without knowing the values for those not admitted or in the local population.
- Waiting List maintenance—This conceivably could be part of an automated system at the TRACS level, but both the development effort and volume of transactions would be huge.
- It should be noted that move-in certifications currently capture information concerning the Displacement preference.
- Rules relating to verification of tenant information including eligibility factors, income, assets, expenses, and personal information with the exception of the SSI Data Match.
- Project eligibility rules related to some housing for the elderly and disabled. The rules are very complex and, in many cases, subject to owner choice. These are best dealt with at the management review level.

Chapter 3. Using This Document

Reference Document

HUD Handbook 4350.3, Rev. 1

Rule Naming Conventions

Entries in the Table of Contents and this document are formatted as follows:

Rule Identifier: Subsidy Types: Rule Name. Rule Identifier is a unique alphanumeric identifier for the rule; Subsidy Types are the specific subsidy types that the rule applies to; and Rule Name is a brief name for the rule.

Example: RNT-004.03: nnnn45nnn: Rent Calculation. Where RNT-004.03 is the Rule Identifier; nnnn45nnn is the list of subsidy types that the rule applies to; and Rent Calculation is the rule name.

Rule Identifier is formatted as follows:

Rule Category-Rule Number.Sub-Rule Number. Rule Category designates rules that relate to a common theme; Rule Number is the number of the rule within the category; and Sub-Rule Number is the number of the sub-rule within the rule.

Example: RNT-004.03. Where RNT refers to the Rent category of rules; 004 is the rule number within the category; and 03 is the sub-rule within the rule.

Subsidy Types are encoded as follows:

012345789 where:

0 = Market (Unsubsidized)

1 = Section 8

2 = Rent Supplement

3 = RAP

4 = Section 236

5 = BMIR

7 = 202 PRAC

8 = 811 PRAC

9 = Section 202/162 PAC

Example: nnnn45nnn. This indicates that the rule applies to the Section 236 and BMIR subsidy types.

Rule Layout

The presentation of each rule is done in up to three sections. The organization is designed to allow for easy modification and for insertion and deletion.

Section 1, labeled Handbook, contains the description of the business rule as stated in HUD Handbook 4350.3, Rev. 1. Included in this section are notations about issues for which clarification is needed to allow unambiguous implementation. This section quotes excerpts from the Handbook, citing the starting section number and page numbers at the beginning of each quote.

Section 2, labeled TRACS, contains the logic of how TRACS implements the rule.

Section 3, labeled Recommendations, contains any recommendations for change or improvement in either the rule or in the implementation of the rule. This section is optional. At the start of each recommendation there is an indication of whether a legislative fix is needed, whether a policy change should be considered or advice sought, or whether a TRACS modification or documentation update is required. This information is summarized in brackets as follows: [X] Legislative [X] Policy [X] TRACS. The preceding example indicates that legislative, policy, and TRACS fixes are all required.

Chapter 4. Global Issues and Recommendations

Scope of Analysis

This section introduces issues that are broad enough to warrant a discussion outside of the Handbook centric context of the remaining chapters of this Matrix. While the topics are not rules per se but rather broad themes that impact negatively on the e-government effort, they are being presented in the same format as the rest of the rules in this Matrix for ease of reference.

Rule # REC-001.00: 012345789: Statutory and Regulatory Complexity

HUD programs and their associated statutes, regulations and rules have accumulated over the years. Frequent modification has been the norm. As a result, the body of knowledge required to manage HUD subsidized housing is voluminous and complex. The difficulty associated with automating these rules should not be underestimated—particularly when regulations can be waived (1-8) and state and local law must be taken into account in some situations (1-5). Paragraph 1-2.C from the 4350.3 illustrates the problem:

HANDBOOK (1-2.C, pp 1.2-1.3):

(C) How Applicability Varies

Not all requirements apply to all properties or tenants. Furthermore, some properties are assisted under multiple programs and are subject to multiple sets of requirements.

(1) Applicability can vary by:

- (a) Type of program (e.g., Section 236 versus Section 8);
- (b) Type of Section 8 assistance (e.g., Loan Management Set-Aside versus New Construction);
- (c) Date that subsidy contracts took effect or were executed;
- (d) Date a tenant moved in or first received subsidy; and
- (e) Date a tenant was converted to Section 8 assistance.

(2) When applicability does vary, a paragraph or subparagraph in this handbook entitled “Applicability” will be included to indicate which projects, units, or tenants are subject to or exempt from the requirement. The variation will be described in subsequent

paragraphs.

Similarly, paragraph 1-5.A states:

HANDBOOK (1-5.A, p 1.8):

1-5 Principles for Addressing Overlapping Federal, State, and Local Requirements

(A) General

In addition to complying with this handbook, owners must comply with other federal, state, and local laws applicable to the occupancy of multifamily housing properties. If other federal, state, or local laws conflict with HUD's requirements, owners must contact the HUD Field Office or Contract Administrator for guidance. Also, when addressing complex overlapping requirements, it is always prudent for owners to seek proper counsel.

Recommendations for simplification:

[X] Legislative [X] Policy [X] TRACS: Seek statutory relief: Many of the different subsidy programs are very similar when it comes to rent determination and vouchering. Consider statutory changes that would allow "similar" to become "identical." The result would be simplified training for site staff and reduced automation costs.

[X] Legislative [X] Policy [X] TRACS: Simplify Rent Determination: Consider a pilot project, similar to that being undertaken in Public and Indian Housing, to implement a greatly simplified tenant rent calculation whereby tenants pay a fixed percentage of annual income with no deductions. Count all income and assets with no exclusions. As it now stands, large sections of the 4350.3 Handbook are taken over with detailed discussions of exactly which incomes and assets should be included in certification calculations and which are excluded. If deductions were eliminated, a large verification burden would also be eliminated. Tenants would no longer have to save every receipt for medicines and owners would not have to spend time documenting and storing copies of that information.

[] Legislative [X] Policy [X] TRACS: Eliminate retroactivity: Gross rent changes are often implemented deeply retroactively and changes to old certifications are required when errors or fraud are discovered. When such things happen, a whole chain of certifications must be corrected so that proper adjustments can be made. Retroactively changing prior transactions obscures the audit trail of events. Consider following the Rural Housing Service model where all certifications are effective on the first of the month after the action requiring the certification takes place and where retroactivity in cases of errors or fraud is dealt with outside of the certification context. Dealing with

retroactivity in an automated system is fraught with difficulty and is often not implemented well.

☐ Legislative ☒ Policy ☐ TRACS: Simplify Forms: Either revoke permission for state-modified HUD forms (1-2.B.2) or define a single form that meets the needs of all stakeholders. Doing so will lower automation and auditing costs. As an example, in the past some contract administrators have received approval for a modification to HUD Form 52670-A Part 1 to include the number of bedrooms, contract rent, and tenant rent on the form for each unit billed. Other contract administrators either had different requirements or accepted the standard HUD form. Prior to the 4530.3 update, Housing asked CAs to indicate what information they needed on the form and their requests were incorporated in the latest revisions of the HAP voucher forms resulting in a single implementation that meets everyone's needs.

Rule # REC-002.00: 012345789: Handbook Deficiencies

One issue that cries out for attention is the fact that the 4350.3 handbook has not been updated to deal with the realities of a world where automation of key tasks such as generating and printing certifications and HAP vouchers is required. While the handbook has made great strides in its latest revision, it remains inadequate as a requirements document for software implementation. Often key information about a single topic is not grouped together but rather scattered about the handbook. Sometimes key guidance is missing. For example, the handbook almost completely lacks information concerning move-in and initial certifications—what special edits are required for what MAT fields in these cases. There is a generous discussion of topics such as eligibility for admission but nothing about how to translate that information concretely into a move-in or initial certification.

Until detailed requirements are provided, it is inevitable that different software implementers (including TRACS) will do things in different ways. Perhaps the handbook should be split into two documents with two different audiences in mind: the site manager and the software implementer. The software implementer will want specific instructions related to certification types and events. What certification type is appropriate under which circumstances?; What fields need to be filled?; what edits should be applied to the information entered?

Recommendation:

☐ Legislative ☒ Policy ☐ TRACS: Generate a software requirements document from the Handbook rules.

Rule # REC-003.00: 012345789: Required Automation

When a property submits its certifications and vouchers to a contract administrator, three different implementations of the handbook rules are involved: the site software's, the contract administrator software's, and TRACS'. There is simply no way to keep all three databases in synchronization especially when all three are based on differing interpretations of the handbook. A clear set of requirements (REC-002.00) would eliminate a source of many discrepancies.

Recommendation # 1:

☐ Legislative ☐ Policy ☒ TRACS: Consider making either the TRACS or the contract administrator database the repository of the correct data and let the other draw its data from that database.

There are no designated points of contact software developers can go to for resolution of questions concerning handbook language or policy. Since all certifications and HAP vouchers are required to be produced by software systems, the lack of a means to obtain authoritative answers inevitably results in differences between vendor implementations and an overall lessening of quality. The days have long since passed when the burden was entirely on site staff to implement handbook guidance. That burden is now shared between site staff and software vendors with vendors being responsible for the integrity of all of the certification and voucher calculations.

Recommendation # 2:

☐ Legislative ☒ Policy ☐ TRACS: Set up a formal mechanism by which developers can receive the guidance they need to implement the handbook.

☐ Legislative ☒ Policy ☒ TRACS: Under current handbook rules, information on tenants who are not subsidized is not transmitted to TRACS. This results in an inability to track apartment utilization and causes a variety of other problems. One simple example is that of a subsidized tenant who is terminated as a result of greatly increased income. After the termination, TRACS loses sight of that tenant and will never know if the household changes units or moves out. The household record in TRACS is orphaned and will remain in the database as active until such time as that person moves into another unit in another property or becomes subsidized again in the same property.

Recommendation # 3:

Require data transmissions for all tenants in subsidized properties. To enable this change, the HUD Handbook 4350.3 REV-1 needs to be modified to require a minimum of information on market rent tenants.

TRACS makes its data available through queries accessible through the Web Access Secure System (WASS). Access to this information is a key requirement for troubleshooting in cases where site and TRACS data differ. However large numbers of site staff do not have neither internet access nor secure system access.

Recommendation # 4:

☐ Legislative ☒ Policy ☐ TRACS: Make it a requirement for those who submit data to contract administrators or to TRACS to have secure system (WASS) access.

HUD's policy of paying most vouchers in advance creates data quality issues and burdens on software developers and TRACS. If payments were made in arrears this would eliminate the need to store certifications effective in the future—a requirement that relates in complex data cleanup when the future data is invalidated by other events at the property such as move-outs, terminations, and unit transfers.

Recommendation # 5:

☐ Legislative ☒ Policy ☒ TRACS: Consider paying HAP vouchers in arrears. This recommendation needs to be completed to eliminate issues with adjustments on each month's voucher.

REC-003.01: 012345789: TRACS Deficiencies

TRACSMail: All submission of certification and voucher transactions is done via TRACSMail, billed as a temporary solution to the problem of the demise of SprintMail and limited to dial-up connection speeds. Many users of the system process very large volumes of transactions and receive large response files from TRACS.

☐ Legislative ☐ Policy ☒ TRACS: Recommendation: Replace TRACSMail with a web accessible transmission method allowing for high-speed data transfer.

Integration between tenant and voucher processing: The original design goal of TRACS was to provide a tight integration between certifications and vouchers and for the ability to generate vouchers and make payments based on data in TRACS. That goal has never been realized.

Recommendation:

☐ Legislative ☐ Policy ☒ TRACS: Implement the controls that will allow the realization of the original TRACS purpose.

Certification processing model: TRACS processes tenant transactions in a specific order: first, move-outs; second, terminations; third, full certifications; fourth, unit transfers and gross rent changes. The result is that TRACS is unable to successfully deal with transmissions containing perfectly legal sequences of actions such as a move-in to a unit on one day followed by a move-out on another day. This deficiency is responsible for both data quality issues in TRACS and for higher complexity and cost of vendor software forced to deal with these idiosyncrasies.

☐ Legislative ☐ Policy ☒ TRACS: Recommendation: As part of TRACS reengineering, change to a processing model based on effective dates rather than certification type.

TRACS error messages: TRACS edits and associated error messages have accumulated since the first release of TRACS. There is little or no documentation as to the specific fields being looked at and the program logic involved in issuing any particular error message. This causes a burden on the industry where there is a desire to prevent owners from sending unacceptable data to TRACS. Also, many edits are obsolete.

☐ Legislative ☐ Policy ☒ TRACS: Recommendation: Start from scratch and design the set of edits and discrepancy messages needed to properly enforce handbook rules. Issue proper documentation for these edits so that software vendors can implement similar ones at the property and contract administrator level.

Correcting dates and/or types of transactions: There is no mechanism for a user to change the effective date or certification type of a certification previously sent to TRACS. This lack causes the TRACS database to house a significant number of bogus transactions. For example, if an owner transmits an annual certification effective 2/1/2004 by mistake and had intended to send an interim recertification effective on the same date, there is no easy way to cause TRACS to accept the change.

☐ Legislative ☐ Policy ☒ TRACS: Recommendation: Provide for a correction method.

Deleting transactions sent in error: There is no mechanism for a user to cause a record transmitted in error to be deleted from the TRACS database. For example, if the owner moves the wrong person in from the waiting list, it is not possible to delete this transaction from TRACS. The best that can be done is to send a move-out effective the same day as the move-in. This leaves the tenant in TRACS for a one-day residency.

☐ Legislative ☐ Policy ☒ TRACS: Recommendation: Provide for a delete mechanism with appropriate accountability. For certifications sent through contract administrators, the CA could be responsible for passing on to TRACS only legitimate requests. For certifications sent direct to TRACS, the deletion could be handled or authorized by the Help Desk.

TRACS Program Documentation: There is a lack of program documentation sufficient to allow TRACS programmers and analysts to know exactly what TRACS does and for the industry to duplicate functionality and edits.

☐ Legislative ☐ Policy ☒ TRACS: Recommendation: Generate adequate program documentation. If this is not possible for the current TRACS, make this a requirement for a reengineered system.

Batch processing: TRACS currently attempts to process all transmissions sent in a day as part of an overnight batch process. The result is a delay between time of submission and when responses are available to the sending entity.

☐ Legislative ☐ Policy ☒ TRACS: Recommendation: Consider real-time processing so that users can have immediate feedback concerning the quality of the data submitted.

Short processing time: The current nightly production schedule starts at 6:00 PM with the MAT process editing the raw transmission data and loading it into tables for the Tenant and Voucher Batch Systems. The Voucher Batch system executes immediately following the MAT process, and the modules that prepare the LOCCS request file are usually finished before 8:00 PM. LOCCS used to start their nightly run at 10:00 PM and the send their response file back to TRACS by 2:00 AM. The final Voucher Module for the cycle

is run after the LOCCS response file has been received. The LOCCS schedule may have changed, but this provides a general idea of the current Voucher Batch process.

The Tenant Batch System cannot be started until CICS is brought down at 8:00 PM. The Voucher processing that occurs before vouchers are sent to LOCCS is normally completed before the Tenant Batch process starts.

☐ Legislative ☐ Policy ☒ TRACS: Recommendation: Remove the CICS dependency. The CICS dependency is a legacy dependency when the field office was using the CICS application to make queries and generate reports from the Tenant database. If CICS was active while running the batch system, field office personnel could be in contention with the batch system over the Tenant database. Some of the old CICS applications have been redesigned and moved to the web. A survey measuring the requirements for the remaining CICS applications has been distributed to determine what if any CICS applications need to be migrated to the web. Some of the older web queries use the production database, but the newer applications use the “archive” database. The potential contention for production database resources can be eliminated by discontinuing the legacy CICS applications and by revising the web queries using the production database to use the “archive” database. This would enable starting the Tenant Batch System immediately upon completion of the MAT process instead of waiting until 8:00 PM. One or more hours at the beginning of the cycle can make a significant difference in the transaction volume that can be processed during the window. Removing the CICS dependency also opens up the tail end of nightly cycle so that it may be possible to stretch the window to assure that all Tenant transactions are processed.

Rule # REC-004.00: 012345789: Contract Administration

Contract administrators are taking on a greater role in auditing owner's electronic data submissions. However there are many differences in audit policies from contract administrator to contract administrator and in how certifications are included on vouchers.

Recommendation # 1:

☐ Legislative ☒ Policy ☐ TRACS: Provide a uniform set of rules for this work so that all Contract Administrators are held to the same standards.

Recommendation # 2:

☐ Legislative ☒ Policy ☐ TRACS: Seek legislative authority to allow performance based contract administrators to work with the entire multifamily portfolio—not just with Section 8.

Rule # REC-005.00: 012345789: Key Operational Terms

The goal in this section is to outline the deficiencies in the current definitions and implementations of Projects, Contracts/Subsidies, Units, and Households and to provide recommendations for improvement.

REC-005.01: 012345789: Project

Project: (see 2-25.B p 2.19 + 2-32.C.1.a, p 2.28 + Appendix 6 F) The TRACS implementation of project is tied to the FHA number. Within HUD, however, the term “project” means different things to different Offices and different people. Project number in the Office of the Chief Financial Officer (CFO) means the same as subsidy contract number in TRACS. Unfortunately, not all Section 8 properties have an FHA number. One consequence of this fact is that TRACS is unable to maintain unit address and accessibility information in its database unless the unit is occupied. This shortcoming complicates site level software requiring it to resubmit unit address information whenever a new person occupies a unit.

There have been cases where different projects shared the same FHA number.

☐ Legislative ☐ Policy ☒ TRACS: Recommendation: TRACS should implement a unique project identifier for all multifamily properties. The REMS property id would serve well for this purpose.

Normally, a single FHA project number is associated with one or more HAP contracts. There are areas where a single HAP contract is associated with multiple project numbers. I believe that there are around 40 of these situations - the result of few, if any, enforced standards for field office processes.

This anomaly creates a requirement for HQ software, and now PBCA software to handle both multiple contracts for a project number and multiple projects for a contract number. Since vouchers are submitted by contract, those owners who have the multiple projects for a contract have to consolidate their projects in one voucher. If the projects are separate sites, this could be a burden and a control problem for the owner. From the software side, HUD is paying inflated software development costs to accommodate this anomaly.

☒ Legislative ☒ Policy ☐ TRACS: Recommendation: Work with the field offices to avoid creating any more of these arrangements, and seek legislative approval to fix the existing anomalies by either assigning a unique contract number to each of the unique

project numbers, or assigning a single project number - whichever works. The result would be greater accountability for Section 8 contracts.

REC-005.02: 012345789: Contract/Subsidy Type

Duplicate and multiple identifiers: There have been cases where the same Section 8 contract number has been assigned to multiple contracts at different properties.

[X] Legislative [X] Policy [X] TRACS: Recommendation: Check the TRACS database for such situations and assign new numbers as necessary to eliminate the duplication. This work would require legislative approval.

The fact that there are properties with more than one FHA number covering the same type of subsidy causes many problems. Site software is forced to treat the data as belonging to multiple properties, making it difficult to produce a combined voucher.

[X] Legislative [X] Policy [X] TRACS: Recommendation: Implement the suggestions in REC-005.01 above.

Contract Merges: Like unit transfers and gross rent changes, the act of combining contracts does not call for recertifying the tenants. In most cases, recertifying the tenant for actions affecting the unit or the contract doesn't change the tenant rent. However, it can affect the tenant rent if an age threshold has been passed since the effective date of the certification being superseded affecting allowances. The current MAT approach to recording combined contracts requires the owner/agent to submit two transactions for every tenant. If 200 tenants are affected, 400 transactions need to be created to record the contract number changes. The termination transaction, if correctly coded, identifies the terminated certification as terminated due to either an expired contract or being combined with another, unidentified, contract. The certification transaction has no reference to the previous contract, and it may produce an unjustified change in tenant rent. The current MAT approach to handling contract combinations provides no audit trail for the combined contracts. It can also add significantly to the nightly TRACS transaction volume possibly forcing Tenant transaction rollover for processing in a subsequent cycle.

[] Legislative [] Policy [X] TRACS: Recommendation: One alternative is to create a MAT transaction specifically for implementing contract combinations. This could be done as a new contract level transaction that globally creates new occurrences of certifications effective on the combination date but with the new contract number. The transaction would be limited to combining two pre-universe or two post-universe contracts. If a provision for changing the contract rent is also required, the transaction will have to be by tenant. Even at one transaction/tenant it would still cut the MAT

transaction volume by half and the record volume by over 80%. (Currently, the Termination is a one record transaction, and a certification averages five records.) This could work with the proposed data flow or the existing data flow. Used with the existing data flow, the combined contract transaction would contribute to keeping the CA and TRACS data in synch. This alternative removes the dependence on the field offices following standard procedures. The existing TRACS module that handles contract combinations could be modified to accept its input from a MAT table instead of ARAMS. Other alternatives are possible and should be researched.

REC-005.03: 012345789: Unit

Unit: The TRACS concept of unit is only loosely tied to reality. One problem is that owners are permitted to change unit numbers at any time. Not only do sites often fail to follow best practice when changing numbers but the changes sever the link between a physical unit and voucher reporting.

In group homes more than one tenant lives in the same physical unit. Each tenant is certified independently. However the TRACS contracts database records units as they appear on the contract. The contract covers a number of physical units. The voucher is for a number of residential spaces. This discrepancy generates problems when auditing voucher submissions. Contracted units and vouchered residential spaces aren't necessarily the same.

☐ Legislative ☒ Policy ☒ TRACS: Recommendation: Consider amending existing contracts and requiring new contracts and renewals to express contracted units in terms of residential spaces. This would enable a positive validation of contracted residential spaces on the voucher against the subsidy contract. It would automatically organize the contracts database around number of residential spaces rather than physical units.

The contracts database also lacks a universal definition of floor plans (unit types). It records the bedroom count categories found in the contract. Each contract is authorized for certain numbers of units each of a particular type. Each type has an associated rent and utility allowance. All of the units covered by a contract could be two-bedroom units, but they could be grouped in various rent categories for reasons that are not explained by the bedroom count. What differentiates between units with different rents is not in the database making it impossible to audit vouchers for compliance with the regulatory agreement. TRACS has no way to tell if a property is billing for more than its allowed units of a specific type. It can only check to see if the total units billed is less than or equal to the total number of authorized units. TRACS is also unable to tell if the rents submitted with a certification are correct.

☐ Legislative ☐ Policy ☒ TRACS: Recommendation: The solution to these problems is to assign a unique and unchanging identifier to each residential space in a property and to update the contracts database to carry adequate floor plan and rent information. Rents should be defined by residential space. The unique unit identifier, along with the traditional unit number, would both be submitted to TRACS. Under this model, an owner could change unit numbers at will and not disrupt the auditing capabilities of contract administrator and TRACS software. TRACS will need a table containing the unique residential space identifier and the floor plan data for validating tenant certifications. If the property id is adopted as an identifier, the existing tenant address table could be modified to contain these additional data.

REC-005.04: 012345789: Household

Household: An early decision in TRACS was to organize its certification data around the social security number (SSN) of the head of household. This fact interjects complexity into the system when there is a change of the head in a household. TRACS requires that information about the previous head be transmitted in the certification implementing the change so that it can tie the new certification to previous ones. The correction of a social security number entered in error also requires the previous head information for the same reason. When owner software fails to submit the previous information, TRACS will often create a new household and show two households occupying the same unit.

Recommendation: Consider requiring owners to submit a unique household identifier with certifications. The presence of this identifier would eliminate the need for previous head information.

Recommendation:

☐ Legislative ☐ Policy ☒ TRACS: Consider reorganizing the Tenant database by residential space identifier within a contract instead of by SSN. Subsidy contracts are written to assist a specific number and type of residential spaces. Vouchers bill for assistance due for contracted living spaces. The amount of assistance is based upon the characteristics of the household occupying the residential space. It would facilitate verifying tenant compliance when a voucher is processed if the Tenant database were organized by residential space within a contract.

☐ Legislative ☐ Policy ☒ TRACS: Verify SSNs against the three national credit bureau databases.

Chapter 5. Project/Contract Rules (PRJ)

Rule # PRJ-001.00: n12nnnnnn: Section 231 Occupancy Mix

Handbook

HANDBOOK (1-3.A.3, p 1.4): In Section 231 properties, elderly persons or elderly families must occupy no less than 50 percent of the units. In units designated as elderly units, owners must restrict occupancy to an elderly person or an elderly family. Owners may admit nonelderly physically disabled families to the nonelderly units up to the percentage allowed in the Regulatory Agreement. The property may serve a greater percentage of nonelderly persons with physical disabilities than the percentage allowed in the regulatory agreement only after the owner has received written approval from HUD.

HANDBOOK (3-18.A.1.a, p 3.51): A minimum of 50% of the units in a Section 231 project and a maximum of 100% of the units will have been designated at development as reserved for elderly persons or elderly families.

TRACS

TRACS does not currently monitor this requirement.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Develop a report that will calculate the percentage occupancy by elderly families in Section 231 properties.

☐ Legislative ☐ Policy ☒ TRACS: Develop a report that will calculate the percentage occupancy by non-elderly physically disabled families in Section 231 properties.

Rule # PRJ-002.00: 012345789: Requirements for accessible units

Handbook

HANDBOOK (2-32, pp 2.27-2.28): Assigning Accessible Units

(A) Applicability

The requirements of this paragraph apply to the following projects and dwelling units:

(1) Projects with five or more units.

NOTE: HUD recommends that owners of projects with fewer than five units follow these policies to the extent practicable.

(2) Units made accessible under Section 504 as described in Subsection 3 and units designed for disabled families/households when the project was approved for funding.

(B) Eligibility for Accessible Units

(1) A percentage of units in most properties contain accessible features. Eligibility for these accessible units may be limited to a specific population (e.g., persons with mobility impairments). (See Chapter 3, Section 2, for more information about project eligibility.)

TRACS

TRACS allows for submission of MAT15 records containing unit address and accessibility information. A unit may be designated as being accessible for those with mobility, vision, or hearing impairments.

Issue: Current TRACS data collection is not able to distinguish between units made accessible as required by the regulatory agreement and those made accessible under section 504, and therefore is not able to monitor compliance with the agreement.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Clarification needed: Owners and agents are unclear as to the definitions to be used in indicating whether a unit is Mobility, Vision, or Hearing accessible. Definitions, in many cases, have changed over time. In submitting MAT15 records, should the definitions in effect at the time the property became subsidized be used for units made accessible under the regulatory agreement or some other set of definitions?

Chapter 5: Project/Contract Rules (PRJ)
Rule # PRJ-002.00: 012345789: Requirements for accessible units

☐ Legislative ☒ Policy ☐ TRACS: Clarification needed: Similarly, what definitions should be used in indicating whether a household needs a unit that is Mobility, Vision, or Hearing accessible: the program specific definitions or commonsense ones?

Rule # PRJ-003.00: n1nnnnnnn: Section 8 Income Targeting

Handbook

HANDBOOK (3-6.D.1.a, p 3.5): Section 8 property owners must use the extremely low-income limit when selecting applicants to fulfill the income-targeting. (See paragraphs 4-5, 4-15, and 4-25.)

HANDBOOK (4-5, p 4.7): Income-Targeting – Applicable Only to the Section 8 Project-Based Program Except Where Otherwise Noted

(A) Key Requirements

For each project assisted under a contract for project-based Section 8 assistance, the owner must lease not less than 40% of the dwelling units (assisted under the contract) that become available for occupancy in any project fiscal year to extremely low-income families. The methodology for income-targeting must be described in the tenant selection plan. (For information and guidance about income limit exceptions, see paragraph 3-7.)

NOTE: Compliance with income targeting requires owners to count both move-ins and initial certifications.

TRACS

TRACS does not currently monitor compliance with this requirement.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Clarification needed: Is there a reason why project fiscal year was selected as the standard period of time? Monitoring compliance would be simplified if a calendar year were used in place of a project fiscal year.

PRJ-003.01: n1nnnnnnn: Exceptions to Section 8 Income Targeting

Handbook

HANDBOOK (3-7.F, p 3.12-3.13): Exceptions to Section 8 Income

Targeting Requirements

(1) As discussed in paragraph 4.5, owners with Section 8 units are required to ensure that during a fiscal year at least 40% of the units that become available, together with initial certifications of in-place tenants, serve extremely low-income families. If an owner has actively marketed available units to extremely low-income families and has been unable to achieve the 40% target for admissions and initial certifications, the owner is permitted to rent to other eligible families after a reasonable marketing period has expired.

(2) The owner must maintain complete records of the marketing efforts targeted to extremely low-income families, and must demonstrate that reasonable efforts were made to fill available units with extremely low-income families. The owner must also demonstrate that an ongoing effort to meet the 40% requirement is being made.

(3) HUD and/or the Contract Administrator will monitor compliance with this requirement.

TRACS

TRACS is unable to monitor this requirement because it has no access to waiting list and marketing information. Monitoring can only be done via a management and occupancy review.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Research this issue and determine whether modifications to TRACS are an appropriate vehicle for monitoring the requirement.

Rule # PRJ-004.00: n1nnnnnnn: Preferences for the Elderly

Handbook

HANDBOOK (3-17.A, p 3.43): Owner-Adopted Preferences for Elderly, Near-Elderly, Nonelderly Disabled, and Disabled Families

Section 651 of Title VI, Subtitle D of the Housing and Community Development Act of 1992 permits owners of “covered Section 8 housing projects” designed primarily for occupancy by elderly families to adopt a selection preference for elderly families. An owner may, but is not required to, implement this preference. If the owner adopts the preference, it must be implemented in accordance with the rules described in this paragraph.

(1) Applicability. Owners of properties assisted through the following programs are eligible to implement this preference:

(a) Section 8 New Construction;

(b) Section 8 Substantial Rehabilitation;

(c) State Housing Agency programs for Section 8 New Construction and Substantial Rehabilitation;

(d) Rural Housing 515/8; and

(e) Section 8 Property Disposition Set-Aside (applies only to properties that involve substantial rehabilitation).

HANDBOOK (3-17.A.5, pp 3.45-3.46): When implementing the preference, an owner must:

(a) Notify nonelderly families on the waiting list of the decision to implement this preference and of the impact the decision will have on nonelderly families on the waiting list.

(b) Reserve a percentage of the units for occupancy only by disabled families or individuals who are neither elderly nor near-elderly (collectively referred to as “nonelderly disabled persons/families”) that is equal to the lesser of:

Chapter 5: Project/Contract Rules (PRJ)
Rule # PRJ-004.00: n1nnnnnnn: Preferences for the Elderly

(1) The higher of the percentage of units occupied by nonelderly disabled families on (i) January 1, 1992, or (ii) October 28, 1992; or

(2) 10% of the total number of units in the project.

NOTE: Although the reservation of units is capped at 10% of the total number of units, the owner can exceed the 10% cap as long as the units exceeding the cap are leased in a nondiscriminatory manner.

TRACS

TRACS does not currently enforce this rule. It has no way of knowing if an owner has adopted this preference.

Recommendations

N/a

Rule # PRJ-005.00: n1nnnnnnn: Units for the Mobility Impaired

Handbook

HANDBOOK (3-17.B.2.c, p 3.48): For the Section 202 Direct Loan Program funded from Fiscal Year 1965 through Fiscal Year 1974 the following definitions and requirements are used:

(1) Elderly is defined as single people aged 62 or more or households the head of which (or the spouse) is aged 62 or more.

(2) The definition of elderly was amended to include “handicapped” in 1965. A person shall be considered handicapped if such person is determined to have a physical impairment which is (a) expected to be of long-continued and indefinite duration; (b) substantially impedes his ability to live independently; and, (c) is of such a nature that such ability could be improved by more suitable housing conditions.

(3) Ten percent of the units in a Section 202 project for the elderly were designed for people with mobility impairments and could house persons (elderly or nonelderly) who required the accessibility features of the unit; a Section 202 project could also be developed just for non-elderly persons with physical disabilities.

TRACS

TRACS does not currently monitor the requirement for number of units with mobility impairments in such a project.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: If Housing is interested, a web report could be created to display the appropriate information.

Chapter 6. Eligibility (ELG)

Scope of Analysis

This section covers Chapter 5 (Eligibility for Assistance and Occupancy) in HUD Handbook 4350.3, Rev. 1. The rules cover the following subjects:

HANDBOOK (3-5, pp 3.3-3.4): Key Program Eligibility Requirements

Applicants and tenants must meet the following requirements to be eligible for occupancy and housing assistance. Subsequent paragraphs provide more detailed information about income limits, social security numbers, and consent forms.

(A) The family's annual income must not exceed program income limits.

(B) Applicants must disclose social security numbers for all family members at least 6 years of age and older and provide proof of the numbers reported.

(C) All adults in each applicant family must sign an Authorization for Release of Information prior to receiving assistance and annually thereafter.

(D) The unit for which the family is applying must be the family's only residence.

(E) An applicant must agree to pay the rent required by the program under which the applicant will receive assistance.

(F) Only U.S. citizens or eligible noncitizens may receive assistance under Section 8, Section 236, Rent Supplement, Rental Assistance Payment (RAP), and Section 202/8 programs.

(G) All information reported by the family is subject to verification.

(H) Various subsidy or insurance programs may impose additional occupancy restrictions.

HANDBOOK (3-14, p 3.33): Program versus Project Eligibility

(A) Program eligibility determines whether applicants are eligible for assistance.

(B) Project eligibility establishes whether applicants are eligible to reside in the specific project to which they have applied. Three things may affect the match between an applicant and the applicant's eligibility for occupancy in a particular project:

Chapter 6: Eligibility (ELG)
Scope

(1) The extent to which all or some of the units in a project are designated for specific family types, such as those who are elderly or disabled;

(2) The project-specific occupancy standards established by the owner, the family size, and the unit sizes available in the project; and

(3) In some instances, a family's intention to lease using a housing-choice voucher subsidy that may be used in some projects and not in others.

(C) Although individual programs often serve more than one tenant population, individual projects might not.

Rule # ELG-001.00: n12345789: Definitions of Disability

Handbook

HANDBOOK (3-2.B, p 3.2): The terms “disability” and “persons with disabilities” are used in two contexts – for civil rights protections, and for program eligibility purposes. Each use has specific definitions.

(1) When used in context of protection from discrimination or improving the accessibility of housing, the civil rights-related definitions apply.

(2) When used in the context of eligibility under multifamily subsidized housing programs, the program eligibility definitions apply.

COMMENT: Clarification needed: As the handbook states, program specific definitions of disability are to be used for purposes of determining eligibility. Once admitted, are the same definitions to be used for the H Special Status Code (Appendix 7, C8)? This code is used to determine eligibility for the Deduction for Disability Assistance Expense, the Medical Expense Deduction, and the Elderly Family Deduction.

By way of comparison, for the Elderly Family Deduction, a generic age related definition of elderly family is used (Head, Spouse, or Co-Head 62 years of age or older) rather than the program specific definitions that might allow any household member to qualify the family. Are the program definitions of disability to be used to determine whether a household qualifies for an elderly deduction or should a generic definition be used?

TRACS

TRACS allows only family members to be identified as Handicapped/Disabled (Special Status Code “H”). Foster Children and those Living In the Unit cause a discrepancy to be generated if the ‘H’ code is set.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: If the program definitions of disability are not to be used for determinations of adjusted income, TRACS data collection will have to be modified to capture the appropriate information so that eligibility and allowance determination can be done independently and correctly.

☐ Legislative ☒ Policy ☒ TRACS: If there is interest in capturing the civil rights definitions of disability, TRACS would have to be modified to collect additional information.

☐ Legislative ☒ Policy ☒ TRACS: Consider collecting disability information for each member of a household.

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Rule # ELG-001.00: n12345789: Definitions of Disability

☐ Legislative ☒ Policy ☒ TRACS: Consider modifying TRACS to eliminate the current discrepancy. See TRACS above.

Rule # ELG-002.00: 012345789: When Eligibility is Determined

Handbook

HANDBOOK (3-4, p 3.3): Eligibility Determinations – General

Owners are required to determine whether applicants are eligible to occupy the subsidized property and receive housing assistance. Eligibility is determined by federal statute and HUD regulation. For HUD programs, eligibility is only determined at move-in or at initial certification except as discussed in paragraph 3-15.

COMMENT: Clarification needed: In Appendix 6 F.1.b, a unit transfer between contracts is mentioned as an exception to eligibility determination: “Unit transfer between two contracts. First process a termination (MAT 65) using the termination code CE (CE = Subsidy contract expired or combined with a renewal contract), and then process an initial certification (IC) for this tenant by fully completing the 50059 data requirements in Appendix 7. Because this is the same project, the tenant is not subject to admission and eligibility requirements.” Is this example intended to cover only contract combinations? If so, then would all other transfers between contracts within the same project be subject to eligibility checking? Or is this example intended to indicate a way to handle the case where a tenant transfers from a unit covered by one subsidy contract into a unit covered by another (comparable) subsidy contract? What if the contracts have different eligibility rules?

Also 2-32.C.1.a says “Current Tenants. Owners must first offer the unit to an individual with disabilities currently residing in a non-accessible unit in the same project or comparable project under common control, who requires the features of the unit.” Under the rules for unit transfers, this would be a transfer between two contracts and, presumably, no eligibility checking is to be done. Is this the case? If so, what is the definition of “comparable project?” If the only accessible unit is in an elderly project and the tenant is not elderly would the transfer not be offered?

Both of these cases represent exceptions to eligibility checking. Are there others beside the one in 3-15? For software implementation purposes, it would be useful to have a list of all cases when eligibility determinations are not made for in-place tenants along with an indication of which kinds of eligibility are waived—program (e.g. income), or project.

See also Chapter 4, Key Operational Terms-Project (Rule # REC-005.01) and Chapter 9 Rule # CRT-003.00.

TRACS

TRACS always performs eligibility determination when a unit transfer is submitted as a certification (MAT10, Section 2, Field 94 – Unit Transfer Code = “Y”).

TRACS does not perform eligibility determination when the unit transfer is submitted as a Unit Transfer (MAT70); however, the MAT70 cannot be used if there is a change in contract number.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Add an indicator to the MAT10, Section 2 record to indicate when eligibility determinations are waived as a result of situations specified in the handbook for move-in and initial certifications.

☐ Legislative ☐ Policy ☒ TRACS: TRACS should not perform an eligibility determination when a unit transfer is submitted as a MAT10 record except when the certification type is MI or IC (annual or interim certification).

Rule # ELG-003.00: n12345789: Income Eligibility

Handbook

HANDBOOK (3-6.A, p 3.4): Income Eligibility

Except under limited circumstances, in order for an applicant to be eligible for occupancy, the applicant family's annual income must not exceed the applicable income limit (see paragraph 5-4 for the definition of annual income). This limit depends upon the type of subsidy and family size.

HANDBOOK (3-6.D.8, p 3.6): Projects with more than one type of subsidy. In projects with a combination of subsidy types, such as Section 221(d)(3) BMIR and Section 236 projects that also have Section 8 in a portion of the property, owners must use the eligibility income limit based on the type of assistance provided to the family. For example, applicants for a Section 236 project that receive Section 8 must qualify using the applicable Section 8 income limit.

HANDBOOK (3-6.F.3, p 3.9): Income-eligible families must have annual income that is less than or equal to the income limit for the family size.

TRACS

TRACS collects income limits as part of certifications and compares the reported limits to household income at admission and initial certification. However it does not verify that the correct values are used for the property.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Should HUD want to audit certifications for the correct values of income limits, a table of limits with effective dates will need to be stored in TRACS and updated annually. The MSA or MSAs associated with each property would also need to be stored. Fields would need to be added to the certification to show the date on which the property implemented the income limits, the property's MSA, and the date on which eligibility was determined. See also Rule # ELG.003.02.

ELG-003.01: n12345789: Establishing Income Limits

Handbook

HANDBOOK (3-6.B, p 3.4): Establishing Income Limits

(1) HUD establishes and publishes income limits for each county or Metropolitan Statistical Area (MSA) in the country. The income limits are based on the median income of the geographic area for which the limit is established. Therefore, the income limit for one city or county is likely to be very different from the income limit for another city or county.

(2) Income limits are published annually and are available from the local HUD office or on-line at www.huduser.org.

(3) Income limits are based on family size and the annual income the family receives. (Chapter 5, Exhibit 5-1 describes what is included in annual income.)

NOTE: In the case of a property with multiple buildings that are subject to different income limits, the owner may use the higher income limit for the entire property.

COMMENT: Clarification needed: The handbook offers no guidance on how long a property has to implement the new income limits after publication. A maximum number of days for implementation should be established to help contract administrators audit certifications for correctness. By way of reference, IRS Revenue Ruling 94-57 says that taxpayers may rely on a list of income limits released by HUD until 45 days after HUD releases a new list of income limits, or until HUD's effective date for the new list, whichever is later.

TRACS

If TRACS were to validate income limits, the implementation date for modified limits would have to be coordinated with the implementation date for owners; otherwise, owners could be implementing the limits before TRACS and force false discrepancies.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: Publish an effective date for new income limits when the limits are published. The effective date should anticipate a delay between the publication date and the effective date. In a future version of TRACS, income limits could be checked as an "up-front" validation.

ELG-003.02: n12345789: Timing of Income Eligibility Determinations

Handbook

HANDBOOK (3-6.C, pp 3.4-3.5): Timing of Income Eligibility Determinations

(1) Owners determine income eligibility prior to approving applicants for tenancy. Owners compare the family's annual income to the appropriate income limit prior to placing an applicant on the waiting list. However, owners may wait until a unit is available to verify the applicant's income eligibility.

(2) Owners are required to report the income status of each assisted tenant to HUD at least annually. Tenants whose incomes increase above the income limit continue to receive assistance so long as they qualify for assistance in paying rent under the applicable program rules. (See Chapter 5, Section 4, and Chapter 7, Section 1, for more information.)

COMMENT: Clarification needed: When is a tenant's income eligibility for admission established? When complete information is submitted to the owner? On the date of the last verification received? On the date that the owner determines eligibility? When an offer is made? When a lease is signed? When a certification is calculated and signed? On the effective date of the move-in or initial certification? This is important in relation to the time when income limits change. Should a limit go down, a person who was eligible yesterday might not be eligible today. A lease could have been signed prior to the change or an offer could have been made, however. In 3-6.C.1, the handbook says that owners determine income eligibility prior to approving applicants for tenancy. One possibility is to define the eligibility date as the approval date and to limit the lifetime of the approval 120 days after the first verification is completed. See also Rule # ELG-003.00.

Example: Applicant applies for admission on January 1. Eligibility, including financial information, is verified on January 27. A written offer is made on February 17. Income limits drop on February 18, making the applicant ineligible. The offer is accepted on February 20. A lease and certification are signed on February 25. Applicant moves in on March 1.

TRACS

TRACS does not collect the data necessary to validate the timing of eligibility determinations.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: Specifically identify the event whose date is used to determine income eligibility. See example above.

ELG-003.03: n12345789: Program Income Limits

Handbook

HANDBOOK (3-6.D, p 3.5): Program Income Limits

The income limits used to determine eligibility vary by program and are as follows: the Below Market Interest Rate (BMIR) income limit, the low-income limit, and the very low-income limit. A family's eligibility for assistance is based on the income limit applicable to the type of housing assistance the family is to receive. A family may be income-eligible for one program but have too high an income for another program.

In addition to the three income limits used to determine eligibility, there is a fourth – the extremely low-income limit – used for income-targeting in Section 8 projects but not for eligibility (see paragraphs 4-5, 4-15, and 4-25). These four income limits are presented in Figure 3-2.

Figure 3-2: [from Handbook] Income Limits

All of these income limits are based on the median income for a metropolitan statistical area (MSA). This table shows the four income limits as a percentage of median income in an MSA.	
Income Limit	Median Income for the Area
BMIR income limit	95% of median income
Low-income limit	80% of median income
Very low-income limit	50% of median income
Extremely low-income limit	30% of median income

HANDBOOK (3-6.D.8, p 3.6): Projects with more than one type of subsidy. In projects with a combination of subsidy types, such as Section 221(d)(3) BMIR and Section 236 projects that also have Section 8 in a portion of the property, owners must use the eligibility income limit based on the type of assistance provided to the family. For example, applicants for a Section 236 project that receive Section 8 must qualify using the applicable Section 8 income limit.

TRACS

TRACS stores values for the Low, Very Low, and Extremely Low income limits. In the case of a BMIR certification, the BMIR limit is stored in the Low-income limit field.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Add a field to TRACS to store the BMIR limit when applicable rather than use the Low-income limit field for two purposes.

ELG-003.04: n1nnnnnnn: Section 8 Income Eligibility

Handbook

HANDBOOK (3-6.D.1, pp 3.5-3.6): Section 8 Income Eligibility. Section 8 properties, depending upon the effective date of the initial Housing Assistance Payments (HAP) contract for the property, use either the low or very low-income limit.

(a) Section 8 property owners must use the extremely low-income limit when selecting applicants to fulfill the income-targeting. (See paragraphs 4-5, 4-15, and 4-25.)

(b) Projects with HAP contracts initially effective on or after October 1, 1981, must admit only very low-income families unless HUD has approved an exception to admit families whose incomes are above the very low-income limit.

(c) Projects with HAP contracts initially effective prior to October 1, 1981, may admit families up to the low-income limit.

NOTE: Exceptions to income limits may be applicable under limited circumstances. See paragraph 3-7.

TRACS

TRACS expects an Income Status code of Low, Very Low or Extremely Low to be submitted with all Section 8 certifications.

TRACS expects Move In or Initial Certifications for Pre_1981 contracts to have an annual income that does not exceed the low-income limit.

TRACS expects Move In or Initial Certifications for Post-1981 contracts to have an annual income that does not exceed the very low-income limit.

TRACS expects annual and interim Section 8 certifications designated as Post-1981 that have an annual income amount between the very low- and low-income limit amounts to contain a current income status code of “L”, “V”, or “E” for low, very low, or extremely low, respectively.

TRACS expects the low-income limit to be populated with an amount greater than zero for Section 8, 202 and 811 PRAC, and 202/162 PAC certifications.

TRACS expects the very low-income limit amount to be populated with an amount greater than zero for Section 8, 202 PRAC and 811 PRAC certifications. The very low – income limit amount should be zero for all other subsidy types.

Recommendations

[X] Legislative [X] Policy [X] TRACS: Eliminate the “Pre-1981” and “Post-1981” designation from Section 8 Contracts and Tenant certifications. There is already a mechanism for granting exceptions for tenants above the low-income threshold. The mechanism may need to be modified to meet genuine requirements of the industry. This would simplify administration in general and enable combining Pre-1981 and Post-1981 contracts.

ELG-003.05: nn234nnnn: Section 236, Rent Supp & RAP

Handbook

HANDBOOK (3-6.D.2, p 3.6): Section 236, Rent Supplement, and Rental Assistance Payment (RAP). These programs use the low-income limit to establish program eligibility.

TRACS

TRACS does not require submission of income limit amounts for Section 236, Rent Supplement and RAP certifications.

TRACS expects the current income status code to be blank for these subsidy types.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Modify TRACS to require submission of the low-income limit amount with Section 236, Rent Supplement and RAP certifications.

ELG-003.06: nnnnnnnn9: Section 202/162 PAC Income Eligibility

Handbook

HANDBOOK (3-6.D.4, p 3.6): Section 202/162 with Project Assistance Contracts (Section 202 PACs). These contracts use the low-income limit.

TRACS

TRACS expects the low-income limit to be populated with an amount greater than zero for Section 8, 202 and 811 PRAC, and 202/162 PAC certifications.

TRACS does not expect the annual income to exceed the low-income limit amount.

Recommendations

N/a

ELG-003.07: nnnnnn78n: Section 202/811 PRAC Income Eligibility

Handbook

HANDBOOK (3-6.D.5, p 3.6): Section 202/811 with Project Rental Assistance Contracts (Section 202/811 PRACs). These assistance contracts use the very low-income limit (except properties funded in FY 1995, which use the low-income limit). Owners must receive approval from HUD Headquarters to admit families whose incomes are above the very low-income limit. (See paragraph 3-8 A7 and 3-19 G.)

COMMENT: Clarification needed: What is the definition of “funded in FY 1995?” Presumably the date range is from 10/1/1994 through 9/30/1995. However, what exact contract event can be used to determine the date? The effective date of the contract? Or some other date? Is the date stored in the contracts database?

Does “funded” refer to the Capital Advance or the PRAC.

Do owners need approval from HUD to admit families above the very low-income limit for properties funded in FY 1995 as well as those funded in other years?

TRACS

TRACS expects the low-income limit to be populated with an amount greater than zero for Section 8, 202 and 811 PRAC, and 202/162 PAC certifications.

TRACS expects the very low-income limit amount to be populated with an amount greater than zero for Section 8, 202 PRAC and 811 PRAC certifications. The very low – income limit amount should be zero for all other subsidy types.

TRACS does not expect the annual income amount to exceed the very low-income limit amount.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: Identify how TRACS, or any other software, can identify which PRAC contracts are affected by the “FY 1995” exception. Is this another “Pre-1981/Post-1981” situation in the making?

☐ Legislative ☐ Policy ☒ TRACS: Modify TRACS to specifically require submission of very low-income limits except for those contracts that can be identified as FY 1995. Certifications associated with the FY 1995 contracts require the low-income limit.

ELG-003.08: nnnn4nnnn: BMIR Income Eligibility

Handbook

HANDBOOK (3-6.D.6, p 3.6): Section 221(d)(3) BMIR. This program uses the BMIR income limit, which is set at 95% of the area median income.

TRACS

TRACS requires the BMIR income limit to be submitted as the low-income limit.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Modify TRACS adding a field for entry of the BMIR income limit amount.

ELG-003.09: n12345789: Income Limits and Family Size

Handbook

HANDBOOK (3-6.E, pp 3.7-3.8): Income Limits and Family Size

(1) Income limits vary by family size. Income limits are published based on the number of persons in the household (for example, 1 person, 2 persons, 3 persons) with increasingly higher income limits for families with more members.

(2) Once the owner determines the applicable income limits based on the type of subsidy in the property, the owner must determine the appropriate limits to apply to a family based on family size. In determining the appropriate income limits, the owner must include some individuals as part of the family but exclude others.

(3) When determining family size for establishing income eligibility, the owner must include all persons living in the unit except the following:

(a) Live-in aides. A person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities, and who:

(1) Is determined to be essential to the care and well-being of the person(s);

(2) Is not obligated for the support of the person(s); and

(3) Would not be living in the unit except to provide the necessary supportive services.

While a relative may be considered to be a live-in aide/attendant, they must meet the above requirements, especially the last. The live-in aide qualifies for occupancy only as long as the individual needing supportive services requires the aide's services and remains a tenant, and may not qualify for continued occupancy as a remaining family member. Owners are encouraged to use a HUD-approved lease addendum that denies occupancy of the unit to a live-in aide after the tenant, for whatever reason, is no longer living in the unit. (See paragraph 6-12 C for more information.) The lease addendum should also give the owner the right to evict a live-in aide who violates any of the house rules.

(b) Foster children or foster adults. (See the Glossary for the definition.)

(c) Guests. (See the Glossary for the definition.)

COMMENT: Clarification needed: It would be useful to expand on this list in (3-6.E.3) beyond Live-in Aides, Foster Children, and Guests. Other than Foster Children, the current MAT guide uses the relationship code 'L' to indicate someone who is living in

the unit but is not considered family. These might include a spouse, child, or parent of a Live-in aide. Also, the industry assumes that Foster Adults should be assigned an 'L' code. Is this correct? Such people used to be coded as 'N' (none of the above). Would an exchange student be another example of someone who would be coded as an 'L'? None of these people would be considered guests, but their presence would not be applicable for income limit determination nor would their incomes count as family income.

HANDBOOK (3-6.E.4, pp 3.8-3.9): When determining family size for income limits, the owner must include the following individuals who are not living in the unit:

- (a) Children temporarily absent due to placement in a foster home;
- (b) Children in joint custody arrangements who are present in the household 50% or more of the time;
- (c) Children who are away at school but who live with the family during school recesses;
- (d) Unborn children of pregnant women.
- (e) Children who are in the process of being adopted.
- (f) Temporarily absent family members who are still considered family members. For example, the owner may consider a family member who is working in another state on assignment to be temporarily absent;
- (g) Family members in the hospital or rehabilitation facility for periods of limited or fixed duration. These persons are temporarily absent as defined in subparagraph f above; and
- (h) Persons permanently confined to a hospital or nursing home. The family decides if such persons are included when determining family size for income limits. If such persons are included, they must not be listed as the head, co-head, or spouse on the lease or in the data submitted to TRACS but may be listed as other adult family member. This is true even when the confined person is the spouse of the person who is or will become the head. If the family chooses to include the permanently confined person as a member of the household, the owner must include income received by these persons in calculating family income. See paragraph 5-6 C.

COMMENT: Clarification needed: What is the status of children present in the unit less than 50% of the time? From this paragraph they are not considered for income limits. Presumably they are considered for unit size determinations or are they? 5-10.B.4 allows for both households to claim childcare expenses in split custody situations. Also, if custody is split 50/50, then the child counts as a household member for income limit purposes for both households. However later guidance indicates that only one household

may take the dependent allowance at a time. Are there any limits on the custody percentage below which the childcare expenses cannot be claimed or the child is not considered for unit size determinations?

Paragraph 3-22.E.6 (page 3.60) lists children whose custody is being obtained as counting for unit size determination. Should such people be counted for income limit purposes also?

HANDBOOK (3-6.E.5, p 3.9): When determining income eligibility, the owner must count the income of family members only.

TRACS

TRACS does count as family income the first \$480 earned by a full-time student.

TRACS does not count the earned income of members under 18-years of age.

TRACS expects a foster child to be under 18-year of age.

TRACS expects the Head of Household, Spouse or Co-head to be at least 15-years of age.

TRACS does not expect foster children and live-in aides to report income, and it excludes any income amounts reported for these members.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: The published limits are for family sizes ranging from 1 to 8. Income limits for family sizes > eight are calculated according to a formula: 8% of the four person income limit is added to the eight person limit for each additional family member. The result is rounded to the nearest \$50. If a decision is made for TRACS to audit income limit correctness, then TRACS will have to calculate values for family sizes greater than 8. Also, this formula should be included in the Handbook and/or MAT guide for reference. See the Income Limit Briefing Material document published each year along with the limits: <http://www.huduser.org/Datasets/IL/IL04/BRIEFING-MATERIALs.pdf>

☐ Legislative ☐ Policy ☒ TRACS: At present there is no formal HUD/TRACS defined specification for how Unborn Children and Pending Adoptions are to be included in a certification and added to the count of family members. The complication is that such people count as household members but do not count for allowance calculations. Such a specification should be drafted and TRACS modified to accept the changed definitions.

TRACS needs to be modified to allow a child to be entered as a member of the family and not to count as a dependent but to allow childcare expenses.

There are differences between the categories of people listed here for income limit determination and those listed on page 3-60 for unit size determination. Are these differences intentional? For example, page 3-60 says that an owner MAY count children who are away at school and who live at home during recesses when determining unit size. On page 3-6, such children MUST be included in family size for income limit determinations. Having a person count as family for one purpose and possibly not for another at the owner's option places a burden on software vendors, auditors, and owner/agents.

☐ Legislative ☒ Policy ☐ TRACS: Harmonizing the lists and wording would help tremendously. If there are deliberate differences between the lists, it would be helpful to say so explicitly. It would be extremely useful to publish a single table listing all of the types of people mentioned for income limit determination, unit size determination, and whose income is counted. Columns in the table should include Income Limits, Unit Size, and Income. This would be an expansion on and similar to the current Figure 5-2 on Page 5-7.

☐ Legislative ☐ Policy ☒ TRACS: Add a specific relationship code or special status code to identify live-in aides. When the current relationship codes were devised, the live-in aides lost their unique identity. Creating a unique relationship code or special status code for live-in aides will enable confirming that a person requiring the live-in aide resides in the unit.

☐ Legislative ☒ Policy ☒ TRACS: Additional relationship or special status codes may be needed to specifically identify members that receive special treatment, such as counting for child care, but not counted as a family member.

ELG-003.10: n1234?nn9: Income eligible families need assistance

Handbook

HANDBOOK (3-6.F.4, p 3.9): Income-eligible families must also need the assistance. The amount the family would be required to pay using the applicable HUD rent formula must be less than the gross rent for the unit or market rent for Section 236 projects.

NOTE: This requirement does not apply to Section 202 PRACs or Section 811 PRACs.

COMMENT: Clarification needed: BMIR is not mentioned as an exception in 3-6.F.4. Should it be?

TRACS

TRACS does not assure that the Assistance Payment Amount, for other than PRACS, is greater than zero.

TRACS sets the assistance payment amount to zero for BMIR certifications.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Modify TRACS to detect a calculated AP of zero or less when the subsidy type is other than 202 or 811 PRAC.

ELG-003.11: n123nn789: When income is not needed

Handbook

HANDBOOK (3-6.F.5, p 3.9): IMPORTANT: A household does not need to have income to be eligible for assisted housing programs that provide rental assistance through an assistance contract (i.e., Section 8, Rent Supplement, RAP, Section 202 PAC, Section 202 or Section 811 PRAC).

COMMENT: Clarification needed: Is the converse true for Section 236 and BMIR—namely that income is required?

TRACS

TRACS does accept zero-income certifications.

TRACS sets the assistance payment amount to zero if no income is reported for Section 236 or BMIR certifications. (This is superfluous logic since no assistance is paid on Section 236 or BMIR certifications.)

Recommendation

☐ Legislative ☒ Policy ☒ TRACS: If income is required for Section 236 and BMIR, TRACS could check certifications for this condition and issue a discrepancy when it is not met.

ELG-003.12: n1nnnnnnn: Section 8 exceptions to income limits

Handbook

HANDBOOK (3-7, pp 3.9-3.10): Exceptions to the Income Limits in Section 8 Projects

(A) Post-1981 Universe

On October 1, 1981, a law became effective limiting income eligibility for Section 8 assistance. At properties with Section 8 contracts effective on or after that date, only families at or below the very low-income limit are eligible for assistance. Under certain circumstances, the owner may request an exception to the very low-income limits. For this universe of properties, HUD has 15% exception authority, which it allocates on a nationwide basis. Exceptions are described in subparagraph D below.

(B) Pre-1981 Universe

In this universe of properties, the law restricts occupancy by families that are other than very low-income to 25% of overall occupancy. Properties with Section 8 contracts effective prior to October 1, 1981, may admit applicants with incomes up to the low-income limit. HUD Headquarters is tracking the 25% restriction on a nationwide basis. The owner does not need to request an exception to admit low-income families to these properties.

COMMENT: Clarification needed: How is the exception authority being tracked? Is the relevant certification the move-in or initial certification? The Post-1981 language refers to income eligibility. The Pre-1981 language refers to occupancy. Is this an intentional difference in wording? If so, what are the implications for tracking?

TRACS

TRACS expects the Income Exception Code to be valued if the certification's Continuous Section 8 Assistance Indicator is "Y" and the annual income amount is between the very low- and low-income limits.

TRACS expects the Income Exception Code to be blank if the certification's Continuous Section 8 Assistance Indicator is "N".

Other than checking that a Section 8 certification is identified as Pre-1981 or Post-1981, TRACS edits for "Section 8 Assistance 1984" if Post 1981 and low-income is indicated.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: TRACS could generate reports relevant to these issues.

Chapter 6: Eligibility (ELG)

ELG-003.12: n1nnnnnnn: Section 8 exceptions to income limits

☐ Legislative ☒ Policy ☒ TRACS: If the Continuous Section 8 indicator field is dropped from the MAT, modify TRACS edits dealing with income exception codes.

ELG-003.13: n1nnnnnnn: Section 8 exceptions for in-place tenants

Handbook

HANDBOOK (3-7.C, p 3.10): Eligible In-Place Tenants

(Exceptions to the income limits that do not require HUD approval)

In Section 8 properties where fewer than 100% of the units have Section 8 subsidy, some in-place, low-income tenants not receiving Section 8 may be eligible for assistance without HUD approval for an exception to the very low-income limit. This policy is permitted so that families will not be displaced when the circumstances are not the fault of the tenant. Owners may allocate Section 8 assistance to in-place, low-income families only under any of these conditions:

- (1) The tenant is being converted from RAP or Rent Supplement to Section 8.
- (2) The tenant is eligible to receive Section 8 in conjunction with the sale of a HUD-owned project.
- (3) The tenant is paying more than 30% of income toward rent, and is at or below the low-income limit (80% of median income).

COMMENT: Clarification needed: The EDT exception code is currently used for HUD approved exceptions for in-place tenants who would otherwise be displaced. (Appendix 7, B42, page 13) Should the same code be used for the third situation above where there is no formal HUD approval? Or is a new code needed? The CV code covers situations 1 and 2.

TRACS

TRACS edits exception codes submitted with certifications to make sure they are valid codes: however, TRACS can't determine if the code used is appropriate.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: Define the scope and conditions for the use of exception codes submitted in tenant certifications.

ELG-003.14: n1nnnnnnn: Exceptions for Post-1981 Properties

Handbook

There are two types of exceptions: Tenant Based Exceptions apply to individual tenants and may not be reused; Project Based Exceptions may be reused subject to field office recall or expiration. (3-7.D, pp 3.10-3.11)

TRACS

TRACS accepts and stores exception counts submitted with the voucher. The counts include Tenant Based Exceptions. There is no attempt to reconcile certifications with exceptions and the Tenant Based Exceptions submitted with the voucher.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Exceptions are reported on vouchers and are currently monitored manually and in management reviews. It would be possible to automate the audit process if both project and tenant based exceptions were stored in a contract related table. To do so would require development effort both for data input and TRACS level edit checks.

ELG-003.15: n1nnnnnnn: Reporting Income Exceptions for Section 8

Handbook

On move-in and initial certifications for Section 8, post 1981 contracts where the tenant's income status is lower, an exception code should be submitted as part of the MAT file (MAT10, Section 2, field 46—Income Exception Code).

COMMENT: There are some differences in guidance concerning the definitions and uses of these codes.

In Appendix 7, B42 we have:

HANDBOOK (Appendix 7, B42, p 13): Complete this field if the family met the conditions listed in 59 Field B40. Indicate the HUD exception for which this family is eligible. These include:

CV = The Tenant: (1) Was converted (or is now being converted) from RAP or Rent Supplement; or (2) Received (or will now) begin to receive Section 8 as a result of a sale of a HUD-owned project.

EDT = HUD approved exception for an in-place tenant who would otherwise be displaced as described in HUD Handbook 4350.3.

EIT = Do not use for new move-ins. Continue to use this code for tenants who previously received a HUD approved income exception.

EAT or AA = Do not use this code for new move-ins. Continue to use this code for tenants who previously received an exception based upon these codes.

EP = Tenant was admitted under one of the HUD-approved project-based exceptions as described in HUD Handbook 4350.3.

In Appendix 10, Item 12.B.2 (52670A Part 1) we have:

HANDBOOK (Appendix 10, Item 12.b.2, p): Other Actions. If the tenant was admitted under an exception listed in Chapter 3, paragraph 3-7, and Exhibit 3-1's very low-income requirements, enter one of the following codes. The same code shall be entered every month for as long as the tenant receives Section 8 at this project. Enter this code even if the tenant becomes very low-income.

EDT - HUD approved an exception under Situation 1 of 4350.3, Exhibit 3-1.

EP - Tenant was admitted under exceptions HUD approved for Situations 3 through 6 of 4350.3, Exhibit 3-1.

EAT - The tenant or applicant was admitted to the Section 8 program before the project received HUD's 6/29/84 memorandum AND the tenant started receiving assistance on or after 8/1/84.

ET - None of these codes apply. Tenant's admission violated the income eligibility rules of 4350.3, paragraph 3-6.

In the MAT Guide, Chapter 5, MAT10, Section 2, Field 46 we have:

MAT GUIDE (Chapter 5, p 5.14): Permitted Values: AA; CV; EP; ET; EAT; EDT; EIT; VL

TRACS

TRACS edits submitted income exception codes against the permitted values in the MAT User Guide.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: The three lists of codes do not agree. Revise the appropriate section to harmonize the lists of exception codes. Make the necessary modifications to the MAT User Guide and TRACS.

☐ Legislative ☒ Policy ☒ TRACS: There is currently no way in the MAT to indicate an approved income exception for other than Section 8, Post Universe contracts. Such a mechanism could be added. Alternatively the waiver mechanism suggested in ELG-002.00 could be used.

☐ Legislative ☒ Policy ☒ TRACS: Add a waiver code of DSBL to cover a waiver for a non-disabled person to move into a property designated for the disables. DSBL will be added to the Field 87 in the MAT10, Section 2 record.

ELG-003.16: n12345789: Admitting Over-Income Applicants

Handbook

HANDBOOK (3-8, p 3.13) Admitting Over-Income Applicants

This paragraph describes the circumstances under which a property owner may admit families that do not meet income limits. The exceptions are listed by program.

(A) Section 8, Section 202/8, Section 202 PAC, and Section 202 PRAC and Section 811 PRAC Units

If the owner is temporarily unable to lease all units to income eligible families, he may admit applicants with incomes that exceed the applicable program income limits with prior written HUD approval. The owner must request HUD approval as follows:

(1) For units with Section 8 assistance, the request must be submitted to the Field Office in accordance with the procedures above in paragraph 3-7.

(2) For units with Section 202/8 or Section 202 PAC assistance, the owner must submit the information specified in Situation #6 of Exhibit 3-1 to the Field Office. (See paragraph 3-19 G.1)

(3) For Section 202 or Section 811 PRAC units, the owner must submit the information specified in Situation #6 of Exhibit 3-1 to the Field Office. The Field Office will forward the waiver request with a recommendation to HUD Headquarters for the final decision on the approval. (See paragraph 3-19 G.1)

(4) For Section 202/8, Section 202 PAC and Section 202 PRAC and Section 811 PRAC, also see paragraph 3-19 G.2 and 5 for a discussion of waiver requests for approval to rent to families that are not elderly or disabled.

COMMENT: Clarification needed: For the situations below (BMIR, 236, Rent Supplement, RAP) the tenant pays market rent on admission. What are the requirements for the subsidies covered under 3-8.A above? If the exception is to the very low income limit does the tenant receive subsidy if qualified? If the exception is granted to admit someone who is over the low income limit, what rent is paid and does it depend on exactly which subsidy is involved?

HANDBOOK (3-8.B, pp 3.13-3.14): BMIR Units

The owner must not admit income-ineligible applicants without prior written HUD approval. Any ineligible families that are admitted must pay market rent.

(C) Section 236, Rent Supplement, and RAP Units

(1) In some situations, owners may admit families with incomes that exceed the applicable program income limits to Section 236, Rent Supplement, or RAP units without HUD approval if there are no income-eligible applicants available and fewer than 10% of the units are already occupied by tenants paying market rent.

(2) Any ineligible families that are admitted must pay market rent.

(3) The owner must obtain HUD's approval to admit over-income applicants who pay market rent if at least 10% of the units authorized under the interest reduction subsidy are already occupied by tenants paying market rent.

(4) For determining the 10% of units described in subparagraphs 2 and 3 above, a unit is defined as follows:

(a) For properties with Rent Supplement or RAP, "units" include only those units covered by the RAP or Rent Supplement contract.

(b) For Section 236 properties, "units" include all units in the project.

(5) Before admitting any ineligible applicants, the owner must take the following steps:

(a) Admit all available eligible applicants, unless there is good cause for denying assistance.

(b) Take all reasonable steps to attract eligible families, including using marketing activities most likely to attract eligible applicants and marketing outside the community or immediate area.

(c) Place in the file of any ineligible tenant who is admitted, a written certification indicating that the requirements in subparagraphs a and b above have been completed.

TRACS

Market rent certifications are not currently submitted to or maintained by TRACS.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: Because no information on market rent tenants is currently sent to TRACS, it is not possible to automate monitoring things such as the 10% limit mentioned above. Consider requiring certification information to be submitted for market tenants. At the minimum a move-in or initial certification along with unit transfers and move-outs would have to be transmitted. No recertifications would be required as long as the tenant is at market. Doing this would help to eliminate the problem where previously subsidized tenants in TRACS will remain in a property forever after they have moved to market rent and move out while at market.

☐ Legislative ☒ Policy ☒ TRACS: Consider requiring certifications on market rent tenants. To implement, the requirements for accepting market rent tenants must be added to the Functional Requirements Document.

ELG-003.17: n1nnnnnnn: Admission of Police/Security Officers

Handbook

HANDBOOK (3-8.D, pp 3.14-3.15): Admission of Police Officers or Security Personnel in Section 8 Properties

(1) For the purpose of deterring crime in and around the property, owners may lease a Section 8 unit to a police officer or security personnel who is over the income limits. Security personnel is defined as a qualified security professional with adequate training and experience to provide security services for project residents.

(2) To be eligible, the police officer or security personnel must be employed full-time (at least 35 hours per week) by a governmental unit or private employer and be compensated by their employer for providing policing or security services.

.....

(4) The owner may use the applicable model lease with an added provision that states that the right of occupancy is dependent on continued employment as a police officer or security personnel. (See paragraph 6-12 C for more information.)

(5) HUD or the Contract Administrator should notify the owners of approval or rejection within 30 days of submission. Unless there are extenuating circumstances, the local HUD Office should approve no more than 1% (or one unit if the property is less than 100 units) of the assisted units on the property for leasing to police or security personnel.

TRACS

Certifications for police or security tenants are accepted and identified by TRACS.

TRACS expects the TTP of a police or security tenant to be equal to or greater than 50% of the gross rent.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: 5-27.B.2 says that owners should establish a rent that is attractive to the officer, but not less than what the officer would pay as an eligible Section 8 tenant. The TRACS edit should be changed to agree with the new handbook guidance.

Rule # ELG-004.00: n12345789: Disclosure of Social Security Numbers

Handbook

HANDBOOK (3-9, p 3.16): Disclosure of Social Security Numbers

Applicants must disclose social security numbers (SSNs) in order for the owner to make an eligibility determination. This paragraph explains the requirements and responsibilities of applicants or residents to supply owners with this information, the responsibility of owners to obtain this information, and the consequences for failure by either party.

(A) Key Requirements

(1) The head of household/spouse/co-head must disclose SSNs for all family members at least six years of age and older.

(2) If no SSN has been assigned to a particular family member, the applicant must sign a certification stating that no SSN has been assigned.

HANDBOOK (3-9.C.4, p 3.16): However, an applicant may not become a participant in the program unless the applicant submits the required SSN documentation to the owner. The applicant must provide SSN documentation to the owner within 60 days from the date on which the applicant certified that the documentation was not available.

COMMENT: Clarification needed: To become a participant in the program (move-in or initial certification) if no SSN has been assigned is the requirement merely that the tenant sign a certification that no SSN has been assigned? Or must such a person obtain an SSN? The handbook language refers to the required documentation not to the required SSN and the industry is confused by the language.

TRACS

TRACS will accept a name and date of birth in lieu of a SSN. TRACS generates a unique ID to be used until a SSN can be provided.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: Require SSNs for all household members six-years of age or older within 60-days of the Move-in or Initial Certification effective date. Will failure to provide a SSN result in a termination of assistance?

☐ Legislative ☐ Policy ☒ TRACS: Generate a fatal error on an MI or IC if any member, age 6 or greater, has an invalid SSN; however, this recommendation does not apply to the following: Households with subsidy type 0; Relationship code F or L.

Rule # ELG-005.00: n12345789: Residence Criteria

Handbook

HANDBOOK (3-10, p 3.17): Residence Criteria

(A) Key Requirement

Assisted tenants must have only one residence and receive assistance only in that unit. This rule is meant to ensure that the government pays assistance on only one unit for a family and provides assistance to as many eligible families as possible with available funding.

COMMENT: Clarification needed: The definition in the glossary of “assisted tenant” includes anyone paying less than market rent. This includes 236 and BMIR tenants paying less than market. It would be good to include such language in this section of the handbook if that is the intent.

HANDBOOK (3-10.B, p 3.17): Sole Residence Requirement

(1) A family is eligible for assistance only if the unit will be the family's only residence.

(2) The owner must not provide assistance to applicants who will maintain a residence in addition to the HUD-assisted unit.

COMMENT: Clarification needed: Is it permissible for a family to live in and pay market rent in two HUD properties simultaneously? See also Example 3 below under Recommendations.

COMMENT: Clarification needed: This paragraph refers to families while the paragraphs above and below refer to tenants. Is there a reason for the difference? The definition of a tenant from the Glossary is an individual or family occupying an assisted dwelling unit.

HANDBOOK (3-10.C, p 3.17): C. Prohibition Against Double Subsidies

Under no circumstances may any tenant benefit from more than one of the following subsidies: Rent Supplement, RAP, Section 202 PAC, Section 202 PRAC or Section 811 PRAC, or project-based Section 8 housing assistance, including Section 202/8.

(1) Tenants must not receive assistance for two units at the same time.

(2) Tenants must not benefit from Housing Choice Voucher assistance in a unit already assisted through project-based Section 8, Rent Supplement, RAP, Section 202 PAC or Section 202 and 811 PRAC.

(3) This prohibition does not prevent a person who is currently receiving assistance from applying for an assisted unit in another property. The assisted tenancy in the unit being vacated must end the day before the subsidy begins in the new unit.

COMMENT: Clarification needed: Handbook language already allows for joint custody, which, presumably, is an exception to this rule. Is an individual who lives in two different subsidized units as part of two different households not considered to be double-dipping? What about the case of previously married subsidized tenants who share the care of a disabled adult child or adult parent by moving said person back and forth between units/properties?

TRACS

TRACS attempts to prevent double subsidies by generating HQ move outs. A HQ move out is generated for the previous unit when a move-in or initial certification is received for a tenant receiving subsidy in another project, contract or unit. TRACS also generates a duplicate subsidy report monthly identifying tenants and units that appear to be collecting multiple subsidies.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Guidance is needed around the double dipping prohibition including examples. The rule is often administered in an ad hoc way with contract administrators and HUD offices caught in the middle trying to determine when subsidy stops in one apartment and starts in another. The examples below illustrate some of the issues and are consistent with current handbook language.

Example 1: Tenant moves out of property A and into property B on the same day. Property B is entitled to subsidy starting on the day after the move-in.

Example 2: Tenant gives 30 days notice and pays rent through the end of the 30-day period. At the end of the 30-day period tenant moves into property B. Property B is entitled to subsidy starting on the day after the end of the 30-day period.

Example 3: Tenant gives notice on the first of the month and pays rent through the end of the month. During the month tenant moves into property B but still has possessions in A. Tenant finishes moving out of A at the end of the month. A is entitled to subsidy through the end of the month. B may start collecting subsidy on the first of the next month. This is a common situation reflecting the fact that a tenant is often unable to move all possessions on a single day.

Example 4: Tenant gives notice but moves out early and into property B. Tenant is obligated for rent through the end of the 30-day period. Property A is entitled to subsidy through the actual move-out date—not the end of the 30-day period. Property B is entitled to subsidy starting no earlier than the day after the actual move-out.

☐ Legislative ☒ Policy ☐ TRACS: Clarification needed: If the tenant leaves early, are they responsible for market rent from the day after the move-out through the end of the 30-day period (or until the unit is rerented) or for tenant rent through that time? The owner is not entitled to subsidy after the move-out and would lose money unless the tenant was obligated for market rent.

Example 5: Tenant skips from property A (no notice) and moves into property B. A collects subsidy up until the day the move-out is discovered. B can collect subsidy starting the day after A discovers the move-out.

Example 6: Tenant either skips or leaves before the notice period is up. Owner of A issues a move-out effective at the end of the notice period on the assumption that the tenant violated the lease and that the property is entitled to subsidy through the end of the period. This is an incorrect interpretation of the handbook. The owner is not entitled to subsidy beyond the actual move-out date—announced or unannounced.

☐ Legislative ☒ Policy ☐ TRACS: Clarification needed. If the tenant does not disclose residency in A to B, what sanctions can be applied to the tenant? If B fails to inquire about previous tenancies or to verify same, what sanctions can be applied to the owner?

Current TRACS implementation violates handbook guidance for Example 4. When TRACS receives a move-in certification and finds the household in residence at another subsidized property, it issues a move-out for the former property effective the day before the move-in. Subsequently it will not accept a move-out record for the old property that is effective after the TRACS issued move-out. These are the cases that often come to CAs and HUD offices for resolution.

☐ Legislative ☐ Policy ☒ TRACS: Suggestion for improvement: Implement the proposed prevalidation transaction in TRACS. This transaction would allow entry of names, dates-of-birth, and SSNs for all members of a family. TRACS would respond with information about any subsidized properties in which members are currently residing. Doing this would allow owners to do quick and accurate due diligence prior to a move-in. If other subsidized residency is discovered, the move-out and move-in process can then be coordinated with the other property.

☐ Legislative ☐ Policy ☒ TRACS: Suggestion for improvement: Provide a way to track tenants who do not meet their rent obligations to the property they are moving out of. With subsidy a scarce resource, consider denying assistance in any subsidized property until obligations to former properties are met.

Chapter 6: Eligibility (ELG)
Rule # ELG-005.00: n12345789: Residence Criteria

☐ Legislative ☐ Policy ☒ TRACS: Suggestion for improvement: In potential double-dipping situations, consider blocking the move-in certification rather than issuing an HQ move-out to the old property.

Rule # ELG-006.00: n12345789: Consent and Verification Forms

Handbook

HANDBOOK (3-11, p 3.18): Consent and Verification Forms

(A) Key Requirements

Adult members of a family must sign consent forms and, as necessary, verification documents, so that the owner can verify sources of family income and family size. The owner must consider a family ineligible if the adult members refuse to sign applicable consent and verification forms. See Chapter 5, Section 3, for additional detailed information on these forms.

HANDBOOK (3-11.C, pp 3.18-3.19): Provisions for Refusal to Sign

If the applicant or tenant, or any adult member of the applicant's or tenant's family, does not sign and submit the consent form as required in 24 CFR 5.230, the following statements apply:

- (1) The owner must deny assistance and admission to the applicant; or
- (2) The owner must terminate assistance to the tenant (see paragraph 8-5 regarding terminations).

COMMENT: Clarification needed: There is currently no termination code defined to cover this case. See Appendix 6, page 9, Termination Code. A code should be added for this situation.

TRACS

TRACS edits termination transactions to make sure that valid termination codes, as defined in the MAT User Guide, are submitted.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Add a termination code for failure to submit a signed consent form, and modify TRACS to recognize it.

Rule # ELG-007.00: n1234nnnn: Restriction on Assistance to Noncitizens

Handbook

HANDBOOK (3-12, p 3.19): Restriction on Assistance to Noncitizens

(A) Overview

By law, only U.S. citizens and eligible noncitizens may benefit from federal rental assistance. Compliance with these rules ensures that only eligible families receive subsidy. These requirements apply to families making application to the property, families on the waiting list, and tenants. This paragraph describes the procedures owners must use to determine applicant eligibility based on citizenship/immigration status.

NOTE: See Chapters 4, 7, and 8 for other citizenship and eligible immigration status requirements. (Denial of assistance is addressed in paragraph 4-31, changes in subsidy are addressed in paragraph 7-11, and termination of assistance is addressed in paragraph 8-7.)

(B) Key Requirements

(1) Assistance in subsidized housing is restricted to the following:

(a) U.S. citizens or nationals; and

(b) Noncitizens who have eligible immigration status as determined by HUD.

....

(3) All family members, regardless of age, must declare their citizenship or immigration status. (See Exhibit 3-5 for a sample declaration format.)

(4) Noncitizens (except those age 62 and older) must sign a Verification Consent Form (see Exhibit 3-6 for a sample) and submit documentation of their status or sign a declaration that they do not claim to have eligible status. Noncitizens age 62 and older must sign a declaration of eligible immigration status and provide a proof of age document. U.S. citizens must sign a declaration of citizenship. Owners may establish a policy of requiring additional proof of citizenship for those declaring to be U.S. citizens or nationals.

HANDBOOK (3-12.F, p 3.21): Applicability

The restriction on assistance to noncitizens applies to all properties covered by this handbook except the following:

1. Section 221(d)(3) BMIR properties;
2. Section 202 PAC;
3. Section 202 PRAC; and
4. Section 811 PRAC.
5. Section 202 projects with units not receiving assistance under the Rent Supplement or Section 8 programs.

Chapter 6: Eligibility (ELG)
Rule # ELG-007.00: n1234nnnn: Restriction on Assistance to Noncitizens

COMMENT: Clarification needed: Is it true that, in BMIR properties with deeper subsidy, the noncitizen rule applies to units with the deep subsidy but not to those units covered by BMIR only? Or is it the case that Section 8 units in a BMIR property are not subject to the rule?

TRACS

TRACS edits for noncitizen conditions and calculations for Section 8, Rent Supplement, RAP and Section 236 subsidy types.

TRACS expects to find consistency between the noncitizen status reported for the household and the status reported for the individual household members.

Recommendations

N/a

ELG-007.01: n1234nnnn: Prohibition Against Delay of Assistance

Handbook

HANDBOOK (3-12.K, pp 3.23-3.25): Prohibition Against Delay of Assistance

(1) Owners may not delay the family's assistance if the family submitted its immigration information in a timely manner but the DHS verification or appeals process has not been completed.

(a) If a unit is available, the family has come to the top of the waiting list, and at least one member of the family has submitted the required documentation in a timely manner, the owner must offer the family a unit and provide prorated assistance to those family members whose documents were received on time.

(b) Owners continue to provide prorated assistance to such families until information establishing the immigration status of any remaining noncitizen family members has been received and verified.

(2) Once the owner has determined the citizenship/immigration status of a family assisted prior to completion of the verification or appeal process, the owner must do as follows:

(a) Provide full assistance to a family that has established the eligibility of all of its members;

(b) Offer continued prorated assistance to a mixed family, or temporary deferral of termination of assistance if the family does not accept the offer of prorated assistance; or

(c) Offer temporary deferral of termination of assistance to an ineligible family. At the end of the deferral period the family must either pay market rent or vacate the unit. (Mixed families are defined in subparagraph N below, and prorated assistance is described in subparagraph P. Temporary deferral of termination of assistance is addressed in subparagraph Q.)

COMMENT: Clarification needed: If, after verification, a family is found to be entitled to full assistance, should that assistance be provided retroactively to the move-in date or should it start on the first of the month following the final verification/appeal? Similarly, if the family is entitled to prorated assistance but more assistance than they are now receiving, should the change be made retroactively? Presumably, any decrease in assistance, after verification, would take place on the first of the month following the usual 30-day notice period. Is this correct? Or is this a special case and the change would be effective retroactively to the move-in date as this is the rent that would have been paid had verification been complete at move-in? There is no change in family

financial information as would be the case with an interim recertification—just a change in verification status.

In Handbook Appendix 7 the guidance for fields B75 (Household Assistance Status Code) and C10 (Member Eligibility Code) does not allow for prorated assistance on admission pending verification. Also the concept of full assistance pending verification is no longer supported in the handbook. Revised guidance and software updates for TRACS, CAs, and sites will be needed. Under the various scenarios above, how is the household status code to be used and how are the member eligibility codes to be used?

Members of the industry have questioned the applicability of offering temporary deferral of termination. They argue that this concept, from the original statute, applied only as a transitional measure to allow currently (in 1995) subsidized tenants time to find alternative housing before having subsidy taken away. See also ELG-007.02 and ELG-007.05.

TRACS

TRACS does not support prorated assistance while waiting for confirmation of the family members' immigration status. Currently, following the original interpretation of the Noncitizen Rule, TRACS provides full assistance while waiting for confirmation of noncitizen status.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Revisit the decision made with 4350.3 REV-1 to prorate assistance until documentation is received confirming the immigration status of noncitizen family members. This is a change in the original interpretation of the Noncitizen Rule. A risk-benefit analysis should be done before changing from the original interpretation.

ELG-007.02: n1234nnnn: Mixed Families

Handbook

HANDBOOK (3-12.N, p 3.27): N. Mixed Families

(1) A mixed family is one whose members include citizens and eligible immigrants as well as noncitizens without eligible immigration status.

(2) Mixed families that were in occupancy and received full assistance prior to the verification of citizenship/immigration status may be eligible for one of three types of assistance.

(a) Continued assistance if the family was receiving assistance prior to June 19, 1995 (see subparagraph O below);

(b) Prorated assistance (see subparagraph P below); or

(c) Temporary deferral of termination of assistance (see subparagraph Q below).

(3) Applicant families that are mixed are eligible only for prorated assistance.

COMMENT: Clarification needed: There are those who believe that the concept of temporary deferral of termination was permitted by statute only at the start of implementation of the noncitizen rule and that its period of applicability has passed. If true, temporary deferral of termination should no longer be offered and references to it deleted from the handbook. See also ELG-007.01 and ELG-007.05.

Given the differences in 3-12K and in Appendix 7 noted in ELG-007.01, if a family was given full assistance pending verification on move-in after the new handbook (Rev 1) was issued, are they entitled to temporary deferral of termination if verification shows that they should be entitled only to prorated assistance? An example might be a family who moves in to a property in 2004 prior to the date on which the handbook along with TRACS and vendor software is updated to deal with any revised guidance for Appendix 7. The wording of the mixed families rule implies that they are entitled to the deferral.

TRACS

TRACS currently supports Temporary Deferral of Termination, but it does not enforce the time restrictions.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: If Temporary Deferral of Termination is confirmed, modify TRACS to enforce the time restrictions.

ELG-007.03: n1234nnnn: Continued Assistance

Handbook

HANDBOOK (3-12.O, pp 3.27-3.28): Continued Assistance

(1) A mixed family who was receiving assistance on June 19, 1995, is entitled to continue receiving the same level of assistance if the following apply:

(a) The family head, spouse, or co-head was a citizen or had eligible immigration status; and

(b) The family did not include any members who did not have eligible immigration status, except for the head, spouse, parents of the head of household, parents of the spouse, or children of the head or spouse.

(2) Eligibility for continued assistance must have been established prior to November 29, 1996.

(3) If, after November 29, 1996, anyone is added to a family, including a head of household, spouse, parents of the head of household or spouse, or children of the head of household or spouse, the family is not eligible for continued assistance at the full level, but may receive prorated assistance (see subparagraph P below).

TRACS

TRACS does not check certifications to see if “Continued Assistance” families have had changes in composition after November 29, 1996.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Add an edit in TRACS, going forward, to check for changes in family composition when a family is identified as a “Continued Assistance” family.

☐ Legislative ☐ Policy ☒ TRACS: Add an edit to make sure that any “Continued Assistance” families have a move-in date prior to June 19, 1995.

ELG-007.04: n1234nnnn: Prorated Assistance

Note: The procedures used to calculate prorated assistance (Exhibits 3-12 through 3-14) are included in Chapter 7 of this document—Determining Income and Calculating Rent and will also be included in a technical appendix to the MAT guide.

Handbook

HANDBOOK (3-12.P, p 3.28): Prorated Assistance

If a family is eligible for prorated assistance and is not receiving continued assistance, and if the termination of the family's assistance is not temporarily deferred, the amount of assistance the family receives is adjusted based on the number of family members who are eligible compared with the total number of family members. The prorated assistance is calculated by multiplying a family's full assistance by a fraction.

NOTE: See Exhibits 3-12, 3-13, and 3-14 for more information on proration procedures regarding the restriction of assistance to noncitizens.

COMMENT: Clarification needed: Years ago there was a HUD notice giving guidance on how to do rent prorations for Plan of Action properties. Is that guidance still applicable? If so, it should be included in the Handbook.

HANDBOOK (3-12.P.1, pp 3.28-3.29): Section 8. For Section 8 assistance programs, the number of eligible people in the family divided by the total number of persons in the family determines the fraction. Then, this fraction is multiplied by the full assistance payment. The reduced assistance payment results in a revised tenant rent for the family.

(2) Rent Supplement. The Rent Supplement paid on the family's behalf is the amount they would otherwise be entitled to, multiplied by the fraction for which the numerator is the number of eligible people in the family and the denominator is the total number of people in the family.

(3) Section 236. For Section 236 properties, the fraction is the number of ineligible persons over the total number in the family. The proration increases the rent the family is otherwise paying by an amount equal to the difference between the market rent and the rent the family would otherwise pay, multiplied by the fraction.

(4) Section 236 with RAP, Rent Supplement, or Section 8 LMSA. If a property receives a combination of Section 236 with RAP, Rent Supplement, or Section 8 LMSA assistance, the owner must prorate both the Section 236 portion of the assistance and the RAP, Rent Supplement, or Section 8 assistance payment. The owner determines the new prorated

rent by calculating the difference between market rent and basic rent multiplied by the fraction of ineligible family members. To determine the family's rent increase, the owner adds this total to the assistance payment multiplied by the same fraction of ineligible family.

COMMENT: Clarification needed: A description of how the Section 8 calculations work when the minimum rent rule applies should be added. Specifically, is the value of TTP used the one calculated prior to applying the minimum rent rule or after?

TRACS

TRACS uses the following algorithms to prorate assistance for both certifications and rent changes:

Section 236:

Divide the ineligible member count by the total member count.

Subtract the calculated tenant rent from the market rent.

Multiply (a * b).

Add c. to the calculated tenant rent to arrive at the prorated tenant rent.

Section 8, Rent Supplement and RAP (without Section 236)

Divide the eligible member count by the total member count.

Multiply the calculated assistance payment by the result from a., above to arrive at the prorated assistance..

Subtract the prorated assistance from the gross rent to get the prorated total tenant payment (TTP).

If the utility allowance is greater than the prorated TTP, the household is due a utility reimbursement. The prorated tenant rent will be zero.

If the utility allowance is not greater than the prorated TTP, TRACS sets the prorated tenant rent (TR) to the prorated TTP minus the utility allowance. The utility reimbursement is zero.

Section 8, Rent Supplement and RAP (with Section 236)

Divide the ineligible member count by the total member count to obtain the ineligible fraction.

Calculate the rent difference by subtracting contract rent from market rent.

Calculate the prorated difference by multiplying the rent difference by the ineligible fraction.

Calculate the assistance adjustment by multiplying the assistance amount by the ineligible fraction.

Set the prorated TTP to the prorated difference + assistance adjustment + calculated TTP.

Set the prorated AP to Gross Rent – prorated TTP.

If the utility allowance is greater than the prorated TTP, the household is due a utility reimbursement. The prorated TR will be zero.

If the utility allowance is not greater than the prorated TTP, TRACS sets the prorated tenant rent to the prorated TTP – utility allowance. The utility reimbursement is zero.

Recommendations

N/a

ELG-007.05: n1234nnnn: Temporary Deferral of Termination

Handbook

HANDBOOK (3-12.Q, pp 3.30-3.32): Temporary Deferral of Termination of Assistance

(1) Currently assisted families that have no eligible members and those that qualify only for prorated assistance and choose not to accept the partial assistance are eligible for temporary deferral of termination of assistance. The deferral allows the family time to find other suitable housing before HUD terminates assistance. During the deferral period, the family continues to receive its current level of assistance.

(2) The initial deferral period is for six months and may be extended for an additional six-month period, not to exceed 18 months.

(a) At the beginning of each deferral period, the owner must inform the family of its ineligibility for financial assistance and offer the family information concerning, and referrals to assist in finding, other affordable housing.

...

(3) If eligible for prorated assistance, the family may request and begin to receive prorated assistance at the end of the deferral period.

COMMENT: Clarification needed: Members of the industry have questioned the applicability of offering temporary deferral of termination. They argue that this concept, from the original statute, applied only as a transitional measure to allow currently (in 1995) subsidized tenants time to find alternative housing before having subsidy taken away. See ELG-007.01 and ELG-007.02 above.

TRACS

TRACS does not enforce the deferral period(s).

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Modify TRACS to enforce the deferral period limitations.

ELG-007.06: n1234nnnn: Prohibiting Assistance to Alien Students

Handbook

HANDBOOK (3-12.R, p 3.22): Prohibition of Assistance to Noncitizen *Students

Noncitizen students and their noncitizen families may not receive assistance. Noncitizen students are not eligible for continuation of assistance, prorated assistance, or temporary deferral of termination of assistance.

(1) A noncitizen student is defined as an individual who is as follows:

- (a) A resident of another country to which the individual intends to return;
- (b) A bona fide student pursuing a course of study in the United States; and
- (c) A person admitted to the United States solely for the purpose of pursuing a course of study as indicated on an F-1 or M-1 student visa.

(2) This prohibition applies to the noncitizen student's noncitizen spouse and children. However, spouses and children who are citizens may receive assistance. For example, a family that includes a noncitizen student married to a U.S. citizen is a mixed family.

COMMENT: Clarification needed: Does this rule apply only to the case where the noncitizen student is the head of the household? What would happen if a household, all of whose members have eligible noncitizen status, had an adult child come to live with them on an F-1 or M-1 visa? Would the household cease to be eligible? Or would they start to receive prorated assistance while the student is in residence?

TRACS

TRACS does not have an edit that detects full-time students who are noncitizens.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Consider having TRACS check for a violation of this rule.

Rule # ELG-008.00: n12345789: Eligibility of the Remaining Family Member

Handbook

HANDBOOK (3-15, pp 3.34-3.35): Determining the Eligibility of a Remaining Member of a Tenant Family

(A) Periodically, family composition changes after initial occupancy. If the qualifying person leaves the unit, a determination must be made as to whether the remaining member of the household will be eligible to receive assistance. Eligibility depends upon the type of project occupied and other issues.

(B) The following basic requirements for eligibility must be met for a person to qualify as a remaining member of a household:

(1) The individual must be a party to the lease when the family member leaves the unit.

(2) The individual must be of legal contract age under state law.

(3) The remaining family member is defined in Section 202 and Section 811 as the surviving member or members of an elderly family or family with disabilities that was a party to the lease and living in the assisted unit with the now deceased member of the family at the time of his or her death.

(a) The remaining family member, based on the death of the family member, is eligible to remain in the unit but must pay rent based on income. In this case, eligibility of the remaining family member, as defined by the death of the family member, is not reviewed.

(b) If the individual who establishes eligibility for the project leaves the unit for any reason other than death in a Section 202/8, Section 202 PAC, Section 202 PRAC or Section 811 PRAC project, the owner must determine if the individual(s) still residing in the unit meet the eligibility requirements for the project, income and age or disability. If the individual is not eligible for the project, he/she may not receive rental assistance and depending upon the type of project, he or she may or may not be allowed to remain in the unit. In a 202/8 or a Section 202 PAC project, the individual may remain in the unit but must pay contract rent. In a Section 202 or 811 PRAC project, the individual may not remain in the unit.

(4) See Figures 3-5 and 3-6 for definitions used in determining project eligibility.

COMMENT: Clarification needed: In situation 3.b above, when eligibility needs to be determined, is this done informally (i.e. without a formal recertification) or should it be done formally—terminate the household on the effective date of the change and then do an initial certification to establish eligibility? The informal method would require an interim certification effective on the first of the month following the rules for changes in tenant rent or a termination depending on the facts of the case. If a termination is done, would it be effective on the date of the change?

TRACS

TRACS uses the Survivor Indicator (MAT10, Section 2, Field 87) to permit an otherwise ineligible tenant to occupy a unit. TRACS does not restrict the use of the MAT Survivor Indicator to specific subsidy types.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: To help identify these situations, a field should be added to a Section 8 certification indicating whether there is underlying 202. This would allow for more automated auditing. It would be possible to tell, for example, if a household should be terminated as opposed to recertified.

☐ Legislative ☒ Policy ☒ TRACS: Define for TRACS specifically which subsidy types are eligible to use the Survivor Indicator.

Rule # ELG-009.00: n12345nnn: Admission to Elderly Projects

Handbook

HANDBOOK (3-17, p 3.43): Eligibility Requirements for Admission to Elderly Projects, By Program Type Covered by Title VI, Subtitle D of the Housing and Community Development Act of 1992

HANDBOOK (3-18, p 3.51): Eligibility Requirements for Admission to Elderly Projects, By Program Type Not Covered by Title VI, Subtitle D of the Housing and Community Development Act of 1992

TRACS

TRACS does not recognize if a certification is, or is not, affected by Title VI.

NOTE: Near-elderly is not a status recognized by TRACS,

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Automating eligibility checking for the program types and owner elected preferences cited in the above two handbook paragraphs would require a level of analysis and change to existing software and databases that is probably not cost effective. Continued reliance on management and occupancy reviews to verify compliance with these rules is recommended.

Rule # ELG-010.00: n1nnnn789: Eligibility for 202 & 811 Projects

Handbook

HANDBOOK (3-19, pp 3.53-3.55): Eligibility for Admission to Individual Section 202, Section 202/8, Section 202 PAC, and Section 202 and Section 811 PRAC Projects

(A) Section 202 (SH) projects serve the elderly as defined in Definition B in Figure 3-6.

(B) Section 202/8 projects for the elderly serve:

(1) Elderly families as defined in Definition B in Figure 3-6; and

(2) For 10% of the units which are accessible, persons (elderly or nonelderly) who require the accessible features of the unit.

NOTE: When assigning accessible units, owners must treat equally elderly and nonelderly applicants with disabilities who require the accessible features of the unit, unless one applicant has an owner-adopted restriction or preference. See paragraphs 3-17 B and 4-6 C.

(C) Section 202/8 and Section 202 PAC projects for persons with disabilities serve one or more of the following statutorily recognized categories of disability based upon the population to be served as described in the application for funding and defined in Definition H in Figure 3-6.

(1) Persons with physical disabilities;

(2) Persons with development disabilities; and/or

(3) Persons with chronic mental illness

(D) Section 202 PRAC projects serve a household composed of one or more persons at least one of whom is 62 years of age or more at the time of initial occupancy. See definition C in Figure 3-6.

(E) Section 811 projects serve one or any combination of the following statutorily recognized categories of disability based upon the population to be served as described in the application for funding and defined in definition H in Figure 3-6.

(1) Persons with physical disabilities;

(2) Persons with developmental disabilities; or

(3) Persons with chronic mental illness.

Chapter 6: Eligibility (ELG)
Rule # ELG-010.00: n1nnnn789: Eligibility for 202 & 811 Projects

In addition, sponsors of Section 811 projects may propose in their applications to restrict occupancy to a subcategory of one of the statutorily recognized categories of disability (e.g., AIDS is a subcategory of physical disability), provided they do not deny occupancy to any otherwise qualified person with a disability in the overall category that the subcategory falls under.

(F) Applicants with disabilities who meet the eligibility requirements for admission to a Section 202/8 project for the elderly or for persons with disabilities or a Section 811 project for persons with disabilities cannot be excluded on the basis of having another disability in addition to the one served by the particular project.

(G) Leasing Units to Non-Eligible Families

(1) If the owner is temporarily unable to lease all units to eligible families, he may request HUD approval to lease one or more units to families that do not meet the income eligibility requirements of 24 CFR Part 5 as follows:

(a) Section 202/8 or Section 202 PAC

(1) A written request for a waiver must be submitted to the HUD Field Office in accordance with Exhibit 3-1.

(2) The request must provide documentation of the owner's continuing marketing efforts to attract eligible applicants and that an increased level of occupancy will prevent financial default and foreclosure.

(3) HUD's approval of a request must be for a limited time – initially one year. HUD may impose other terms and conditions to the approval that are consistent with program objectives and necessary to protect the loan.

(4) HUD may reduce the number of units covered by either a HAP or PAC contract if the owner does not comply with the requirements for leasing to families that do not meet the eligibility requirements; or, if HUD determines that the owner's inability to lease to families that do not meet the eligibility requirements is not a temporary problem.

(b) Section 202 PRAC or Section 811 PRAC

The owner's written request providing the information specified in Situation 6 of Exhibit 3-1 must be submitted to HUD Headquarters with the recommendation of the HUD Field Office.

(2) If permitting over-income families to lease one or more units is not sufficient to solve the vacancy problem, in order to protect the financial viability of the project, an owner may request approval to serve a population other than the one(s) it was approved to serve.

(a) A request to waive the age requirement for a Section 202 project for

the elderly must provide documentation of the owner's continuing marketing efforts to attract eligible applicants and that an increased level of occupancy will prevent financial default and foreclosure. The request with the recommendation of the HUD Field Office is sent to the Multifamily Hub for approval except that in the case of a Section 202 PRAC project, the request and recommendation must be sent by the Multifamily Hub to Headquarters for approval.

(H) For projects serving persons with disabilities, the owner must apply to the HUD Field Office for permission to serve a different disabled population. The owner must demonstrate a plan to the HUD Field Office that shows the following:

- (1) The owner can adequately serve the proposed disabled population based on past experience in serving the proposed population;
- (2) Funds are available from the state or local government or from other outside sources to pay for any necessary supportive services and a written commitment for funding is provided by the source or the owner;
- (3) The need for the original occupancy category no longer exists;
- (4) The current tenants can choose to remain in the project or move. If the tenants remain, the owner can begin housing persons in the newly approved category only as vacancies occur; and
- (5) There are sufficient subsidized units available in the area to house current project tenants who are willing to move, as well as prospective applicants in the newly approved category.

The request and recommendation of the HUD field office is sent to the HUD Multifamily HUB Director for approval.

TRACS

TRACS Tenant does not currently recognize 202/8 as other than a Section 8.

TRACS expects at least one member of a 202PRAC to be 62-years of age or older (or a survivor).

TRACS expects a 202 PRAC unit to be no larger than one bedroom.

TRACS expects an 811 PRAC family to have at least one member who is at least 18-years of age and handicapped.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Clarification needed: Definition B (Figure 3-6) defines elderly as:

Chapter 6: Eligibility (ELG)
Rule # ELG-010.00: n1nnnn789: Eligibility for 202 & 811 Projects

- (1) Families of two or more persons, the head of which (or his or her spouse) is 62 years of age or older;
- (2) The surviving member or members of a family described in paragraph (1) living in a unit assisted under subpart E of this part (Section 202 loans) with the now deceased member of the family at the time of his or her death;
- (3) A single person who is 62 years of age or older; or
- (4) Two or more elderly persons living together or one or more such persons living with another person who is determined by HUD, based upon a licensed physician's certificate provided by the family, to be essential to their care or well-being.

#1 refers to the head or spouse. #4 implies that any member who is elderly could qualify the household. If true this would mean that a person with a relationship code of Other who is elderly could qualify the household. Is this true?

Definition C states: An elderly person is a household composed of one or more persons at least one of whom is 62 years of age or more at the time of initial occupancy.

Are Definitions B and C equivalent (excluding #2 in Definition B)? They appear to be.

☐ Legislative ☐ Policy ☒ TRACS: Suggestion for improvement: In order to automate eligibility checking for Section 202/8 projects, two new fields would need to be added to the MAT—one indicating Section 202 status (for 202/8 contracts), and a field indicating whether the property serves the elderly or persons with disabilities. This level of automation would not involve itself with the various definitions of disability or the restriction to a subset of persons with disability.

Rule # ELG-011.00: n12345789: Applicants with Housing Choice Vouchers

Handbook

HANDBOOK (3-20, pp 3.55-3.57): Applicants with Housing Choice Vouchers

Owners may receive inquiries or applications from families wishing to use a Housing Choice Voucher in their property. The Housing Choice Voucher program is a form of rental subsidy administered by public housing agencies (PHAs) that allows families to rent units in the marketplace and receive a subsidy from the PHA. The rules governing the use of vouchers in multifamily projects vary depending upon the type of subsidy operating at the project.

(A) 100% of Units Receive Assistance under an Assistance Contract

Owners may not admit an applicant with a voucher, unless the applicant agrees to give up the voucher prior to occupancy. Before admitting such applicants, owners must inform voucher holders of the following:

- (1) The family must be placed on the project waiting list and must give up the voucher when the family moves into the project.
- (2) If the family later moves out of the project, the project subsidy will not move with the family as it does with a voucher; and
- (3) The family will need to reapply to the PHA to receive another voucher.

(B) Partially Assisted Properties

(1) Owners may accept applicants with the housing choice vouchers into units that do not already have a form of rental assistance such as Section 8, RAP, Rent Supplement, Section 202 PAC, or Section 202 and Section 811 PRAC. Owners may not admit an applicant with a voucher to a unit with Section 8, RAP, or Rent Supplement, Section 202 PAC, or Section 202 and Section 811 PRAC unless the applicant agrees to give up the voucher prior to occupancy.

(2) The PHA and HUD may limit rents that may be charged and subsidies the owners may collect in units where a voucher family is housed. Since these limits vary by locality, owners should discuss rent and subsidy limitations with the local PHA. If the owner accepts a voucher holder, the PHA will perform annual inspections to ensure that the unit meets housing quality standards, recertify the family annually, and make the assistance payments to the owner.

(C) Section 236, Section 221(d)(3) BMIR, and Section 202 Units (without Assistance Contracts)

Owners may accept applicants with the housing choice vouchers into their units. As described in subparagraph B.2 above, the PHA and HUD may

limit rents and subsidies. Also, the PHA will conduct annual unit inspections and recertify family income annually prior to making assistance payments.

(D) Previously HUD-Owned Projects

(1) Previously HUD-owned projects must give a preference to families holding vouchers. (This preference is required by the sales contract and deed executed between HUD and the owner.)

(2) The PHA and HUD may limit rents that may be charged and subsidies the owners may collect in units where a voucher family is housed. Because these limits vary by locality, owners should discuss rent and subsidy limitations with the local PHA. If the owner accepts a voucher holder, PHA will perform annual inspections to ensure that the unit meets housing quality standards, recertify the family annually, and make the assistance payments to the owner.

COMMENT: Clarification needed: What is the meaning of “The PHA and HUD may limit rents that may be charged and subsidies the owners may collect in units where a voucher family is housed” in the sections above? Does this mean that, in these situations, the rents that can be charged and subsidy received will differ from those normally associated with the subsidy type? If so, there is currently no way, as part of the MAT to indicate these situations and what the alternate rent schedules might be. Similarly, there is no way in the MAT to indicate that a property is previously HUD-Owned.

Is there such a thing as a partially assisted 202 or 811 Capital Advance Project? How about a 202/162 Direct Loan Project?

TRACS

TRACS does not recognize or track tenants with Housing Choice Vouchers.

Recommendations

N/a

Rule # ELG-012.00: n12345789: Occupancy Standards

Handbook

HANDBOOK (3-22, pp 3.58-3.61): Occupancy Standards

(A) Overview

(1) Owners must develop and follow occupancy standards that take into account the size and number of bedrooms needed based on the number of people in the family.

(2) Occupancy standards serve to prevent the over- or underutilization of units that can result in an inefficient use of housing assistance. Occupancy standards also ensure that tenants are treated fairly and consistently and receive adequate housing space. By following the standards described in this paragraph, owners can ensure that applicants and tenants are housed in appropriately sized units in a fair and consistent manner as prescribed by law. Occupancy standards must be part of an owner's tenant selection procedures. Refer to paragraph 4-4 for more details on developing tenant selection procedures.

(B) Key Requirements

(1) Owners of all properties subject to this handbook, including subsidized housing cooperatives, must assign a family to a unit of appropriate size, taking into consideration all persons residing in the household.

(2) Owners should have written standards describing the project eligibility criteria. Owners have some discretion in developing specific occupancy standards for a property, as long as the standards do not violate fair housing requirements or contain prohibited policies. See Exhibit 3-3 for HUD policy guidance.

(3) The owner's occupancy standards must comply with the following:

(a) Federal, State, and local fair housing and civil rights laws;

(b) Tenant-landlord laws;

(c) Zoning restrictions; and

(d) HUD's Equal Opportunity and nondiscrimination requirements under HUD's administrative procedures.

(C) Timeframe for Applying Occupancy Standards

(1) Owners apply their occupancy standards before assigning the family to a unit. Owners should review family size and occupancy standards prior to completing all of the required verifications so that if the property cannot accommodate the family, the owner may immediately inform the

family of its ineligibility.

(2) Owners also compare family composition to occupancy standards when there is a change in family size. This comparison is done to determine whether the family needs to transfer to another unit.

(D) Prohibition of Occupancy Standards that Exclude Children

(1) The Fair Housing Act prohibits housing providers from discriminating on the basis of familial status, making it illegal to discriminate against families because of the presence of children.

(2) Owners may neither exclude families with children from their properties, nor may they develop policies or procedures that have the purpose or effect of prohibiting children (e.g., policies in tenant selection plan, occupancy standards, house rules).

(3) Owners may not exclude otherwise eligible elderly families with children from elderly properties or elderly/disabled properties covered by this handbook.

(E) General Occupancy Standards

(1) Owners have discretion in developing occupancy policies that meet the needs of the specific property. HUD does not prescribe specific policies owners must implement but provides guidelines owners must follow when developing written occupancy standards.

(2) HUD's occupancy guidelines are provided in Exhibit 3-3. Generally a two-persons-per-bedroom standard is acceptable. An owner may establish a different standard for assigning unit size based on specific characteristics of the property (e.g., some bedrooms are too small for two persons).

(3) An owner's occupancy standards establish the size of the unit a family will occupy, but owners must avoid making social judgments on a family's sleeping arrangement. For example, it is not for the owner to determine whether an unmarried couple may share the same bedroom or whether a young child can share a bedroom with a parent.

(4) Owners may consider the size of the unit, the size of the bedrooms, and the number of bedrooms so long as their policy allows for family preferences (within HUD guidelines) to be considered. As owners develop and implement occupancy standards, they must take into consideration the following factors:

(a) The number of persons in the family;

(b) The sex and relationship of family members;

(c) The family's need for a larger unit as a reasonable accommodation;

and

(d) Balancing the need to avoid overcrowding with the need to avoid underutilization of the space and unnecessary subsidy.

(5) If a family, based on the number of members, would qualify for more than one unit size, the owner must allow the family to choose which unit size they prefer.

(6) Counting family members. In order to determine the size of unit that would be appropriate for a particular family, the owner needs to determine the number of family members.

(a) The owner must count all full-time members of the family.

(b) The owner must also count all anticipated children. Anticipated children include the following:

(1) Children expected to be born to a pregnant woman;

(2) Children in the process of being adopted by an adult family member;

(3) Children whose custody is being obtained by an adult family member;

(4) Foster children who will reside in the unit;

(5) Children who are temporarily in a foster home who will return to the family; and

(6) Children in joint custody arrangements who are present in the household 50% or more of the time.

(c) The owner may count children who are away at school and who live at home during recesses.

(d) The owner must count live-in aides for purposes of determining appropriate unit size.

(e) The owner may establish reasonable standards for counting family members that are temporarily in a correctional facility. For example, it is reasonable for an owner to count a teenager who will return to the family in six months from a detention center. It is not reasonable to count an adult member who may return to the family in two years following incarceration.

(f) The owner must not count nonfamily members, such as adult children on active military duty, permanently institutionalized family members, or visitors.

(g) The owner must count foster adults living in the unit.

TRACS

TRACS applies the guidelines in the 4350.3 CHG-27 to evaluate whether the family is overhoused or underhoused. An information message is returned if the guideline parameters are violated.

The determination is based upon an algorithm that compares the number of bedrooms in the unit to the household composition, considering each member's relationship code and gender.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: Not all categories of anticipated children are supported by the MAT future fields. Joint custody situations need to be dealt with for a variety of reasons. There is no support for the category of children whose custody is being obtained—should there be?

☐ Legislative ☐ Policy ☒ TRACS: TRACS needs to be modified to collect the additional tenant data and apply the guidelines in 4350.3 REV-1.

ELG-012.01: n12345789: Assigning a Smaller Unit Than Required

Handbook

HANDBOOK (3-22.F, p 3.61): Assigning a Smaller Unit Than Required
An owner may assign a family to a smaller unit size than suggested by the owners' occupancy policies if the family requests the smaller unit and if all of the following apply:

- (1) The family is eligible for the smaller unit based upon the number of family members, and occupancy of the smaller unit will not cause serious overcrowding;
- (2) Assigning a smaller unit results in a lower rent payment for the occupant in a Section 236 or BMIR property; and
- (3) The assignment will not conflict with local codes.

COMMENT: Clarification needed: The fact that the wording above says "if all of the following apply" implies that you can't assign a smaller unit than required unless the property is a Section 236 or BMIR. Presumably that is not the case and the 236 and BMIR cases are only an additional situation when assigning a smaller unit is permitted.

TRACS

TRACS will generate an informational overhoused/underhoused message based upon the 4350.3 guidelines.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: If there is an interest in tracking these cases, a field could be added to the mat indicating that one or more of these situations applies.

ELG-012.02: n12345789: Assigning Units Larger Than Required

Handbook

HANDBOOK (3-22.G, p 3.61-3.62): Assigning Units Larger Than Required

(1) An owner may assign a family to a larger unit than suggested by the owner's occupancy standards if one of the following conditions exists:

(a) No eligible family in need of the larger unit is available to move into the unit within 60 days, the property has the proper size unit for the family but it is not currently available, and the family agrees in writing to move at its own expense when a proper size unit becomes available.

(b) A family needs a larger unit as a reasonable accommodation for a family member who is a person with a disability.

(2) However, a single person must not be permitted to occupy a unit with two or more bedrooms, except for the following persons:

(a) A person with a disability who needs the larger unit as a reasonable accommodation.

(b) A displaced person when no appropriately sized unit is available.

(c) An elderly person who has a verifiable need for a larger unit.

(d) A remaining family member of a resident family when no appropriately sized unit is available.

TRACS

TRACS will generate an informational overhoused/underhoused message based upon the 4350.3 guidelines.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: If there is an interest in doing so, these cases could be tracked.

ELG-012.03: n12345789: Change in Family Size

Handbook

HANDBOOK (3-22.H, pp 3.62-3.63): H.A. Change in Family Size After Initial Occupancy

(1) After a family moves into a unit, the unit may become overcrowded or underutilized due to a change in family size.

(a) Rental properties.

(1) The owner may require the family to move to a unit of appropriate size. If a unit of appropriate size is not available, the owner must not evict the family and must not increase the family's rent to the market rent. See the example below.

(2) If a family refuses to move to the correct size unit, the family may stay in the current unit and pay the market rent. The owner must not evict the tenant for refusing to move but may evict the family if it fails to pay the market rent in accordance with the lease.

(b) Subsidized housing cooperatives.

(1) Units occupied by families who are not receiving rental assistance under a contract for assistance. In Section 236 and BMIR cooperatives in which the member is receiving no other assistance, the cooperative may establish its own policy on whether the cooperative should:

- Offer over-housed members smaller units; and
- Require members who refuse such offers to pay the market rate carrying charge.

(2) Units occupied by families receiving assistance through an assistance contract. These will typically be families receiving Rent Supplement, RAP, or Section 8 assistance. When an appropriately sized unit becomes available, the cooperative must require an over-housed member to either:

- Transfer to the appropriately sized unit offered by the cooperative and continue to receive assistance; or
- Remain in the same unit and pay a higher carrying charge.
- The choice remains with the member. If an appropriately sized unit is available, a cooperative may permit an over-housed member to remain in the same unit and continue to receive Section 8/Rent Supplement/RAP assistance only as long as there is no market for the size of unit the member would be vacating.

(3) If a family refuses to move to the correct size unit, the family may stay in the current unit and pay the market rate carrying charge. The owner

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ELG-012.03: n12345789: Change in Family Size

must not evict the tenant for refusing to move but may evict the family if it fails to pay the market rate carrying charge in accordance with the lease.

(2) See Chapter 7, Section 3, for additional information about unit transfers for tenants.

TRACS

TRACS evaluates each certification based upon 4350.3 guidelines. A message is generated whenever a certification violates the guidelines.

Recommendations

N/a

Chapter 7. Income & Calculating Rent (RNT)

Scope of Analysis

This section covers Chapter 5 (Determining Income and Calculating Rent) and includes Exhibits 3-12 through 3-14 (Proration of assistance under the noncitizen rule). More detailed algorithms for calculating rent will also be included in a technical appendix to the MAT guide as part of an Industry Specification so that software vendors and TRACS can avoid \$1 differences in calculations due to calculation methodology.

Rule # RNT-001.00: n12345789: Determining Annual Income

Handbook

HANDBOOK (5-4, p 5.3): Key Requirements

(A) Annual income is the amount of income that is used to determine a family's eligibility for assistance. Annual income is defined as follows:

(1) All amounts, monetary or not, that go to or are received on behalf of the family head, spouse or co-head (even if the family member is temporarily absent), or any other family member; or

(2) All amounts anticipated to be received from a source outside the family during the 12-month period following admission or annual recertification effective date.

(B) Annual income includes all amounts that are not specifically excluded by regulation. Exhibit 5-1, Income Inclusions and Exclusions, provides the complete list of income inclusions and exclusions published in the regulations and Federal Register notices.

(C) Annual income includes amounts derived (during the 12-month period) from assets to which any member of the family has access.

TRACS

TRACS calculates the household's annual income by adding its non-asset income to its asset income. The TRACS-calculated annual income is set in the database in place of the submitted annual income amount.

TRACS detects any discrepancies between user-reported income totals and TRACS-calculated income totals.

TRACS expects the calculated annual income not to exceed the BMIR low income limit at move-in.

Note: TRACS currently assumes that all incomes submitted as part of the MAT are not excluded by regulation. There is no way to tell, with the current income coding scheme, which incomes are to be included and which are to be excluded.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: If there is the desire to do a more detailed audit on income reporting, TRACS could be modified to accept all income from all sources and expand the coding to identify included and excluded income. However, doing so would add a work burden to site managers.

RNT-001.01: n12345789: Calculating Annual Income

Handbook

HANDBOOK (5.5., p 5.4): Once all sources of income are known and verified, owners must convert reported income to an annual figure. Convert periodic wages to annual income by multiplying:

- (1) Hourly wages by the number of hours worked per year (2,080 hours for full-time employment with a 40-hour week and no overtime);
- (2) Weekly wages by 52;
- (3) Bi-weekly wages (paid every other week) by 26;
- (4) Semi-monthly wages (paid twice each month) by 24; and
- (5) Monthly wages by 12.

To annualize other than full-time income, multiply the wages by the actual number of hours or weeks the person is expected to work.

COMMENT: Clarification needed: Appendix 8, 2.8, which discusses rounding and 50059 data entry rules, gives a different method for annualizing hourly income: multiply the hourly wage by the number of hours worked per week; round the result to the nearest penny; multiply the result by the number of weeks worked; round the result to the nearest dollar. Which method of annualizing annual income is to be used? Or is it permissible to use different methods as long as the same method is used for all applicants and tenants?

TRACS

TRACS creates a separate income entry in the Tenant database for each income record reported with a certification and associates each one with the certification and the specific household member reporting the income.

Recommendations

N/a

RNT-001.02: n12345789: Whose Income is Counted?

Handbook

HANDBOOK (5-6.A, p 5.6): Calculating Income—Elements of Annual Income

(A) Income of Adults and Dependents

(1) Figure 5-2 summarizes whose income is counted.

(2) Adults. Count the annual income of the head, spouse or co-head, and other adult members of the family. In addition, persons under the age of 18 who have entered into a lease under state law are treated as adults, and their annual income must also be counted. These persons will be either the head, spouse, or co-head; they are sometimes referred to as emancipated minors.

NOTE: If an emancipated minor is residing with a family as a member other than the head, spouse, or co-head, the individual would be considered a dependent and his or her income handled in accordance with subparagraph 3 below.

(3) Dependents. A dependent is a family member who is under 18 years of age, is disabled, or is a full-time student. The head of the family, spouse, co-head, foster child, or live-in aide are never dependents. Some income received on behalf of family dependents is counted and some is not.

(a) Earned income of minors (family members under 18) is not counted.

(b) Benefits or other unearned income of minors is counted.

Figure 5-2: [from Handbook] Whose Income is Counted?

Members	Employment Income	Other Income (including income from assets)
Head	Yes	Yes
Spouse	Yes	Yes
Co-head	Yes	Yes
Other adult	Yes	Yes
Dependents		
-Child under 18	No	Yes
Full-time student over 18	(See Note)	

Nonmembers

Foster child	No	No
Foster adult	No	No
Live-in aide	No	No

NOTE: The earned income of a full-time student 18 years old or older who is not the head, co-head, or spouse is excluded to the extent that it exceeds \$480.

COMMENT: Clarification needed: In Figure 5-2, the case of a Dependent-Disabled and over 18 years of age is missing. Both employment and other income should be coded as Yes.

HANDBOOK (5-6.A.3.c, pp 5.7-5.9): When more than one family shares custody of a child and both families live in assisted housing, only one family at a time can claim the dependent deduction. The family that counts the dependent deduction also counts the unearned income of the child. The other family claims neither the dependent deduction nor the unearned income of the child.

(d) Although full-time students who are 18 years of age or older are considered as dependents, a small amount of their earned income will be counted. Count only earned income up to a maximum of \$480 per year for full-time students, age 18 or older, who are not the head of the family or spouse or co-head. If the income is less than \$480 annually, count all the income. If the annual income exceeds \$480, count \$480 and exclude the amount that exceeds \$480.

(e) The income of full-time students 18 years of age or older who are members of the household but away at school is counted the same as the income for other full-time students. The income of minors who are members of the household but away at school is counted as the income for other minors.

(f) All income of a full-time student, 18 years of age or older, is counted if that person is the head of the family, spouse, or co-head.

(g) Payments received by the family for the care of foster children or foster adults are not counted. This rule applies only to payments made through the official foster care relationships with local welfare agencies.

(h) Adoption assistance payments in excess of \$480 are not counted.

(B) Income of Temporarily Absent Family Members

(1) Owners must count all income of family members approved to reside in the unit, even if some members are temporarily absent.

(2) If the owner determines that an absent person is no longer a family member, the individual must be removed from the lease and the 50059 facsimile.

(3) A temporarily absent individual on active military duty must be removed from the family, and his or her income must not be counted unless that person is the head of the family, spouse, or co head.

(a) However, if the spouse or a dependent of the person on active military duty resides in the unit, that person's income must be counted in full, even if the military member is not the head, or spouse of the head of the family.

(b) The income of the head, spouse, or co-head will be counted even if that person is temporarily absent for active military duty.

(C) Income of Permanently Confined Family Members

(1) An individual permanently confined to a nursing home or hospital may not be named as family head, spouse, or co-head but may continue as a family member at the family's discretion. The family has a choice with regard to how the permanently confined individual's income will be counted. The family may elect either of the following:

(a) Include the individual's income and receive allowable deductions related to the medical care of the permanently confined individual; or

(b) Exclude the individual's income and not receive allowances based on the medical care of the permanently confined individual.

(2) The permanently confined member is listed on the 50059 facsimile as an adult who is not the head, spouse, or co-head, even when the permanently confined family member is married to the person who is or will become the head of the family.

TRACS

TRACS does not expect Foster Children or Live-ins to report income and excludes any of their reported income amounts.

TRACS expects that a member, reporting an employment income, be at least 18 years of age. If the member is under 18 with a reported income, TRACS excludes it.

TRACS expects that the reported member income for a Dependent and full-time Student in a stored certification be no more than \$480. However, if the member's income is

greater than \$480, then TRACS sets the income amount to \$480 in the database and adds the \$480 or less to the household's net total employment income.

TRACS calculates the household's total non-asset income by adding each member's reported employment and non-employment income. The household's total non-asset income is the family's total income, excluding asset income.

Note: In the case of an adult dependent who is a full-time student, more than \$480 in earned income may be reported. TRACS ignores any amount over \$480.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: TRACS has no way of knowing, with the current MAT fields, whether a family member is temporarily absent, on active military duty, or permanently confined and therefore can not enforce any of the rules with respect to income and allowances for these people. If desired, this could be done through a modification to the MAT.

☐ Legislative ☐ Policy ☒ TRACS: TRACS has no way of distinguishing adoption assistance payments and therefore can not cap them. If desired, this could be done through a modification to the MAT.

Rule # RNT-002.00: n12345789: Calculating income from Assets

Handbook

HANDBOOK (5-7, pp 5.19-5.20): Calculating Income from Assets
Annual income includes amounts derived from assets to which family members has access.

(A) What is Considered to Be an Asset?

(1) Assets are items of value that may be turned into cash. A savings account is a cash asset. The bank pays interest on the asset. The interest is the income from that asset.

(2) Some tenants have assets that are not earning interest. A quantity of money under a mattress is an asset: it is a thing of value that could be used to the benefit of the tenant, but under the mattress it is not producing income.

(3) Some belongings of value are not considered assets. Necessary personal property is not counted as an asset. Exhibit 5-2 summarizes the items that are considered assets and those that are not.

(B) Determining Income from Assets

Note: For families receiving only BMIR assistance, it is not necessary to determine whether family assets exceed \$5,000. The rule for imputing income from assets does not apply to the BMIR program.

(1) The calculation to determine the amount of income from assets to include in annual income considers both of the following:

(a) The total cash value of the family's assets; and

(b) The amount of income those assets are earning or could earn.

(2) The rule for calculating income from assets differs depending on whether the total cash value of family assets is \$5,000 or less, or is more than \$5,000.

(C) Determining the Total Cash Value of Family Assets

(1) To comply with the rule for determining the amount of income from assets, it is necessary to first determine whether the total "cash value" of family assets exceeds \$5,000.

(a) The "cash value" of an asset is the market value less reasonable expenses that would be incurred in selling or converting the asset to cash, such as the following:

- (1) Penalties for premature withdrawal;
- (2) Broker and legal fees; and
- (3) Settlement costs for real estate transactions.

The cash value is the amount the family could actually receive in cash, if the family converted an asset to cash.

(b) It is essential to note that a family is not required to convert an asset to cash. Determining the cash value of the asset is done simply as a calculation by the owner because it is a required step when determining income from assets under program requirements.

TRACS

TRACS collects reported asset amounts in the certification: Total Assets (cash), Total Income from Assets, and Imputed Income from Assets, as well as the Reported Passbook Rate Percent, which is used by TRACS to calculate the Imputed Asset Income.

TRACS creates a separate asset entry in the database for each asset record detail reported by the certification's transaction and associates each one with the household certification but not with any identified household member.

TRACS expects, for each household asset record submitted, a reported cash-asset amount if the reported yearly income-from-asset amount is greater than zero.

TRACS adds up all the reported cash-asset amounts for a net total cash-asset amount and all the reported yearly income-from-assets amounts for its net total amount, and expects the reported and TRACS-calculated amounts to be equal.

TRACS compares the household's reported income-from-assets net total amount with the TRACS-imputed income-from-assets net total amount, which was based upon TRACS-calculated income-from-assets net total amount. TRACS chooses the larger amount to determine the TRACS-calculated asset income.

TRACS expects the household-reported asset amounts in the certification to be equal to the TRACS-calculated asset amounts, which are based on the household's reported asset records. TRACS stores the submitted values even though a discrepancy between the reported and calculated totals might be detected.

TRACS only accepts assets at the household level. A future field is in the MAT10, Section 5, Asset Record that permits associating an asset with a specific household member, but it has not been activated.

TRACS exempts BMIR certifications from imputed income from assets.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Implement the Member Number future field in the MAT10 Section 5 record so that TRACS can determine whether or not an asset should be counted as part of the certification.

RNT-002.01: n12345789: Income from assets less than \$5,000

Handbook

HANDBOOK (5-7.E, p 5.22): Calculating Income from Assets When Assets Total \$5,000 or Less

If the total cash value of all the family's assets is \$5,000 or less, the actual income the family receives from assets is the amount that is included in annual income as income from assets.

TRACS

TRACS accepts the reported income from assets when the cash value reported for the assets is \$5,000 or less and includes it in annual income.

Recommendations

N/a

RNT-002.02: n1234n789: Income from Assets Exceeding \$5,000

Handbook

HANDBOOK (5-7.F, p 5.22): Calculating Income from Assets When Assets Exceed \$5,000

(1) When net family assets are more than \$5,000, annual income includes the greater of the following:

(a) Actual income from assets; or

(b) A percentage of the value of family assets based upon the current passbook savings rate as established by HUD. This is called imputed income from assets. The passbook rate is currently set at 2%.

(2) To begin this calculation, first add the cash value of all assets. Multiply the total cash value of all assets by .02. The product is the "imputed income" from assets. Then, add the actual income from all assets. The greater of the imputed income from assets or the actual income from assets is included in the calculation of annual income.

TRACS

TRACS expects the reported passbook rate percent to be greater than zero for non-BMIR households; but if the rate is not greater than zero, then TRACS computes one and modifies the database field accordingly. TRACS uses the passbook rate to calculate the imputed income-from-assets. The TRACS algorithm for calculating the rate is: reported imputed income-from-assets divided by the TRACS-calculated total cash-asset amount.

TRACS calculates, using either the TRACS-calculated or household-reported passbook rate, an imputed income-from-assets if the net total cash-assets for a non-BMIR household certification is greater than \$5,000.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Historically, the HUD passbook rate has fluctuated. It was 5% for many years and then was allowed to vary regionally. With Change 27 to the old 4350.3, the rate was, once again, set centrally at 2%. The rate is likely to change in the future as a response to prevailing rates. That being the case, TRACS and software vendors should store a history of centrally set rates along with effective and obsolete dates so as to be able to audit certifications for correctness.

☐ Legislative ☐ Policy ☒ TRACS: In addition to checking for the correct rate as reported in the certification, TRACS should also calculate the effective rate (imputed

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RNT-002.02: n1234n789: Income from Assets Exceeding \$5,000

income divided by total cash value) and generate a discrepancy when the effective rate is not as reported or not per HUD requirements.

RNT-002.03: n1234n789: Assets disposed of below fair market value

Handbook

HANDBOOK (5-7.G.6, pp 5.33-5.34): Assets disposed of for less than fair market value. Applicants and tenants must declare whether an asset has been disposed of for less than fair market value at each certification and recertification. Owners must count assets disposed of for less than fair market value during the two years preceding certification or recertification. The amount counted as an asset is the difference between the cash value and the amount actually received. (This provision does not apply to families receiving only BMIR assistance.)

(a) Any asset that is disposed of for less than its full value is counted, including cash gifts as well as property. To determine the amount that has been given away, owners must compare the cash value of the asset to any amount received in compensation.

(b) However, the rule applies only when the fair market value of all assets given away during the past two years exceeds the gross amount received by more than \$1,000.

COMMENT: Clarification needed: The statement of the rule is confusing and could use clarification. One paragraph tells you to determine the amount given away by comparing cash value to the amount received in compensation. Another paragraph tell you to compare the fair market value to the gross amount received. The existing language allows for some abuses in the disposition of assets.

Fair market value vs cash value: This concept has always been referred to as "Assets disposed of for less than fair market value." However the amount reported is based on cash value. This results in an easy way to defeat the intent of the system. Suppose I have a \$100,000 house. Cash value is \$90,000 after disposition costs. I enter into a mortgage with my daughter--she loans me \$90,000 on the house. The cash value is now \$0 and I have a \$90,000 asset--a savings account. So far my assets still total \$90,000. Now I give the house to my other daughter. Since the house has \$0 cash value, I do not report anything on the certification. I pay off the mortgage, using my savings account. I now have \$0 in assets and have not violated the rules in the handbook. My 50059 will not carry any imputed assets for a 2-year period. I believe that the test should be based on the sales price of the asset (in this case \$0) as compared to its fair market value (\$100,000 in the example). If this is done then my 50059 should carry a \$100,000 amount for two years. Another way to avoid this situation would be to require that loans not be included in divestiture costs. If that were to be done, the cash value would be \$90,000 in both examples and \$90,000 would be carried on the certification for two years.

HANDBOOK 5-7.G..8.c, p 5.34): When the two-year period expires, the income assigned to the disposed asset also expires. If the two-year period ends in the middle of a recertification year, then the tenant may request an interim recertification to remove the disposed asset(s).

(d) Assets disposed of for less than fair market value as a result of foreclosure, bankruptcy, divorce, or separation are not counted.

(e) Assets placed in nonrevocable trusts are considered as assets disposed of for less than fair market value except when the assets placed in trust were received through settlements or judgments.

(f) Applicants and tenants must sign a self-verification form at their initial certification and each annual recertification identifying all assets that have been disposed of for less than fair market value or certifying that no assets have been disposed of for less than fair market value.

(g) Owners need to verify the tenant self certification only if the information does not appear to agree with other information reported by the tenant/applicant.

TRACS

TRACS does not know when an asset is disposed of; although, there is a field in the MAT10, Section 5, Asset Record that was intended to collect this data. It has not been activated.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: TRACS does not currently collect the date assets are disposed of. This future field should be activated in the MAT so that TRACS can tell whether or not a divested asset should be included on the certification.

☐ Legislative ☐ Policy ☒ TRACS: Change 27 of the prior handbook (paragraph 3-16) said that assets are considered to be disposed of for less than fair market value when the cash value of the disposed asset exceeds the gross amount the family received by more than \$1000. The new handbook compares the fair market value of all assets given away to the gross amount received. This implies that all assets, no matter how large, divested for less than fair market value should be reported on a certification along with a divestiture date. So that TRACS can do a proper audit.

Rule # RNT-003.00: n1234n789: Determining Adjusted Income

Handbook

HANDBOOK (5-9, p 5.36): Key Requirements for Determining Adjusted Income

(A) There are five possible deductions that may be subtracted from annual income based on allowable family expenses and family characteristics. The remainder, after these deductions are subtracted, is called adjusted income. Adjusted income is generally the amount upon which rent is based. See Section 4 of this chapter for information about specific rent calculation methods. This section focuses on the calculation of annual adjusted income. Before rent is calculated, annual adjusted income is converted to monthly adjusted income.

(B) Of the five possible deductions, three are available to any assisted family, and two are permitted only for elderly or disabled families.

(1) The three types of deductions available to any assisted family are:

(a) A deduction for dependents;

(b) A child care deduction; and

(c) A disability assistance deduction.

(2) The two types of deductions permitted only for families in which the head, spouse, or co-head is elderly or disabled are:

(a) An elderly/disabled family deduction; and

(b) A deduction for unreimbursed medical expenses.

NOTE: A family may not designate a family member as head or co-head solely to become eligible for these additional benefits. The remaining member of a family listed in paragraph 5-9 B2 who is not 62 or older or a person with disabilities is not eligible for these allowances.

TRACS

TRACS expects the able-to-work-care-code to be Handicapped or Child or both. TRACS also expects that the member who can work due to the able-to-work-care allowance is at least 18 years old and a Head, Spouse, Co-head, or Dependent/Other Adult who is 18 or older.

TRACS excludes Foster Children, Live-ins, and Others who are younger than 18, from receiving child care or handicap allowances.

TRACS includes the Head, Co-head, Spouse, or Others who are at least 18, as candidates for receiving childcare or handicap allowances.

TRACS totals the household incomes made possible because of the “able-to-work-care-code” assistance for the members drawing employment income: total income for child care; total income for handicap assistance; and total income for child care/handicap assistance.

TRACS Codes used in calculating Childcare Allowances

Childcare (C), Handicap assistance (H), and Childcare/Handicap (CH) – reasons why income assistance may be provided to household.

Head, Co-Head, and Spouse - family members whose income may be used in calculating childcare allowance:

Business (B), Federal (F), Military (M), and Non-Federal wage (W) - Income types included for childcare allowance purposes.

Rules applied in calculating childcare allowance:

- (1) Apply Childcare (C) income to Childcare Expense A (for working).
- (2) Apply Childcare/Handicap Assistance (CH) income to Childcare Expense A, first. Apply any remaining amount to the Handicapped Expense.
- (3) A household may claim both Childcare Expense A and Childcare Expense B (looking for work or attending school).
- (4) Neither Childcare Expense A nor B may be claimed by households with no children under age 13.
- (5) Childcare Expense B: a) DOES NOT require income to justify its use nor, b) have a limit.
- (6) If there is no Business Income identified by (C), (H), or (CH), Childcare Expense MUST be 0.

TRACS Calculates Total Allowances

Total Allowances =

(Dependent allowance + Childcare allowance + Handicapped allowance + Medical allowance + Elderly allowance).

TRACS expects reported total allowance to equal the TRACS calculated allowance totals.

TRACS Calculate Adjusted Income Amount

Adjusted Income = (Annual Income – Total allowances)

Note: If the result is < 0, set the Adjusted Income = 0. Reported adjusted totals are expected to equal the TRACS calculated totals. TRACS creates an adjustment of income record for each applicable expense/allowance.

TRACS does not permit BMIRs to receive allowances, therefore, all allowances and expenses should be zero.

Adjusted Income is not allowed for BMIRs. If supplied, the amount is set to 0.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Make it clear that the Child Care deduction must be calculated before the Disability Assistance deduction. Since both types of expenses can enable incomes, different results can be reached if calculations are done in a different order. The handbook already requires that the Disability deduction be calculated before the Medical deduction.

☐ Legislative ☐ Policy ☒ TRACS: The 50059 data requirements do not currently require that each item of expense be reported—only totals in each category. Without the individual expenses it is not possible to properly audit the Child Care and Disability deductions. Also the care codes are attached to members, rather than to incomes. What is needed is a data model that allows expenses to be attached to one or more specific incomes along with a detailed algorithm for doing the calculations.

☐ Legislative ☐ Policy ☒ TRACS: It would enhance software audits if the members receiving the care were also identified.

RNT-003.01: n1234n789: Dependent Deduction

Handbook

HANDBOOK (5-10.A, p 5.37): Dependent Deduction

(1) A family receives a deduction of \$480 for each family member who is:

(a) Under 18 years of age;

(b) A person with disabilities; or

(c) A full-time student of any age.

(2) Some family members may never qualify as dependents regardless of age, disability, or student status.

(a) The head of the family, the spouse, and the co-head may never qualify as dependents.

(b) A foster child, an unborn child, a child who has not yet joined the family, or a live-in aide may never be counted as a dependent.

(3) A full-time student is one who is carrying a full-time subject load at an institution with a degree or certificate program. A full-time load is defined by the institution where the student is enrolled.

(4) When more than one family shares custody of a child and both live in assisted housing, only one family at a time can claim the dependent deduction for that child. The family with primary custody or with custody at the time of the initial certification or annual recertification receives the deduction. If there is a dispute about which family should claim the dependent deduction, the family should refer to available documents such as copies of court orders or an IRS return showing which family has claimed the child for income tax purposes.

TRACS

TRACS expects a full-time student to be a dependent and 18-years of age or older.

TRACS calculates total dependent allowance by multiplying the number of dependents by \$480. The reported dependent number and allowance are expected to equal the TRACS calculated dependent number and allowance.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: A modification to the TRACS algorithms will be needed to deal with the reporting of joint custody children who do not receive a dependent allowance.

RNT-003.02: n1234n789: Child Care Deduction

Handbook

HANDBOOK (5-10.B, p 5.37-5.39): Child Care Deduction

(1) Anticipated expenses for the care of children under age 13 (including foster children) may be deducted from annual income if all of the following are true:

(a) The care is necessary to enable a family member to work, seek employment, or further his/her education (academic or vocational).

(b) The family has determined there is no adult family member capable of providing care during the hours care is needed.

(c) The expenses are not paid to a family member living in the unit.

d. The amount deducted reflects reasonable charges for child care.

(e) The expense is not reimbursed by an agency or individual outside the family.

(f) Child care expenses incurred to permit a family member to work must not exceed the amount earned by the family member made available to work during the hours for which child care is paid.

(2) When child care enables a family member to work or go to school, the rule limiting the deduction to the amount earned by the family member made available to work applies only to child care expenses incurred while the individual is at work. The expense for child care while that family member is at school or looking for work is not limited.

(3) Child care attributable to the work of a full-time student (except for head, spouse, co-head) is limited to not more than \$480, since the employment income of full-time students in excess of \$480 is not counted in the annual income calculation. Child care payments on behalf of a minor who is not living in the applicant's household cannot be deducted.

(4) Child care expenses incurred by two assisted households with split custody can be split between the two households when the custody and expense is documented for each household and the documentation demonstrates that the total expense claimed by the two households does not exceed the cost for the actual time the child spends in care.

COMMENT: Clarification needed: With split custody, are there any limits on the ratio of the split? For example, would a household with 10% custody be able to claim child care expenses for the 10% of the time they have a child?

TRACS

TRACS accepts the “able-to-work-care-code”, permitting child care and/or handicap assistance, for a reported Head, Co-head, Spouse, or Other adult member at least 18 years of age, who receives employment income.

Childcare Allowance

Expense A – enables a family member to work,

Expense B – enables family member to look for work or go to school

Children in household under 13:

If the household has childcare expense A, and childcare income OR childcare/handicap assistance:

(a) TRACS subtracts the childcare expense A from the childcare income. If childcare expense A is less than the earned childcare income, the childcare expense A goes to the childcare allowance and the remaining earned childcare income is applied to childcare/handicapped.

(b) If there is no remaining childcare income after childcare expense A has been met, and no childcare/handicap assistance, childcare allowance is the same as the reported childcare income.

(c) If there is childcare/handicap assistance, TRACS adds childcare earned income and childcare assistance, then subtracts the reported expense A. If the childcare/handicap assistance is greater than childcare expenses, childcare allowance is the same as the reported childcare expense A. If there is more expense A than childcare/handicap assistance, then childcare allowance is the sum of childcare income plus handicap assistance.

(d) If there is no childcare income or childcare/handicap assistance, then childcare allowance is zero.

(e) If childcare expense A is zero, then childcare allowance is zero.

No children in the household under 13:

No childcare allowance is given

Total Childcare allowance = Childcare allowance A + Childcare allowance B.

TRACS expects the reported childcare allowance to equal the TRACS calculated childcare allowance.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: Clarify the handling of the case of an adult who is a dependent by virtue of disability (or student status) and subject to joint custody. Would only one household be entitled to the dependent allowance? Would disability expenses be shared on a prorate basis? How would income be reported?

RNT-003.03: n1234n789: Deduction for Disability Assistance Expense

Handbook

HANDBOOK (5-10.C, pp 5.39-5.41): Deduction for Disability Assistance Expense

(1) Families are entitled to a deduction for unreimbursed, anticipated costs for attendant care and “auxiliary apparatus” for each family member who is a person with disabilities, to the extent these expenses are reasonable and necessary to enable any family member 18 years of age or older who may or may not be the member who is a person with disabilities (including the member who is a person with disabilities) to be employed.

(2) This deduction is equal to the amount by which the cost of the care attendant or auxiliary apparatus exceeds 3% of the family’s annual income. However, the deduction may not exceed the earned income received by the family member or members who are enabled to work by the attendant care or auxiliary apparatus.

(3) If the disability assistance enables more than one person to be employed, the owner must consider the combined incomes of those persons. For example, if an auxiliary apparatus enables a person with a disability to be employed and frees another person to be employed, the allowance cannot exceed the combined incomes of those two people.

...

(7) When the same provider takes care of children and a disabled person over age 12, the owner must prorate the total cost and allocate a specific cost to attendant care. The sum of both child care and disability assistance expenses cannot exceed the employment income of the family member enabled to work.

TRACS

TRACS expects a member with a Handicapped status to be a Head, Spouse or Co-head.

Handicapped Allowance

Household contains handicapped member(s):

(a) If there are handicapped expenses, but the reported handicapped expenses are $\leq 3\%$ of the household’s annual income,
then, handicapped allowance = 0.

(b) If there are handicapped expenses, and the reported handicapped expense are $> 3\%$ of the household's annual income,
then, handicapped allowance = (reported handicapped expense – 3% annual income).

Note: The allowance cannot exceed the amount of income earned by the family member enabled to work by the handicapped expense.

(c) If there are no reported handicapped expenses, handicapped allowance = 0.

Household contains no handicapped member(s), Handicapped allowance = 0.
TRACS expects:

(a) The reported 3% of annual income to equal the value calculated by TRACS.

(b) The reported handicap allowance to equal the TRACS calculated handicap allowance.

Recommendations

N/a

RNT-003.04: n1234n789: Medical Expense Deduction

Handbook

HANDBOOK (5-10.D, pp 5.42-5.45): Medical Expense Deduction

(1) The medical expense deduction is permitted only for families in which the head, spouse, or co-head is at least 62 years old or is a person with disabilities (elderly or disabled families).

(2) If the family is eligible for a medical expense deduction, owners must include the unreimbursed medical expenses of all family members, including the expenses of nonelderly adults or children living in the family.

(3) Medical expenses include all expenses the family anticipates to incur during the 12 months following certification/recertification that are not reimbursed by an outside source, such as insurance.

(4) The owner may use the ongoing expenses the family paid in the 12 months preceding the certification/recertification to estimate anticipated medical expenses.

(5) The medical expense deduction is that portion of total medical expenses that exceeds 3% of annual income.

...

(9) Special calculation for families eligible for disability assistance and medical expense deductions. If an elderly family has both unreimbursed medical expenses and disability assistance expenses, a special calculation is required to ensure that the family's 3% of income expenditure is applied only one time. Because the deduction for disability assistance expenses is limited by the amount earned by the person enabled to work, the disability deduction must be calculated before the medical deduction is calculated.

(a) When a family has unreimbursed disability assistance expenses that are less than 3% of annual income, the family will receive no deduction for disability assistance expense. However, the deduction for medical expenses will be equal to the amount by which the sum of both disability and medical expenses exceeds 3% of annual income.

(b) If the disability assistance expense exceeds the amount earned by the person who was enabled to work, the deduction for disability assistance will be capped at the amount earned by that individual. When the family is also eligible for a medical expense deduction, however, the 3% may have been exhausted in the first calculation, and it then will not be applied to medical expenses.

TRACS

Medical and Elderly Allowance

Household contains elderly member(s) eligible for medical allowance:

Elderly allowance = \$400.00.

(a) If no medical expenses reported, medical allowance = 0.

If household contains handicapped member(s) with medical and handicapped expenses, TRACS first calculates 3% of annual income. It then determines whether the handicapped expense is \geq 3% of household's annual income. If true, then medical allowance is set to the reported medical expenses.

If 3% of household's annual income is $<$ handicapped expenses, then medical allowance is equal to (handicapped expenses + medical expenses) $-$ 3% of annual income.

(b) If household contains handicapped member(s) and medical expense $>$ 0, but handicapped expense = 0,

Medical allowance = medical expenses $-$ 3% of annual income.

(c) If household contains no handicapped member(s),

Medical allowance = medical expenses $-$ 3% of annual income.

Note: If medical allowance is negative, medical allowance = 0. If household contains no elderly, medically eligible member(s), medical allowance and Elderly allowance = 0. TRACS expects the reported elderly allowance to equal the TRACS calculated elderly allowance.

Recommendations

N/a

RNT-003.05: n1234n789: Elderly Family Deduction

Handbook

HANDBOOK (5-10.E, p 5.45): Elderly Family Deduction

An elderly or disabled family is any family in which the head, spouse, or co-head (or the sole member) is at least 62 years of age or a person with disabilities. Each elderly or disabled family receives a \$400 family deduction. Because this is a “family deduction” each family receives only one deduction, even if both the head and spouse are elderly or disabled.

TRACS

TRACS expects the household to be identified as “elderly” if a member is at least 62 years old and a Head, Spouse, or Co-head.

Recommendations

N/a

Rule # RNT-004.00: n12345789: Verification Requirements

Handbook

HANDBOOK (5-12.A.1, p 5.47): Owners must verify all income, assets, expenses, deductions, family characteristics, and circumstances that affect family eligibility or level of assistance.

HANDBOOK (5-22, p 5.59): Interim Recertifications

When processing an interim recertification, the owner must ask the tenant to identify all changes in income, expenses, or family composition since the last recertification. Owners only need verify those items that have changed. For example, if the head of household was laid off from his or her job and asks the owner to prepare an interim recertification, the owner does not need to reverify the spouse's employment income unless that has also changed. When the tenant signs the certification she or he certifies that the information on the report is accurate and current. Additional information about the procedures for conducting interim recertifications is discussed in Chapter 7, Section 2.

TRACS

TRACS does not support the verification activities required of the owner.

Recommendations

[X] Legislative [X] Policy [] TRACS: Even though tenants are required to report and owners required to verify all income, owners are prohibited by law from access to state wage and income tax data that could help them do such verification. Consider requesting a modification to statute to allow for such income matching.

RNT-004.01: n12345789: SS/SSI Income Data Match

Handbook

HANDBOOK (5-16, p 5.54): Social Security and Supplemental Security Income Data Match

(A) Owners verify social security income and supplemental security income electronically through TRACS. If there is a discrepancy between income reported by the tenant or applicant and income provided by the Social Security Administration (SSA), TRACS will automatically generate a message that is sent to the owner. The owner must attempt to contact the applicant or tenant to disclose the discrepancy. Exhibit 5-8 provides detailed guidance on verifying social security and supplemental security income.

(B) Additional information is available on HUD's website page describing the tenant assessment system (for tenant income verification) (TASS):

www.hud.gov/offices/reac/products/prodtass.cfm

TASS is a computer-based tool to assist owners in verifying tenant incomes by comparing tenant-reported information to information in other HUD systems from the Social Security Administration and the Internal Revenue Service.

TRACS

TRACS extracts data from the Tenant database, monthly, for those tenants scheduled to recertify within four-months and transmits these data to TASS. TASS obtains from the SSA the current SS/SSI data for the tenants and prepares Tenant Benefit History Reports for the owners to use in verifying SS/SSI income amounts. TRACS also has an Internet facility that allows owners to request Benefit History Reports for specific tenants in the next monthly extract .

TRACS extracts the identification of all members reported on certifications submitted to the nightly process and transmits these data to SSA. The response from SSA is used to confirm social security numbers and the SS/SSI income submitted in the certification.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Perform a cost-benefit analysis on the SS/SSI Data Match process. Data quality issues reported with the SSA data may cost HUD and the multifamily Industry more than the savings in assistance payments.

RNT-004.02: n12345789: Effective Term of Verifications

Handbook

HANDBOOK (5-17.B, p 5.56): Effective Term of Verifications

(1) Verifications are valid for 90 days from the date of receipt by the owner.

(2) For the next 30 days (days 91–120), the owner may update the verifications orally with the verification source. As with any oral verification, the owner must include written documentation in the file.

(3) If verifications are more than 120 days old, the owner must obtain new verifications.

(4) Time limits do not apply to information that does not need to be reverified, such as:

(a) Age;

(b) Disability status;

(c) Family membership; or

(d) Citizenship status.

(5) Time limits also do not apply to the verification of social security numbers; however, at each recertification any family member who has previously reported having never received a social security number, must be asked:

(a) To supply verification of a social security number if one has been received; or

(b) To certify, again, that he/she has never received a social security number.

TRACS

TRACS does not receive information on verification dates.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: Family members without social security numbers should be required to get them.

Rule # RNT-005.00: 012345789: Calculating Tenant Rent

Handbook

Paraphrase of handbook follows:

For subsidy types with assistance payments (Section 8, PAC, PRAC, RAP, and Rent Supplement) Total Tenant Payment (TTP) is calculated first. Tenant Rent is then calculated by subtracting any Utility allowance from TTP. Assistance is determined by subtracting TTP from the Gross rent for the unit. (5-25 through 5-31)

For subsidy types without assistance payments (Section 236 and BMIR) a Tenant Rent is calculated directly.

For Section 8, RAP, Rent Supplement, and Section 236, special calculations apply for mixed families as defined under the noncitizen rule. (Exhibits 3-12 through 3-14)

TRACS

TRACS expects the values it calculates to equal the values submitted in certifications and other transactions.

TRACS stores the calculated values for TTP, TR, and UR in place of the values submitted. A discrepancy message is generated if the values differ.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Modify TRACS to store the submitted values.

☐ Legislative ☐ Policy ☒ TRACS: Update TRACS TTP and Rent calculations to follow the latest handbook rules for calculations and rounding.

RNT-005.01: n123nn789: Calculating Total Tenant Payment (TTP)

Handbook

HANDBOOK (5-25, pp 5.60-5.61): Calculating the Tenant Contribution for Section 8, PAC, PRAC, RAP, and Rent Supplement Properties

(A) Total Tenant Payment (TTP)

The Total Tenant Payment (TTP) is the amount a tenant is expected to contribute for rent and utilities. TTP for Section 8, PAC, PRAC, RAP, and Rent Supplement properties is based on the family's income. The formulas for calculating TTP are shown in Figure 5 6. Exhibit 5-9 also shows the formulas for calculating tenant contributions for all assisted-housing programs.

(B) Unit Rent

(1) The contract rent (basic rent in the Section 236 program) represents the amount of rent an owner is entitled to collect to operate and maintain the property. It is HUD-approved. For Section 202 and 811 PRACS, the contract rent is the operating rent minus the utility allowance.

(2) Projects in which the tenant pays all or some utilities have HUD-approved utility allowances that reflect an estimated average amount tenants will pay for utilities assuming normal consumption.

(C) Timeframe for Calculating Rent

Owners calculate rent at three points in time.

(1) Owners must calculate rent prior to occupancy by an applicant.

(2) Owners must calculate rent as part of an annual recertification. Refer to Chapter 7, Section 1 for information on annual recertification of income.

(3) When assistance is provided through Section 8, PAC, PRAC, RAP, or Rent Supplement, owners must recalculate rent if a tenant reports a change in income, allowances, or family composition. Refer to Chapter 7, Section 2 for information on interim recertifications of income.

Figure 5-6: [from Handbook] Total Tenant Payment Formulas

Section 8, PAC, PRAC, and RAP	
<ul style="list-style-type: none">• TTP is the greater of the following:<ul style="list-style-type: none">◆ 30% of monthly adjusted income;◆ 10% of monthly gross income;◆ Welfare rent (welfare recipients in as-paid localities only); or◆ The \$25 minimum rent (Section 8 only).• Section 8, RAP, and PAC programs may admit an applicant only if the TTP is less than the gross rent.• In PRAC properties, the TTP may exceed the PRAC operating rent.	
Rent Supplement	
<ul style="list-style-type: none">• TTP is the greater of the following:<ul style="list-style-type: none">◆ 30% of monthly adjusted income; or◆ 30% of gross rent.• At move-in or initial certification, the amount of Rent Supplement assistance may be no less than 10% of the gross rent or the tenant is <u>not</u> eligible.	

TRACS

TRACS calculates TTP as the larger of: a) 30% of adjusted monthly income, b) 10% of monthly income, or c) welfare rent.

TRACS calculates 30% of gross rent and compares it to 30% of the tenant's monthly adjusted income. Total tenant payment is the higher of the two amounts.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: TRACS should add the edit requiring TTP to be less than gross rent for Section 8, RAP, and PAC programs.

RNT-005.02: n123nn789: Calculating Tenant Rent

Handbook

HANDBOOK (5-26.A, p 5.62): Tenant Rent

Tenant rent is the portion of the TTP the tenant pays each month to the owner for rent. Tenant rent is calculated by subtracting the utility allowance from the TTP. It is possible for tenant rent to be \$0 if the utility allowance is greater than the TTP. (See paragraph 9-13 for more information on utility reimbursements when the utility allowance is greater than the TTP.)

TRACS

$TTP - UA = \text{Tenant Rent}$ (when $TTP \geq UA$)

If assistance is not prorated, tenant rent is zero when the utility allowance is $>$ total tenant payment. Otherwise, tenant rent is total tenant payment minus utility allowance.

Recommendations

N/a

RNT-005.03: n123nn789: Calculating Assistance

Handbook

HANDBOOK (5-26.B, p 5.62):
(B) Assistance Payments

The assistance payment is the amount the owner bills HUD every month on behalf of the tenant. The assistance payment covers the difference between the TTP and the gross rent. It is the subsidy that HUD pays to the owner.

TRACS

Gross Rent – TTP = HAP/RAP/Rent Supplement/PAC/PRAC (Note: “HAP” = “Section 8”)

TRACS calculates assistance payment as gross rent – TTP.

On a MI or IC, TRACS expects the Rent Supp assistance to be $\geq 10\%$ of gross rent.

Recommendations

N/a

RNT-005.04: n123nn789: Utility Reimbursement

Handbook

HANDBOOK (5-26.C, p 5.63):

C. Utility Reimbursement

When the TTP is less than the utility allowance, the tenant receives a utility reimbursement to assist in meeting utility costs. The tenant will pay no tenant rent. The utility reimbursement is calculated by subtracting the TTP from the utility allowance.

TRACS

Utility Reimbursement = $UA - TTP$ (when $TTP < UA$)

Recommendations

N/a

RNT-005.05: n1nnnnnnn: Section 8 Minimum Rent

Handbook

HANDBOOK (5-26.D, pp 5.63-5.65): Section 8 Minimum Rent
Tenants in properties subsidized through the Section 8 program must pay a minimum TTP of \$25.

(1) The minimum rent is used when 30% of adjusted monthly income and 10% of gross monthly income, and the welfare rent where applicable, are all below \$25.

(2) The minimum rent includes the tenant's contribution for rent and utilities. In any property in which the utility allowance is greater than \$25, the full TTP is applied toward the utility allowance. The tenant will receive a utility reimbursement in the amount by which the utility allowance exceeds \$25.

(3) Financial hardship exemptions.

(a) Owners must waive the minimum rent for any family unable to pay due to a long-term financial hardship, including the following:

- The family has lost federal, state, or local government assistance or is waiting for an eligibility determination.
- The family would be evicted if the minimum rent requirement was imposed.
- The family income has decreased due to a change in circumstances, including but not limited to loss of employment.
- A death in the family has occurred.
- Other applicable situations, as determined by HUD, have occurred.

(b) Implementing an exemption request. When a tenant requests a financial hardship exemption, the owner must waive the minimum \$25 rent charge beginning the month immediately following the tenant's request and implement the TTP calculated at the higher of 30% of adjusted monthly income or 10% of gross monthly income (or the welfare rent). The TTP will not drop to zero unless those calculations all result in zero.

(1) The owner may request reasonable documentation of the hardship in order to determine whether there is a hardship and whether it is temporary or long term in nature. The owner should make a determination within one week of receiving the documentation.

(2) If the owner determines there is no hardship as covered by the statute, the owner must immediately reinstate the minimum rent requirements. The tenant is responsible for paying any minimum rent that was not paid from the date rent was suspended. The owner may not evict the tenant for nonpayment of rent during the time in which the owner was making the determination. The owner and tenant should reach a reasonable repayment agreement for any back payment of rent.

(3) If the owner determines that the hardship is temporary, the owner may not impose the minimum rent requirement until 90 days after the date of the suspension. At the end of the 90-day period, the tenant is responsible for paying the minimum rent, retroactive to the initial date of the suspension. The owner may not evict the tenant for nonpayment of rent during the time in which the owner was making the determination or during the 90-day suspension period. The owner and tenant should reach a reasonable repayment agreement for any back payment of rent.

(4) If the hardship is determined to be long term, the owner must exempt the tenant from the minimum rent requirement from the date the owner granted the suspension. The suspension may be effective until such time that the hardship no longer exists. However, the owner must recertify the tenant every 90 days while the suspension lasts to verify that circumstances have not changed. The length of the hardship exemption may vary from one family to another depending on the circumstances of each family. The owner must process an interim recertification to implement a long-term exemption. Owners must maintain documentation on all requests and determinations regarding hardship exemptions.

COMMENT: Clarification needed: What is the meaning of “However, the owner must recertify the tenant every 90 days while the suspension lasts to verify that circumstances have not changed?” Is a full recertification and verification required or simply an interview requesting information about any changes followed by verification of the changed information? The latter would be similar to the requirements for an interim certification.

COMMENT: Clarification needed: Is this an exception to the rule requiring an interim recertification only if household income increases by more than \$200 per month? Or would the owner only recertify if income has gone up by \$200 or more?

TRACS

Section 8 tenants are expected to pay a minimum rent of \$25.00

The following Section 8 tenants are required to pay a minimum rent of \$25:

(a) Those with a certification effective date \geq 10/01/1996 and a TTP $<$ \$25.

(b) Those with a certification effective date \geq 07/01/1996 , a certification type of MI or IC, and a TTP of $<$ \$25.

A Section 8 household is exempt from the minimum rent if it can prove a valid hardship.

Note: Although, TRACS apparently recognizes the Minimum Rent Hardship Exemption Code, it also appears to retain the obsolete minimum rent logic.

TRACS requires the minimum rent hardship exemption code to be set to a value of 1, 2, 3, 4, or 5 if the household is claiming an exemption from the \$25 minimum rent.

Recommendations

N/a

RNT-005.06: n123nn789: Welfare Rent

Handbook

HANDBOOK (5-26.E, pp 5.65-5.66):

(E) Welfare Rent

(1) The term “welfare rent” applies only in states that have “as-paid” public benefit programs. A welfare program is considered “as-paid” if the welfare agency does the following:

(a) Designates a specific amount for shelter and utilities; and

(b) Adjusts that amount based upon the actual amount the family pays for shelter and utilities.

(2) The maximum amount that may be specifically designated for rent and utilities is called the “welfare rent.”

TRACS

TRACS uses the welfare rent, if submitted, as a factor in the TTP algorithm. No validation is performed by TRACS on welfare rent.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: It would be useful for the Handbook to identify states in which this rule is applicable.

RNT-005.07: n1nnnnnnn: Rent for Authorized Security Personnel

Handbook

HANDBOOK (5-27, p 5.66): Calculating Assistance Payments for Authorized Police/Security Personnel

(A) The amount of the monthly assistance payment to the owner is equal to the contract rent minus the monthly amount paid by the police officer or security personnel. HUD will not increase the assistance payment due to nonpayment of rent by the police officer or security personnel.

NOTE: The owner is not entitled to vacancy payments for the period following occupancy by a police officer or security personnel.

(B) For police/security personnel whose income exceeds the income limit for the property, the rent is set by the owner.

(1) The determination of the rent amount in such circumstances should take into consideration the income of the officer, the location of the property, and rents for comparable unassisted units in the area.

(2) Owners should establish a rent that is attractive to the officer, but not less than what the officer would pay as an eligible Section 8 tenant.

(3) Owners are expected to use a consistent methodology for each property when establishing the rents for officers in these circumstances.

COMMENT: Clarification needed: Given the limitation that the rent should not be less than an eligible Section 8 tenant would pay, does this mean that such people are subject to the same annual and interim recertification rules as other Section 8 tenants?

Also, Appendix 7, Field B65, Police or Security Tenant says that the TTP must be at least 50% of contract rent. Which is correct, the appendix or the language in 5-27 that implies that TTP could be any amount?

TRACS

TRACS expects the TTP of a police/security tenant to be \geq 50% of gross rent.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: HUD, not the owner, should establish the formula for calculating TTP for Security Personnel in order to apply a consistent audit standard. The contract rent for the unit needs to remain consistent with the contract.

RNT-005.08: n1nnnnn8n: Rent in Group Homes

Handbook

HANDBOOK (5-28, pp 5.66-5.70): Calculating Tenant Contribution for “Double Occupancy” in Group Homes

(A) Double Occupancy

Some group homes for disabled residents provide units that may be shared by unrelated single tenants. The calculations for tenant contribution and for the assistance payment vary depending on whether the project is a Section 202/8 or a Section 811.

(B) Total Tenant Payment

In both Section 202/8 and Section 811 group homes, each tenant in a double occupancy room is treated as a separate family in the calculation of TTP. Each resident is entitled to any deductions he or she would receive if occupying a single room, including the \$400 elderly/disabled family deduction.

(C) Contract Rent and Assistance Payment in Section 202/8 Group Homes

(1) In Section 202/8 group homes, the contract rent for a room shared by two occupants is split between the two tenants.

(2) The assistance payment for the Section 202/8 double occupancy room is calculated separately for each tenant based on half of the contract rent for the unit.

(3) If the tenant rent for either tenant exceeds half of the contract rent, that tenant's rent will be capped at half of the contract rent. In the Section 202/8 double occupancy room, half of the contract rent is the maximum rent one occupant can pay.

(4) Owner's rent-calculation software must reflect the split-unit rent and contain unit numbers that provide a distinction between tenants (e.g., unit 101A, 101B).

(D) Contract Rent and Assistance Payment in Section 811 Group Homes

(1) In a Section 811 property, each tenant is certified separately and pays the greater of 30% of monthly adjusted income, 10% of monthly annual income, or the welfare rent.

(2) In the Section 811 double occupancy unit, both occupants will pay the calculated TTP amount regardless of the operating rent for the unit.

(E) Calculating Rent at Change in Occupancy

(1) If there is a change in the number of individuals occupying the double occupancy unit, the assistance payment for the whole unit may change.

(2) In a Section 202/8 double-occupancy room, the rent and assistance payments are calculated as if each tenant occupied a separate unit each with a rent equaling half of the contract rent for the unit. If one resident moves out, the TTP and assistance payment calculations for the remaining resident remain the same. The other half of the unit is treated like a vacant unit: there is no HAP payment but the owner may be eligible for vacancy loss claims for the vacated half of the unit.

(3) In a Section 811 double-occupancy room, the rent calculation at a change in occupancy is based on the operating rent for the entire unit less the TTP for the remaining tenant in occupancy.

COMMENT: Clarification needed: The language above refers to “rent calculation” but instead should refer to subsidy calculation because the rent calculation is unchanged.

TRACS

TRACS doesn’t recognize group homes. Owners of group homes have been previously instructed to add a suffix to the unit number and split the contract rent (and UT if applicable) between the two residential spaces. The assistance payment calculation is the same as other Section 8 and 811 PRAC certifications.

Note: This is consistent with the 202/8 process, but not the 811 process as stated in the revised 4350.3.

☐ Legislative ☒ Policy ☐ TRACS: Recommendation for Reconsideration of 811 Group Home Assistance Calculations as Specified in 4350.3 REV-1, 5-28, D. & E.

The calculation, as defined in the 4350.3 REV-1 is a significant change from the way in which assistance for tenants in 811 Group Homes has been calculated in the past. The method described in the 4350.3 REV-1 is based upon the unit and not the occupants of the unit. This approach is not supported by 24 CFR, and implementing the calculation rules described in the 4350.3 REV-1 will create a significant administrative burden for the 811 Group Home, since it will require recertifying occupants of a group home unit every time a tenant moves in or out. In effect the contract rent for the tenant certification changes based upon the number of occupants in the unit.

24 CFR References:

891.150 Operating Cost Standards

... However, under the Section 811 Program and for projects funded under (paragraphs) 891.655 through 891.790 (PACs), the operating costs for group homes shall be based upon the number of residents...

891.410 Selection and Admission of Tenants

(d) Unit Assignment

If the Owner determines that the household is eligible and is otherwise acceptable and units (or residential spaces in a group home) are available, the Owner will assign the household a unit or residential space in a group home.

891.435 Security Deposits

(a) Collection of Security Deposits

At the time of the initial execution of the lease, the Owner (or Borrower, as applicable) will require each household (or family, as applicable) occupying an assisted unit or residential space in a group home to pay a security deposit in an amount equal to one month's tenant payment or \$50, whichever is greater.

891.445 Conditions for Receipt of Vacancy Payments for Assisted Units

(b) Vacancies during rent-up.

... the Owner is entitled to vacancy payments in the amount of 50 percent of the per unit operating cost (or pro-rata share of the group home operating cost) for the first 60 days of vacancy...

(c) Vacancies after rent-up.

If an eligible household vacates an assisted unit (or residential space in a group home) the Owner is entitled to vacancy payments in the amount of 50 percent of the approved per unit operating cost (or pro rata share of the group home operating cost) for the first 60 days of vacancy...

Note: Under the definition in 4350.3 REV-1 a vacancy payment for a group home would only be paid on totally vacant units. By making sure that at least one tenant was in every unit, vacancy payments would never be paid, and full assistance would be received on every partially occupied unit.

Problem that may not be addressed by the 4350.3 REV-1

891.665 Project Size Limitations (202/162 PAC)

(a) Maximum Project Size

(3) Independent living complexes...

...For the purposes of this section, household has the same meaning as handicapped family, except that unrelated handicapped individuals sharing

a unit (other than a handicapped person living with another person who is essential to the handicapped person's well-being) are counted as separate households....

Note: This seems to describe the process in the revised 4350.3 for 811 Group Homes.

Technically, this doesn't appear to describe a group home, but it does describe multiple households living in a single "unit" This may be addressed in the 4350.3 REV-1, but I couldn't find it. It would simplify administration in these instances if an independent living complex with multiple households occupying a "unit" were treated the same as a 202/8 double occupancy situation.

Recommendation:

N/a

RNT-005.09: nnnn45nnn: Tenant Rent for Section 236 and BMIR

Handbook

HANDBOOK (5-29, pp 5.70-5.71): 5-29 Calculating Tenant
Contribution for Section 236 and Section 221(d)(3) Below Market Interest
Rate (BMIR)

(A) Tenant's Rent Contribution

The tenant's contribution to rent in the Section 236 and Section 221(d)(3) BMIR programs is based on the cost to operate the property and the income of the family. Figure 5-7 presents the rules for determining the tenant rent in these two programs.

(1) Section 236 property. Every Section 236 property has a HUD-approved basic rent and market rent. Basic rent is the minimum rent all Section 236 tenants must pay. It represents the cost to operate the property after HUD has provided mortgage assistance to reduce the mortgage interest expense. The market rent represents the amount of rent the owner would have to charge, if the mortgage were not subsidized. Tenants pay a percentage of their income towards rent, but never pay less than the basic rent or more than the market rent for the property.

When a tenant pays more than basic rent, the difference between the tenant's rent and basic rent is called "excess income." Excess income is an amount that exceeds what the owner needs to operate the property and is subject to specific requirements. Refer to HUD Handbook 4350.1, Multifamily Asset Management and Project Servicing, and other current HUD notices for guidance on handling excess income. Although a tenant may pay more than basic rent, no tenant in a Section 236 property will pay more than the market rent for the property.

(2) Section 221(d)(3) BMIR property. There is no rent calculation for tenants in a Section 221(d)(3) BMIR property. HUD approves a BMIR rent that all of the tenants must pay. The federal assistance in the BMIR property is provided through a below market interest rate for the mortgage loan. Applicants must meet income eligibility standards to be admitted to a BMIR property. After move-in, if a tenant's annual income goes above 110% of the BMIR income limit, the tenant must pay 110% the BMIR rent.

(3) BMIR cooperative. If a BMIR cooperative member's annual income exceeds 110% of the BMIR income limit at the time of recertification, the cooperative must levy a surcharge to the member. See the definition of market rent in the Glossary for an explanation of the market carrying charge for over-income cooperative members.

(B) Timeframe for Calculating Rent

Owners calculate rent at three points in time.

- (1) Owners must calculate rent prior to occupancy by an applicant.
- (2) Owners must calculate rent as part of an annual recertification. Refer to Chapter 7, Section 1 for information on annual recertification of income.
- (3) Owners of Section 236 properties must calculate rent if a tenant reports a change in income, allowances, or family composition. Refer to Chapter 7, Section 2 for information on interim recertifications of income.

Figure 5-7: Tenant Contributions for the Section 236 and Section 221(d)(3) BMIR

Section 236	
Section 236 without Utility Allowance	Section 236 with Utility Allowance
<ul style="list-style-type: none">• Tenant rent is the greater of:<ul style="list-style-type: none">◆ 30% of monthly adjusted income; or◆ Section 236 basic rent.• Tenant rent may not be more than the Section 236 market rent.	<ul style="list-style-type: none">• Tenant rent is the greater of:<ul style="list-style-type: none">◆ 30% of monthly adjusted income less the utility allowance; or◆ 25% of monthly adjusted income; or◆ Basic rent.• Tenant rent may not be more than the Section 236 market rent.
Section 221(d)(3) BMIR	
<ul style="list-style-type: none">• At initial certification, the tenant pays the BMIR rent.• At recertification, the tenant's annual income is compared to the BMIR income limits. If the tenant's annual income is:<ul style="list-style-type: none">◆ Less than or equal to 110% of the BMIR income limit, the tenant pays the BMIR rent;◆ Greater than 110% of the BMIR income limit, the tenant pays 110% of the BMIR rent.	

TRACS

If the tenant receives no utility allowance, TRACS calculates 30% of adjusted monthly income. It then stores the larger of basic rent or 30% of adjusted monthly income as tenant rent.

If the tenant receives a utility allowance, TRACS calculates 30% of adjusted monthly income and then subtracts the utility allowance. It compares the newly subtracted amount to the basic rent and selects the larger of the two. TRACS then compares the

selected value to the calculated minimum rent (25% of monthly adjusted income) and stores the larger of the two as the tenant rent.

TRACS expects tenant rent to be less than market rent.

TRACS does not allow a utility reimbursement. If a value other than zero is submitted, TRACS sets the utility reimbursement value to zero.

TRACS sets the assistance payment amount to zero

At move-in or initial certification, TRACS sets tenant rent to contract rent.

At annual recertification or interim recertification, TRACS multiplies the BMIR low income limit amount by 1.10. If the household's annual income is < the calculated result, the tenant continues paying contract rent. If the household's annual income is >= the calculated result, tenant rent is stored as (contract rent x 1.10).

TRACS does not allow a utility reimbursement. If a value other than zero is submitted, TRACS sets the utility reimbursement value to zero.

TRACS expects the value of percent actually charged to be zero.

TRACS sets the assistance payment amount to zero.

Recommendations

N/a

RNT-005.10: 012345789: Tenant Rent at Multiple Subsidy Properties

Handbook

HANDBOOK (5-30, pp 5.72-5.73): Determining Tenant Contribution at Properties with Multiple Forms of Subsidy

(A) At many multifamily properties different kinds of subsidies have been combined. For many years, tenant-based Section 8 subsidies have been added to properties built with Section 202 loans or financed with Section 236 and Section 221(d)(3) mortgage subsidies. Recently, the Low Income Housing Tax Credit program has been combined with a wide range of programs, from Section 202 projects with Section 8 already in place (Section 202/8) to housing choice voucher assistance.

(B) Although each of the programs combined within one property may have a different formula for determining tenant payments, it is generally possible to determine the correct rent for a family by identifying the available program for which that family is eligible that will provide the best option—or the lowest rent—for the tenant. The one exception to this can be at the recertification of a Section 8 or Rent Supplement family in a property with Low Income Housing Tax Credits. If the family's income has increased since move-in to a point that the assisted rent exceeds the Low Income Housing Tax Credit rent, that family will have to make a choice between the lower tax credit rent and the security of continuing on the rental assistance program.

COMMENT: Clarification needed: In the sentence above, should the wording be—“...to a point that the TTP exceeds the Low Income Housing Tax Credit gross rent.....”. Assisted rent is TTP – Utility allowance. Tax Credit collectible rent is Gross Rent – Utility allowance. However, in HUD terms, tenant rent cannot fall below 0. Any negative amount is reflected in a utility reimbursement. Therefore the comparison of TTP to gross rent is more appropriate.

HANDBOOK (5-30.C, p 5.73): The tenant rent at properties assisted under more than one program is generally the lowest rent available for which the tenant is eligible.

(1) Section 202/Section 8. In a Section 202 property with Section 8 tenant-based assistance, a tenant eligible for Section 8 will pay the tenant rent based on the Section 8 rent formula. If that tenant's income increases to the point that its TTP equals or exceeds the Section 8 contract rent, the family would no longer be eligible for the tenant based assistance.

COMMENT: Clarification needed: The sentence above says “...tenant's income increases to the point that its TTP equals or exceeds the Section 8 contract rent...”.

Figure 5-6 (page 5-81) allows for admission to Section 8, RAP, and PAC only if the TTP is less than the gross rent. Therefore, the language in 5-30.C.1 should be either: "tenant's income increases to the point that its TTP equals or exceeds the Section 8 gross rent." or "tenant's income increases to the point that its tenant rent equals or exceeds the Section 8 contract rent." Even better would be to say that the assistance drops to 0. With the existing language, a tenant admitted today could be considered ineligible on an interim recertification tomorrow. The same comment applies to the paragraph below.

HANDBOOK (5-30.C.2, p 5.73): Section 236/Section 8. A family with a Section 8 subsidy in a Section 236 property will pay the Section 8 tenant rent unless, at recertification, the family's TTP equals or exceeds the Section 8 contract rent. Thereafter, the family will pay the tenant rent based on the Section 236 rent formula. A family living in a Section 236 property receiving Rent Supplement assistance would also stop receiving Rent Supplement assistance at the point the family's TTP increased to the level of the rent supplement contract rent. Thereafter the family will pay the tenant rent based on the Section 236 rent formula.

COMMENT: Clarification needed: Shouldn't the language above be "...the family's TTP equals or exceeds the Section 8 GROSS rent."? Gross rent minus TTP = HAP. Whenever TTP equals or exceeds gross rent the tenant's subsidy is 0 and they are no longer considered assisted. Alternative language would be "the family's TENANT RENT equals or exceeds the Section 8 contract rent."

COMMENT: Clarification needed: If the Section 8 contract rent is greater than the Section 236 basic rent as a result of a mark to market situation, should a household whose tenant rent is above basic but less than contract have its rent capped at basic? If so, would such a tenant remain on Section 8?

HANDBOOK (5-30.C.3, p 5.73): Section 221(d)(3) BMIR with Section 8. A family receiving Section 8 assistance at a BMIR project would continue to pay the tenant rent based on the Section 8 rent formula until the TTP equaled or exceeded the BMIR rent. Thereafter, the family would pay rent based on the BMIR rent formula.

COMMENT: Clarification needed: See the two questions related to Section 236/Section 8 immediately above.

HANDBOOK (5-30.D, pp 5.73-5.74): In some instances, a tenant will not be eligible for the program offering the lowest rent, or a subsidy under that program will not be available for every unit or every tenant.

Sometimes, Section 8 subsidies are not available for the unit size the family needs, and the family must wait for a subsidy for the appropriate unit size. The owner's contract with HUD for the Section 8 assistance allocates Section 8 funding by unit size, and the owner is required to

subsidize families based on the unit sizes allocated. If the owner was allocated 10 two-bedroom subsidies and has assigned those subsidies to 10 two-bedroom families, the owner cannot use an available three-bedroom subsidy to assist an 11th two-bedroom family. If the owner has determined that the bedroom distribution in its contract does not match the need in the project, the owner can ask HUD for a contract amendment to revise the unit size designations of the subsidy awarded.

(E) In some instances, a family will not be eligible for a lower rent program available at the property.

For example, a family in a BMIR project with Section 8 may be financially stretched when paying the BMIR rent but may not be income-eligible for the lower-rent Section 8 program.

TRACS

TRACS does not recognize Low Income Housing Tax Credit rent.

Recommendations

N/a

RNT-005.11: 012345789: Procedures for Calculating Rent

Handbook

HANDBOOK (5-31, pp 5.74-5.75): 5-31 Procedures for Calculating Rent

(A) Owners must calculate tenant rent payments electronically using on-site software or a service provider. Data used to determine the rent are based on information certified as accurate by the family and independently verified.

(B) The owner's computer software calculates rent based on the appropriate formulas for the tenant's unit and produces a printed copy of the 50059 data requirements to be signed by the tenant and the owner. The owner must produce a printed report in an easily read and understood format that contains all of the information used to calculate the tenant's rent.

(C) The tenant and the owner sign a copy of the report containing a statement certifying the accuracy of the information. Models of the certification statements are provided in Figure 5-7. Additional information on the 50059 data requirements and the certification may be found in Chapter 9.

(D) The owner must give a copy of the printed 50059 data requirements with the required signatures to the tenant and place another copy in the tenant file.

(E) The 50059 data requirements are then transmitted electronically to TRACS either directly or through the Contract Administrator. Refer to Chapter 9 for information on 50059 data requirements.

TRACS

TRACS recalculates income, allowance, adjusted income, TTP, TR, and AP or UR based upon the data submitted.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Include the algorithms used by TRACS in the MAT User's Guide and Industry Specifications to minimize differences due to software.

☐ Legislative ☐ Policy ☒ TRACS: Bring TRACS calculations into line with Handbook guidance.

RNT-005.12: n1234nnnn: Prorated Rents under the Noncitizen Rule

Handbook

HANDBOOK (Exhibit 3-12, pp 3.96-3.97): Section 8, RAP, and Rent Supplement Programs – Special Instructions for Determining Prorated Assistance Payment and Prorated Total Tenant Payment/Tenant Rent for Families Subject to Proration Procedures Regarding the Restriction on Assistance to Noncitizens

Special Instructions for Determining
Prorated Assistance Payment and
Prorated Total Tenant Payment/Tenant Rent

Tenants Paying a Rent Assisted Under
Section 8, Rental Assistance Payment (RAP), and
Rent Supplement

NOTE: If this tenant receives assistance under one of the programs listed above and this is a Section 236 Project, see Exhibit 3-15.

(A) Calculate the Total Tenant Payment (TTP) and the resulting assistance payment without prorations.

(1) _____ Enter the Gross Rent. Follow the instructions in Field B55, Gross Rent, of the 50059 data requirements.

(2) _____ Determine the TTP. Follow the instructions in Field B60, Total Tenant Payment, of the 50059 data requirements.

(3) _____ Subtract the TTP entered in line 2 from the Gross Rent entered in line 1. Enter the difference here. (This is the Assistance Payment the family would receive if they were not subject to the proration requirements. Follow the instructions in Field B63, Assistance Payment Amount, in completing this item.)

(B) Calculate the prorated assistance payment. Enter this amount in Field B63, Assistance Payment Amount.

(4) _____ Enter the number of people in the family who are Eligible Persons, i.e., citizens or eligible noncitizens. See the Glossary for the definition of these terms.

(5) _____ Enter the fraction that represents the number of Eligible Persons (numerator) and the number of persons in the family (denominator).

EXAMPLE: There are five persons in the family, of which three are eligible. The fraction for this family would be 3/5.

(6) ____ Multiply the amount in line 3 (the Assistance Payment the family

would pay if they were not subject to the proration procedures) by the fraction determined in line 5. Enter the product here and in Field B63, Assistance Payment Amount. This is the Prorated Housing Assistance Payment for this family.

(C) Calculate the prorated TTP.

(7) _____ Enter the Gross Rent from Field B55, Gross Rent (not Market Rent), of the 50059 data requirements.

(8) _____ Subtract the amount in line 6 (Prorated Housing Assistance Payment) from the amount in line 7 (Gross Rent). This is the Prorated TTP for this family. Transfer this amount to Field B60, Total Tenant Payment, of the 50059 data requirements.

(D) Calculate the prorated tenant rent and any utility reimbursement.

(9) _____ Enter the Utility Allowance from Field B54, Utility Allowance Amount, of the 50059 data requirements.

(10) _____ Subtract the Utility Allowance in line 9 from the Prorated TTP in line 8 and enter the amount here and in Field B61, Tenant Rent, of the 50059 data requirements. Follow the instructions in Field B61, Tenant Rent. This is the Prorated Tenant Rent.

If you entered zero in line 10 (and in Field B61, Tenant Rent, of the 50059 data requirements), complete line 11.

(11) _____ If the Utility Allowance in line 9 is greater than the Prorated TTP in line 8, enter the difference here and in Field B62, Utility Reimbursement, of the 50059 data requirements. Otherwise leave this line and Field B62, Utility Reimbursement, blank.

HANDBOOK (Exhibit 3-13, p 3.98): Section 236 Without Additional Assistance – Special Instructions for Determining Prorated Assistance Payment and Prorated Total Tenant Payment/Tenant Rent for Families Subject to Proration Procedures Regarding the Restriction on Assistance to Noncitizens

Special Instructions for Determining
Prorated Assistance Payment and
Prorated Total Tenant Payment/Tenant Rent

Section 236 Tenants Who are Paying
Between Basic and Market Rent
(WITHOUT the benefit of additional assistance)

NOTE: If the tenant receives assistance under Section 8, Rent Supplement, or Rental Assistance Payment and this is a Section 236 project, use Exhibit 3-15.

(A) Calculate the difference between market rent and tenant rent without prorations.

(1) _____ Enter the Market Rent from Field B44, Market Rent, of the 50059 data requirements.

(2) _____ Determine the Tenant Rent in accordance with the instructions for Field B61, Tenant Rent, of the 50059 data requirements.

(3) _____ Subtract line 2 (Tenant Rent), from line 1 (Market Rent) and enter the result here. This is the difference between the Market Rent and the Tenant Rent, before considering prorations.

(B) Calculate the prorated difference between the market rent and the tenant rent.

(4) _____ Enter the number of people in the family who are Ineligible Persons; i.e. persons who do not meet the definition of a citizen or eligible noncitizen. See the Glossary for the definition of these terms.

(5) _____ Enter the fraction that represents the number of Ineligible Persons (numerator) and the number of persons in the family (denominator).

EXAMPLE: There are five persons in the family, of which two are ineligible. The fraction for this family would be 2/5.

(6) _____ Multiply the amount in line 3, the difference between the Market Rent and the Tenant Rent before prorations, by the fraction determined in line 5. Enter this amount in Line 6. This represents the prorated difference between the Market Rent and the Tenant Rent.

(C) Calculate the prorated tenant rent.

(7) _____ Add the following amounts and enter the result in line 7: add line 2 (Tenant Rent before prorations) and line 6 (prorated difference between the Market Rent and the Tenant Rent). The result is the Prorated Tenant Rent. Enter the amount in line 7 in Field B61, Tenant Rent.

HANDBOOK (Exhibit 3-14, pp 3.99-3.100): Section 236 With Benefit of Additional Assistance – Special Instructions for Determining Prorated Assistance Payment and Prorated Total Tenant Payment/Tenant Rent for Families Subject to Proration Procedures Regarding the Restriction on Assistance to Noncitizens

Special Instructions for Determining
Prorated Assistance Payment and
Prorated Total Tenant Payment/Tenant Rent

Section 236 Tenants Who are Paying

Between Basic and Market Rent
(WITH the benefit of additional assistance)

(A) Calculate the difference between market rent and the contract rent/basic rent for the unit (without prorations).

(1) _____ Enter the Market Rent from Field B44, Market Rent, of the 50059 data requirements.

(2) _____ Enter the Contract/Basic Rent from Field B53, Contract Rent Amount, of the 50059 data requirements.

(3) _____ Subtract line 2, Contract/Basic Rent, from line 1, Market Rent, and enter the difference here.

(B) Calculate the prorated difference between the market rent and the contract/basic rent.

(4) _____ Enter the number of people in the family who are Ineligible Persons; i.e. persons who do not meet the definition of a citizen or eligible noncitizen. See the Glossary for the definition of these terms.

(5) _____ Enter the fraction that represents the number of Ineligible Persons (numerator) and the number of persons in the family (denominator).

EXAMPLE: There are five persons in the family, of which two are ineligible. The fraction for this family would be 2/5.

(6) _____ Calculate the prorated difference between the Market Rent and the Contract/Basic Rent. Multiply line 3 difference between the Contract/Basic Rent and the Market Rent by the fraction determined in line 5. Enter the amount in line 6.

(C) Calculate the assistance adjustment for Rent Supplement, RAP, or Section 8 assistance the tenant would otherwise receive.

(7) _____ Enter the Gross Rent. Follow the instructions in Field B55, Gross Rent (not Market Rent), of the 50059 data requirements.

(8) _____ Determine the Total Tenant Payment (TTP). Follow the instructions in Field B60, Total Tenant Payment, of the 50059 data requirements. This is the TTP the family would pay without prorations.

(9) _____ Subtract the TTP entered in line 2 from the Gross Rent entered in line 1. Enter the difference here. (This is the Assistance Payment for this family if they were not subject to the proration requirements. Follow the instructions in Field B63, Assistance Payment Amount, in completing this item.)

(10) _____ Multiply the amount in line 9 (the Assistance Payment for this family if they were not subject to the proration procedures) by the fraction

determined in line 5. Enter the product here. This is the Assistance Adjustment for this family.

(D) Calculate the prorated TTP.

(11) _____ Add the following amounts: line 6 + line 9 + line 10. Enter the sum in line 11. You are adding the following amounts: the prorated difference between the Market Rent, the TTP the family would pay without prorations, and the Assistance Adjustment the family would otherwise receive.

(E) Calculate the prorated assistance payment.

(12) _____ Enter the Gross Rent for this unit from Field B55, Gross Rent (not Market Rent), of the 50059 data requirements.

(13) _____ Subtract line 11 from line 12 (Gross Rent minus Prorated TTP). This is the Prorated Assistance Payment.

(F) Calculate the prorated tenant rent and any utility reimbursement.

(14) _____ Enter the Utility Allowance from Field B54, Utility Allowance Amount of the 50059 data requirements.

(15) _____ Subtract the Utility Allowance in line 14 from the Prorated TTP in line 11, and enter the amount here and in Field B61, Tenant Rent, of the 50059 data requirements. Follow the instructions in Field B61, Tenant Rent. This is the Prorated Tenant Rent.

If you entered zero in line 15 (and in Field B61, Tenant Rent, of the 50059 data requirements), complete Item 16.

(16) _____ If the Utility Allowance in line 14 is greater than the Prorated TTP in line 11, enter the difference here and in Field B62, Utility Reimbursement, of the 50059 Data Requirements. Otherwise leave this line and Field B62, Utility Reimbursement, blank.

TRACS

For Section 236

TRACS requires a market rent if the household receives a prorated assistance under the Non-Citizen Rule and either its primary subsidy type is a straight Section 236 or a Section 8/Rent Supp/RAP with a Section 236 secondary subsidy.

TRACS prorates assistance if the household includes members who are non-citizens by: a) converting the ineligible/total ratio to a fraction, b) calculating the difference between current tenant rent and market rent, c) multiplying the difference by the fraction, and d) adding the prorated amount to the current tenant rent to generate the prorated tenant rent.

For Section 8, Rent Supp, RAP (No Secondary Subsidy)

- TRACS prorates assistance by:
Converting eligible/total count to a fraction.
 - Calculating the difference as market rent minus contract rent.
 - Calculating prorated differences as difference times fraction.
 - Calculating assistance adjustment as assistance adjustment times fraction.
- Setting prorated assistance payment to:
 - If the utility allowance is greater than the prorated TTP, the household is due a utility reimbursement. The prorated tenant rent will be zero.
 - If the utility allowance is not greater than the prorated TTP, TRACS sets the prorated tenant rent to the prorated TTP – utility allowance. The utility reimbursement is zero.

For Section 8, Rent Supp, RAP (With Secondary Subsidy)

- TRACS prorates assistance by:
 - Converting eligible/total count to a fraction.
 - Calculating the difference as market rent minus contract rent.
 - Calculating prorated differences as difference times fraction.
 - Calculating assistance adjustment as assistance adjustment times fraction.
 - Setting prorated assistance payment to current tenant rent + prorated difference + assistance adjustment.
- TRACS prorates TTP as gross rent – prorated assistance payment.
- If the utility allowance is greater than the prorated TTP, the household is due a utility reimbursement. The prorated tenant rent will be zero.
- If the utility allowance is not greater than the prorated TTP, TRACS sets the prorated tenant rent to the prorated TTP – utility allowance. The utility reimbursement is zero.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: Clarification is needed as to exactly which, if any, absent members should be counted as family for the purpose of these calculations.

Chapter 8. Leasing (LSE)

Scope of Analysis

This section covers Chapter 6 (Lease Requirements and Leasing Activities). Also included is supporting Appendix 4.

Rule # LSE-001.00: n12345789: Provisions of Model Lease

Handbook

HANDBOOK (6-4.E, p 6.4): If any provision of a model lease conflicts with state or local law, the owner must follow the rule that is of most benefit to the tenant.

COMMENT: Clarification needed: 6-5.C.3 says that HUD will not permit modifications to 9 specific provisions of the model lease. What if state or local law differs with one of these provisions? What is to be done if a judge issues a ruling in conflict with the handbook or one of the required lease provisions?

TRACS

TRACS does not address this rule.

Recommendations

N/a

Rule # LSE-002.00: n12345789: Unit Transfers

Handbook

HANDBOOK (6-5.B.2, p 6.6): The head of household, spouse, any individual listed as co-head, and all adult members of the household must sign the lease.

COMMENT: Clarification needed: Should the new lease retain the ending date from the old lease in cases where the subsidy/contract remains the same? What about the start date?

TRACS

TRACS does not address this rule.

Recommendations

N/a

Rule # LSE-003.00: n12345789: Lease Term

Handbook

HANDBOOK (6-6, p 6.10): Lease Term

(A) Introduction

Owners and tenants should recognize that lease terms and requirements vary across the different housing programs. An initial lease term is required when leasing the unit, but depending on the housing program, it can range from one month to multiple years.

Owners are required to notify tenants if the property has a HAP contract expiring within the next 12 months. Specific information relating to an expiring HAP contract and the required notification to the tenants can be found in HUD's Section 8 Renewal Policy Guidebook.

(B) Initial Term

The requirements regarding the initial lease term are listed for each program in Figure 6-3. Owners of properties with Section 8 contracts should be aware of the expiration date of the HAP contract in relationship to the lease term listed on the lease. In such instances where the HAP contract is less than one year, the owner should execute a lease with a lease term equal to the remaining term on the HAP contract.

(C) Renewal Terms

The requirements regarding the renewal lease term are listed for each program in Figure 6-3.

Figure 6-3: [from Handbook] Initial and Renewal Lease Terms for HUD Subsidized Programs

Program	Initial Term	Renewal Term
Section 236 Interest Reduction Assistance	Minimum: One month Maximum: One year	Minimum: One month Maximum: One year
Section 221(d)(3) BMIR	Minimum: One month Maximum: One year	Minimum: One month Maximum: One year
Properties with RAP	Minimum: One month Maximum: One year	Minimum: One month Maximum: One year
Properties with Rent Supplement	Minimum: One month Maximum: One year	Minimum: One month Maximum: One year
Section 8 LMSA with HUD-insured or HUD-held mortgages [24 CFR 886.127]	Minimum: The lesser of one year, or the remaining term of the HAP contract	Minimum: The lesser of one year, or the remaining term of the HAP contract
Section 8 – PDSA [24 CFR 886.327]	Minimum: The lesser of one year, or the remaining term of the HAP contract	Minimum: The lesser of one year, or the remaining term of the HAP contract
Section 8 – New Construction [24 CFR 880.606]	Minimum: One year*	Minimum: 30 days
Section 8 – Substantial Rehabilitation [24 CFR 881.601]	Minimum: One year*	Minimum: 30 days
Section 8 – State Agency [24 CFR 883.701]	Minimum: One year*	Minimum: 30 days
RHS 515 with Section 8 [24 CFR 884.215]	Minimum: One year*	Minimum: 30 days
Section 202 with Section 8 [24 CFR 891.625]	Minimum: One year*	The lease will automatically be renewed for successive one-month terms.
Section 202 with PAC [24 CFR 891.765]	Minimum: One year	The lease will automatically be renewed for successive one-month terms.
Section 202 with PRAC [24 CFR 891.425]	Minimum: One year	The lease will automatically be renewed for successive one-month terms.
Section 811 with PRAC [24 CFR 891.425]	Minimum: One year	The lease will automatically be renewed for successive one-month terms.

* **NOTE:** Minimum term may be less than one year if the Section 8 HAP contract will expire in less than 12 months from the effective date of the lease. Owners with these properties need to be aware of the expiration of the HAP contract in relation to lease expirations.

COMMENT: Clarification needed: There are three interpretations of the ending date for a one-year lease in the industry. Assume a move-in on January 15. Some believe that the end date should be December 31 to end the day before the annual recertification date. Some believe that the end date should be January 14—exactly one year. Some believe that the end date should be January 31 so that the lease does not end mid-month. Would January 14 satisfy both sets of regs (Maximum of One Year and Minimum of One Year)? Are any of these interpretations incorrect when applied to all subsidy types?

TRACS

TRACS does not collect information about lease starting and ending dates.

Recommendations

N/a

Rule # LSE-004.00: 012345789: Extended absence or abandonment

Handbook

HANDBOOK (6-9.B.2.b.(2), p 6.17): Guidelines for abandonment of a unit. If abandonment of a rental unit is not addressed by state or local law, owners may establish a rule for declaring a unit abandoned. Rules regarding abandonment must be consistent with state and local law regarding nonpayment of rent, specify the actions that the owner will take to contact the tenant, and describe the handling and disposition or any tenant possessions left in the unit.

COMMENT: Clarification needed: Would subsidy be paid until the date of the move-out or should a termination of assistance happen sooner? If a termination, what termination code would be used? Is a new one needed?

TRACS

TRACS does not address this rule.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: HUD should establish the rules – not the Owners. HUD cannot consistently enforce rules that are established by the owners.

Rule # LSE-005.00: n12345789: Termination for a Pet Rule Violation

Handbook

HANDBOOK (6-10.E.5, p 6.22): Initiation of procedures to terminate a pet owner's tenancy.

(a) The owner must not initiate procedures to terminate a pet owner's tenancy based on a pet rule violation, unless:

(1) The pet owner has failed to remove the pet or correct a pet rule violation within the applicable time period; and

(2) The pet rule violation is sufficient to begin procedures to terminate the pet owner's tenancy under the terms of the lease and applicable regulations.

COMMENT: Clarification needed: There is no termination code associated with this situation. Either a new code should be developed or guidance given on which of the existing codes to use.

TRACS

TRACS does not support this rule as a justification for termination.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: Add a termination code to TRACS identifying terminations due to failure to remove a pet or correct a pet rule violation within the applicable time. (What is the "applicable time"?)

Rule # LSE-006.00: n12345789: Amending the Lease for Rent Changes

Handbook

HANDBOOK (6-11.B, pp 6.22-6.23): Key Requirements

(1) Any increase in rent must be governed by HUD regulations and requirements currently in effect.

(2) HUD does not require an addendum for a change in the tenant's rent.

NOTE: The printout of the 50059 data requirements (the 50059 facsimile) serves as an addendum identifying the change in rent.

(3) If the tenant rent increases for any reason other than a tenant's failure to comply with recertification requirements, the owner must give the tenant 30 days advance written notice of the increase. The notice must state:

(a) The reason for the increase; and

(b) That it revises the rent at the following paragraph(s):

(1) Paragraph 3 of the Model Lease for Subsidized Programs;

(2) Paragraphs 2 and 5 of the Model Lease for Section 202/8 and Section 202 PACs; and

(3) Paragraphs 2 and 4 of the Model Leases for Section 202 PRACs and Section 811 PRACs.

(4) If the contract rent or assistance payment changes but the tenant rent and utility allowance remain the same, the owner need only provide the tenant with a copy of the revised 50059 facsimile.

TRACS

TRACS accepts and processes Rent Changes for all subsidy contracts.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Provide guidance, in the MAT guide, for how to process a gross rent change and the transactions needed to communicate to TRACS.

Rule # LSE-007.00: n12345789: Security Deposits

Handbook

HANDBOOK (6-14, pp 6.26-6.28): Applicability

(A) Unless otherwise indicated, all of the applicable properties identified in Figure 1-1 are subject to the information presented in this section.

(B) If the security deposit now held by the owner met the HUD rules in effect at the time the deposit was collected:

(1) An owner need not adjust the amount of the deposit to comply with current rules; and

(2) The HUD Field Office may not reduce the Section 8 special claims because the deposit does not meet the current rules.

Collection of the Security Deposit

(A) It is recommended the owner collect a security deposit at the time of the initial lease execution.

(B) Security deposits provide owners with some financial protection when a tenant moves out of the unit and fails to fulfill his/her obligations under the lease. Additionally, many programs require that owners place security deposits in interest-bearing accounts and allocate the interest to the tenant. This requirement varies by programs and depends to a certain extent on state and local laws.

(C) The owner must collect a security deposit at the time of the initial lease execution for the following properties:

(1) Section 8 New Construction with an AHAP executed on or after November 5, 1979;

(2) Section 8 Substantial Rehabilitation with an AHAP executed on or after February 20, 1980;

(3) Section 8 State Agency with an AHAP executed on or after February 29, 1980;

(4) Section 202/8;

(5) Section 202 PAC;

(6) Section 202 PRAC; and

(7) Section 811 PRAC.

(D) The amount of the security deposit established at move-in does not change when a tenant's rent changes.

(E) The amount of the security deposit to be collected is dependent upon:

(1) The type of housing program;

(2) The date the AHAP or HAP contract for the unit was signed; and

(3) The amount of the total tenant payment or tenant rent.

Figure 6-6 outlines the amount of the security deposit the owner may collect for each of the different programs.

(F) The owner must comply with any applicable state and local laws governing the security deposit.

(G) The tenant is expected to pay the security deposit from his/her own resources, and/or other public or private sources.

(H) The owner may collect the security deposit on an installment basis.

REMINDER: If the entire security deposit is not paid before a tenant moves out, the unit is not eligible for special claims payments. (Paragraph 9-14 discusses special claims payments.)

COMMENT: Clarification needed: When a deposit is collected in installments, should the move-in or initial certification show the entire deposit due or only the amount paid?

☐ Legislative ☒ Policy ☐ TRACS: Recommendation: Allow the entire deposit to be listed. It would be a burden to have to transmit a corrected move-in or initial certification each time an installment payment is made. Compliance can be enforced through management and occupancy reviews?

HANDBOOK (6-15.I, p 6.28): The security deposit is refundable. (See paragraph 6-18 for more information on refunding a security deposit.)

(J) An applicant may be rejected if he/she does not have sufficient funds to pay the deposit.

6-16 Security Deposits for Tenants Transferring to Another Unit

(A) When a tenant transfers to a new unit, an owner may:

(1) Transfer the security deposit; or

(2) Charge a new deposit and refund the deposit for the old unit.

(B) If the deposit for the old unit is refunded, the owner must:

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Rule # LSE-007.00: n12345789: Security Deposits

- (1) Follow the requirements listed in paragraph 6-18 regarding the refunding and use of the security deposit; and
- (2) Establish a security deposit for the new unit based on the requirements listed in paragraph 6-15 regarding the collection of a security deposit.

Figure 6-6: [from Handbook] Amount of Security Deposit to Collect from Tenant

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Program	Amount to Collect
Section 8 New Construction with AHAP executed <u>before</u> November 5, 1979	One month's total tenant payment
Section 8 Substantial Rehabilitation with AHAP executed <u>before</u> February 20, 1980	One month's total tenant payment
Section 8 State Agency with AHAP executed <u>before</u> February 29, 1980	One month's total tenant payment
Section 8 New Construction with AHAP executed <u>on or after</u> November 5, 1979 [24 CFR 880.608]	The greater of: 1) One month's total tenant payment, or 2) \$50
Section 8 Substantial Rehabilitation with AHAP executed <u>on or after</u> February 20, 1980 [24 CFR 881.601]	The greater of: 1) One month's total tenant payment, or 2) \$50
Section 8 State Agency with AHAP executed <u>on or after</u> February 29, 1980 [24 CFR 883.701]	The greater of: 1) One month's total tenant payment, or 2) \$50
RHS 515 with Section 8 [24 CFR 884.115]	Equal to one month's total tenant payment
Section 8 LMSA with HUD-insured or HUD-held mortgages [24 CFR 886.116]	An amount up to, but no greater than, one month's total tenant payment
Section 8 provided with the sale of a HUD-owned property (Property Disposition) [24 CFR 886.315]	The greater of: 1) One month's total tenant payment, or 2) \$50
Section 202/8 or Section 202 PAC [24 CFR 891.435]	The greater of: 1) One month's total tenant payment, or 2) \$50
Section 202 PRAC [24 CFR 891.435]	The greater of: 1) One month's total tenant payment, or 2) \$50
Section 811 PRAC [24 CFR 891.435]	The greater of: 1) One month's total tenant payment, or 2) \$50
Section 236	One month's tenant rent
Section 236 with RAP	The greater of: 1) One month's total tenant payment, or 2) \$50
Section 221(d)(3) BMIR	One month's tenant rent
Rent Supplement	The greater of: 1) One month's total tenant payment, or 2) \$50

TRACS

Although TRACS stores whatever security deposit is submitted, it is edited and discrepancy messages are generated if the security deposit amount violates the edit rules: The edit rules for security deposits in TRACS are:

For Section 8, Rent Supplement, RAP, 202/162 PAC, and 202 & 811 PRAC contracts, the security deposit is set to the greater of \$50.00 or the calculated TTP.

For Section 236 and BMIR projects, the security deposit is set to the TTP.

Note: The TRACS security deposit edit is not consistent with Figure 6-6 in 4350.3 REV-1. First, TRACS doesn't differentiate among the various Section 8 programs; although, the amount of security deposit collected does vary by program. Some Section 8 programs collect one month's TTP without the \$50.00 test. Second, Section 236 and BMIR security deposits are one month's TR – not TTP.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: The regulations regarding security deposits are very complex. Regulatory simplification would be desirable.

☐ Legislative ☐ Policy ☒ TRACS: TRACS needs to differentiate between Section 8 programs. This can be done either by extracting the data from TRACS Contract or by adding additional coding the MAT certification format.

Chapter 8: Leasing (LSE)
Rule # LSE-007.00: n12345789: Security Deposits

Chapter 9. Certifications (CRT)

Scope of Analysis

This section covers HUD Handbook 4350.3, Chapter 7 (Recertification, Unit Transfers, and Gross Rent Changes), and Chapter 8 (Termination).

Five types of certification events are included:

Annual Recertification describes the program requirements and procedures for performing the yearly verification and recertification of family composition and income. Owners must verify family composition and income in order to recalculate the tenant's Total Tenant Payment (TTP) and tenant rent and the assistance payment provided by HUD.

Interim Recertification discusses the program requirements and procedures for performing interim recertifications when a tenant experiences a change in income or family composition between annual recertifications.

Unit Transfers presents the program requirements and procedures that owners must follow when an existing tenant transfers to a different unit in the property.

Gross Rent Changes describes the required procedures that owners must follow before making changes in unit rents or utility allowances.

Terminations describes the circumstances and process to follow when subsidy is terminated.

Rule # CRT-001.00: n12345789: Annual Recertifications

Handbook

HANDBOOK (7-4.A, p 7.3): Key Requirements

A. To ensure that assisted tenants pay rents commensurate with their ability to pay, HUD requires the following:

1. Owners must conduct a recertification of family income and composition at least annually. Owners must then recompute the tenants' rents and assistance payments, if applicable, based on the information gathered.

2. Tenants must supply information requested by the owner or HUD for use in a regularly scheduled recertification of family income and composition in accordance with HUD requirements.

3. Tenants must sign consent forms, and owners must obtain third-party verification of the following items and document them in the tenant file (or document why third-party verification was unavailable). (See Chapter 5, Section 3, for more information about verification of income.)

a. Reported family annual income;

b. The value of family assets;

c. Expenses related to deductions from annual income; and

d. Other factors that affect the determination of adjusted income.

4. At each recertification, the owner must provide the tenant with a copy of the HUD fact sheet describing how the tenant's rent is calculated. These fact sheets are included in Appendix 14.

5. Owners must perform annual recertifications on any resident of a Section 236 project paying less than the Section 236 market rent, and on any resident of a Section 221(d)(3) BMIR project paying the BMIR rent. Tenants of Section 236 and Section 221(d)(3) BMIR projects, including those tenants not receiving rental assistance, must be supported in Tenant Rental Assistance Certification System (TRACS) with a submission of the required 50059 data. (See Chapter 9, Section 1, about the Tenant Rental Assistance Certification System for more information on submitting information through TRACS.)

NOTE: Section 236 and Section 221(d)(3) BMIR cooperatives must enforce annual recertifications for both current and new members.

COMMENT: Clarification needed: Is this paragraph (7-4.A.5) saying that ALL 236 and BMIR tenants, including market renters, must be represented in TRACS with at least one certification? Or simply that 236 tenants paying less than market rent and BMIR tenants paying BMIR rent must be in TRACS?

HANDBOOK (7-4.B, pp 7.3-7.4): Owners do not have to perform annual recertifications for individual tenants who are paying market

rent as described below:

1. Tenants paying the contract rent or market rent and living in a unit covered by a Section 8, RAP, Rent Supplement, or PAC housing assistance payment contract, unless the tenants request an initial certification to determine their eligibility to receive program assistance.
2. Tenants of a Section 236 project paying the Section 236 market rent established for the property, unless the tenants request an initial certification to determine their eligibility to pay less than the market rent.
3. Tenants of a Section 221(d)(3) BMIR project paying 110% of the BMIR rent established for the property, unless the tenants requested an initial certification to determine their eligibility to pay the BMIR rent.
- C. If a tenant in a property covered by this handbook is receiving rental assistance through the Section 8 Housing Choice Voucher Program, the Public Housing Authority (PHA) administering the voucher completes the annual recertification. Owners are not responsible for completing recertification activities but must cooperate with PHA staff in providing needed information.
- D. When a change in family composition is reported in Section 202/8 projects, occupancy by adult children is subject to the following restriction. Adult children are not eligible to move into a unit after initial occupancy unless they are performing the functions of a live-in aide and are classified as a live-in aide for eligibility purposes.

TRACS

TRACS performs the following edits (a-d) against the next recertification date after the certification is stored:

- (a) TRACS expects a next recertification date to be reported with each transaction, unless the household is paying market rent.
- (b) TRACS expects the next recertification date to be the first day of the month, unless the HUD Field Office has approved an alternative schedule, which is granted to those tenants only using the Worksheet E
- (c) TRACS expects the next recertification date to be less than or equal to the certification effective date plus one year.
- (d) TRACS expects the next recertification date to be equal to or greater than the effective date.

If the next recertification date does not pass an edit, then the date is set according to the algorithm: concatenate (effective date month) + (01) + (effective date year + 1). The literal "01" sets the day of the month.

Owner signed date cannot be greater than the TRACS processing date.

Chapter 9: Certifications (CRT)
Rule # CRT-001.00: n12345789: Annual Recertifications

TRACS accepts only: Section 8, Rent Supplement, RAP, Section 236, BMIR, Section 202 PRAC, Section 811 PRAC, or Section 202/162 PAC subsidy types.

TRACS does not accept submissions for HUD-owned subsidy types. They are handled by the Property Management System (PMS).

The certification's Effective Date may not be more than 90 days in advance of the today's date.

TRACS allows for the identification of the mobility, hearing, and visually impaired household.

A discrepancy message is generated if the Month/Year of the certification's effective date exceeds the Month/Year of the certification's voucher date.

TRACS accepts "household" identification codes for Race and Ethnicity.

The move-in date, which is submitted with every certification, is expected to be no more than one month in advance of the TRACS processing date.

TRACS does not accept Federal Preference Codes.

TRACS expects a member's birthdate to be prior or equal to the certification's effective date.

202 and 811 PRACs may have a negative assistance payment amount.

TRACS expects an AR effective date to be the first day of the month, although it will be stored regardless.

TRACS will not accept an annual recertification for a tenant who has moved out prior to the recertification effective date.

Note: TRACS does not support the Section 8 Housing Choice Voucher Program.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: TRACS could check for adult children moving in after initial occupancy (7-4.D) if a field was added to the MAT10 member record indicating this status.

☐ Legislative ☐ Policy ☒ TRACS: TRACS should change the move-in date edit to be less or equal to the effective date.

☐ Legislative ☐ Policy ☒ TRACS: With respect to the TRACS edit that the certification's Effective Date may not be more than 90 days in advance of today's date, consider not allowing future transactions to be submitted. If certifications are submitted too far in advance, there is a likelihood that they will become obsolete or have to be deleted as the result of a move-out, unit transfer, or other event prior to the effective date. One policy might be to allow the submission of certifications only for the upcoming month's voucher period for subsidies that have vouchers. The types of certification events that can be submitted in advance should be specified.

☐ Legislative ☐ Policy ☒ TRACS: Some thought has gone into the concept of paying vouchers in arrears instead of in advance. As an alternative, consider not allowing future certifications to be transmitted at all. The cost of this policy would be an increase of 1-month adjustments on the voucher after that on which annual recertifications would normally be processed. The benefit would be an elimination of situations where a certification submitted in advance is rendered obsolete by a move-out or unit transfer occurring prior to its effective date.

☐ Legislative ☐ Policy ☒ TRACS: Consider changing the TRACS edits to look at the month, day, and year of both the certification effective date and the voucher date. The voucher date would be considered to be on the first of the month. No certifications for a voucher month should be effective after the first of the voucher month.

CRT-001.01: n12345789: Timing of Annual Recertifications

Handbook

HANDBOOK (7-5, pp 7.4-7.5): Timing of Annual Recertifications

A. Key Requirement

Annual recertifications must be completed by the tenant's recertification anniversary date.

B. Determining Recertification Anniversary Dates

1. The recertification anniversary date is the first day of the month in which the tenant moved into the property. A tenant moving in with no assistance payment, such as a Section 236 or a Section 221(d)(3) BMIR tenant, who later begins receiving assistance payments, will have his or her annual recertification date changed to the first day of the month that the tenant began receiving assistance from HUD.

2. The recertification anniversary date does not change if a tenant transfers from one unit to another unit at the same property.

C. HUD Approval of Alternative Recertification Anniversary Dates

With the approval of the HUD Field Office or the Contract Administrator, owners may establish alternative recertification anniversary dates. Examples of acceptable reasons for requesting alternative dates include the following:

1. In properties for the elderly and/or the disabled, owners may request that the recertification anniversary date be based on the issuance of the cost-of-living adjustments for the Social Security or other assistance programs.

2. For coordination purposes, owners may request that the recertification anniversary date for all tenants be based on the anniversary date of the assistance payment contract for the property.

COMMENT: Clarification needed: HUD accepts contract renewals with an effective date other than the first day of the month. Will HUD's policy permit approving a recertification anniversary date other than the first day of the month?

HANDBOOK (7-5.C.3, p 7.5): 3. For coordination purposes, owners may request that the recertification anniversary date be assigned by building or unit number to better coordinate recertification and inspection activities.

COMMENT: Clarification needed: If a tenant moves in on December 10 with a property wide recertification date of January 1 and the oldest verification will be less than 120 days old on January 1, is it permissible to use the same information on the January 1 annual as on the move-in certification and not to do any verifications?

TRACS

TRACS performs the following edits (a-d) against the next recertification date after the certification is stored:

- (a) TRACS expects a next recertification date to be reported with each transaction, unless the household is paying market rent.
- (b) TRACS expects the next recertification date to be the first day of the month, unless the HUD Field Office has approved an alternative schedule, which is granted to those tenants only using the Worksheet E
- (c) TRACS expects the next recertification date to be less than or equal to the certification effective date plus one year.
- (d) TRACS expects the next recertification date to be equal to or greater than the effective date.

If the next recertification date does not pass an edit, then the date is set according to the algorithm: concatenate (effective date month) + (01) + (effective date year + 1).

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Require that all annual recertifications be effective on the first of the month.

CRT-001.02: n12345789: Annual Recertification Procedures

Handbook

HANDBOOK (7-6, pp 7.5-7.6): Overview of Annual Recertification Procedures

A. It is the owner's responsibility to process all recertifications in a timely manner. HUD Headquarters will terminate assistance payments if a new recertification is not submitted within 15 months of the previous year's recertification anniversary date. HUD has instructed Contract Administrators to terminate assistance payments to an owner if a new annual recertification has not been completed and submitted through TRACS within 15 months after the previous year's anniversary date.

COMMENT: Clarification needed: In the case of a move-in or initial certification, is it HUD's intent to terminate assistance within 3 months after the recertification date reported on the move-in or initial certification? Such language would cover the case where a property is on a fixed recertification schedule (e.g. January 1) and someone moves in August. The next recertification date would be January 1 and HUD would terminate assistance on April 1. Is this a correct interpretation?

COMMENT: Clarification needed: The industry and Contract Administrators seek clarification on the precise meaning of the 15 month rule. Who does the termination—TRACS or the CA? Exactly when should it be done? What is its effective date—the day before the recertification anniversary date or the day before the end of the 15th month? Keep in mind that a termination effective date is the last day of subsidy, not the first day of no subsidy.

HANDBOOK (7.5.B, p 7.6): Owners and tenants must complete the applicable steps listed in Figure 7-2.

C. Owners must maintain a tracking system to facilitate timely completion of recertifications.

D. To enable owners to give the tenant the required 30-day advance notice of any increase in the TTP or tenant rent, Steps 1 through 6 in Figure 7-2 should be completed at least 35 days before the recertification anniversary date.

COMMENT: Clarification needed: (7-7.B.1.a.(2)) on page 7-8 says that the Initial Notice should specify the cutoff date. Exhibit 7-1 makes no mention of the cutoff date and should be revised. Also are the notices in Exhibits 7-1 through 7-4 required to be used as is or are these considered samples that may be revised by sites? Is it permissible to use a single form for all leases, much as presented in the exhibits, or should they be customized for each lease type by eliminating references that do not apply? Exhibit 7-6 states that it

is a Model Form. Exhibits 7-7 and 7-8 do not say that they are models. In all cases where forms or notices are presented in the handbook it would be useful to have a statement dealing with the issue of customization by owners and what elements are required when customization is allowed.

TRACS

When a termination transaction is submitted against an HQ termination, the termination effective date must be earlier than the HQ termination date.

NOTE: TRACS uses the next recertification date plus three-months to identify certifications eligible for the HQ termination. The effective date of the HQ termination is the system date on the day of the monthly HQ Termination production run.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Define for TRACS and the CAs what effective date should be used for system (HQ) terminations.

☐ Legislative ☒ Policy ☐ TRACS: Under the new handbook rules, if a tenant has not reported for a recertification interview by the anniversary date, the tenant must be terminated unless there are extenuating circumstances. It is difficult to imagine, how an owner can fail to submit either a termination or a certification indicating extenuating circumstances (by the use of the tenant unable to sign indicator) by the end of 13 months. Consider a financial penalty for failure to submit either type of certification within a reasonable time after the anniversary date.

CRT-001.03: n12345789: Effective Dates of Rent Changes

Handbook

HANDBOOK (7-8, pp 7.12-7.18): Effective Dates of Changes in Assistance Payment, Total Tenant Payment, and Tenant Rent

A. Overview

In general, recertification processing should be complete by the recertification anniversary date. However, there may be circumstances when delays are encountered while processing a recertification that prevent its completion in time to provide a resident with a notice 30 days prior to the anniversary date. HUD has established specific procedures regarding the timing of changes in the TTP, tenant rent, and assistance payment when the recertification is delayed.

B. Timely Completion of Recertification Process

1. Timely completion of the recertification process occurs when all steps in Figure 7-2 are completed prior to the tenant's recertification anniversary date. Timely completion includes issuing the required 30-day notice of a rent change and timely delivery of the three reminder notices as shown in Figure 7-3. Exhibit 7-5 provides a Sample Recertification Interview and Verification Record that can help facilitate timely completion of the recertification process.

2. Changes to the TTP, tenant rent, and assistance payment all take effect on the recertification anniversary date. Exhibit 7-6 includes a sample notification of a rent increase resulting from recertification processing.

C. Timely Tenant Response, But Short Processing Time

1. This situation can occur as follows:

a. The owner provides the First, Second, and Third Reminder Notices per HUD requirements; and

b. The tenant reports for the recertification interview just prior to the 10th day of the 11th month after the last annual recertification. The owner is then responsible for completing the verification process in time to give the tenant a 30-day advance notice of any rent change. In order to complete the verification processing and provide the notice in time to have the new rent take effect by the recertification anniversary date, the owner may pursue alternative forms of verification, including review of documents provided by the tenant. Third-party verification must continue to be pursued, but the processing of the recertification can be completed using other sources of verification.

2. Should the owner fail to complete the verification process in time to give the tenant a 30-day advance notice of a rent increase, the tenant's rent increase may not take effect until the 30-day rent increase notice period has expired. The HAP change, however, will be effective on the recertification anniversary date.

If the tenant's rent is decreasing, no 30-day advance notice is required. Both the tenant's rent and the HAP will change on the

recertification anniversary date.

D. Late Response/Processing of Recertifications

1. Delays in processing due to owner or third-party action.

a. This situation can occur as follows:

(1) The owner fails to provide timely recertification reminder notices per HUD requirements; or

(2) The owner has adequate time, but fails to complete verification and recertification processing procedures 30 days before the recertification anniversary date, and fails to provide the required 30-day notice for a rent increase to take effect on the recertification anniversary date.

b. Changes in the assistance payment take effect on the recertification anniversary date.

c. Changes in the TTP and tenant rent are effective as follows:

(1) On the recertification anniversary date, if the tenant rent decreases as a result of the recertification; or

(2) On the first of the month following a 30-day notice period, if the tenant rent increases as a result of the recertification.

2. Delays in processing due to late tenant response.

a. This situation can occur as follows:

(1) The owner provides all three recertification reminder notices in accordance with HUD requirements; and

(2) The tenant reports for the recertification interview and provides information and signatures after the cutoff date (i.e., after the 10th day of the 11th month following the last annual recertification), but before the recertification anniversary date.

b. The owner processes the annual recertification.

(1) Changes in the TTP/tenant rent and assistance payment take effect on the recertification anniversary date.

(2) As established in the Model Lease, the third reminder notice fulfills the requirement for a 30-day notice of rent increase effective on the anniversary date.

c. In all cases where the tenant reports for recertification after the 10th day of the 11th month after the last annual recertification but before the recertification anniversary date (as described in subparagraph D-2 a above), all adjustments in assistance payments and the tenant's rent are made retroactive to the recertification anniversary date.

3. Tenant responds after recertification anniversary date. Tenant is out of compliance.

a. This situation occurs when:

(1) The owner provides all three recertification reminder notices per HUD requirements; and

(2) The tenant reports for the recertification interview on or after the recertification anniversary date.

b. On the recertification anniversary date, the tenant must begin paying the market rent.

NOTE: In a Section 202 PRAC or 811 PRAC project, the tenant will pay the greater of operating rent or 30% of income until eviction procedures are completed.

c. Assistance may only be reinstated if:

- (1) Assistance is available at the property;
 - (2) The tenant submits the required information; and
 - (3) The owner determines that the tenant qualifies for assistance.
- d. The new TTP/tenant rent and assistance payment take effect the first day of the month following the date on which the tenant reported for the certification. The tenant must pay the market rent until this date. If the tenant fails to report for the recertification interview and fails to pay market rent, or make arrangements to pay, the owner is obligated to evict for nonpayment.
- e. If the owner completes the income certification processing during the month following the date on which the tenant reported for the certification, the new TTP/tenant rent and assistance payment still take effect on the first day of the month following the date on which the tenant reported for the certification. When the owner processes the rent change and assistance payment, they are retroactive to this effective date.
- f. The owner may not evict the tenant for failure to pay market rent after the tenant reports for the interview and the owner is processing the certification.
- g. The tenant's recertification date changes to the first day of the month the property begins receiving assistance again for the tenant. The tenant's recertification is processed as an initial certification.
4. Extenuating circumstances when tenant is out of compliance. When a tenant fails to provide the required recertification information by the recertification anniversary date, an owner must inquire whether extenuating circumstances prevented the tenant from responding prior to the anniversary date.
- a. Extenuating circumstances. These are circumstances beyond the tenant's control. Examples of extenuating circumstances include, but are not limited to:
- (1) Hospitalization of the tenant.
 - (2) Tenant out of town for a family emergency (such as the death or severe illness of a close family member).
 - (3) Tenant on military duty overseas.
- b. Inquiring about extenuating circumstances.
- (1) At the time the tenant submits the required recertification information, the owner must inquire whether extenuating circumstances prevented the tenant from submitting the information prior to the recertification anniversary date.
 - (2) If the tenant indicates that extenuating circumstances were present, the tenant must promptly provide the owner with evidence of their presence.
- c. Determining whether extenuating circumstances were present. When a tenant provides evidence of extenuating circumstances, the owner must determine whether the information provided shows that the circumstances meet the condition described above in subparagraph a above.
- d. Notice of decision. The owner must provide the tenant with a written notice of the decision. The notice must also inform the tenant

of his/her right to appeal the owner's decision if the owner determines that extenuating circumstances were not present.

e. Appeal to the owner. If the owner denies extenuating circumstances, he or she must provide the tenant with an opportunity, within 10 days of notification, to meet with the owner or designated representative to appeal the decision to raise the tenant rent to market rent. The owner has an obligation to arrange for a person, who was not part of the original determination, to conduct the appeal meeting. The tenant may have representation at the meeting, may present information for consideration, and may respond to the information presented by others.

f. Extenuating circumstances NOT present. If the owner determines that extenuating circumstances were not present, follow the procedures in subparagraph D.3 above for completing processing of the tenant's information, determining whether assistance can be reinstated, and establishing effective dates.

5. Effective date of TTP/tenant rent, assistance, recertification anniversary when extenuating circumstances were present. If the owner determines that extenuating circumstances were present:

a. There is no change in the recertification anniversary date; and

b. The TTP/tenant rent and the assistance payments determined based on the recertification information provided by the tenant are effective retroactively to the recertification anniversary date.

TRACS

TRACS accepts a "tenant able/unable to sign" indicator in the MAT, Section 2 certification record. The purpose of this indicator is to mitigate the problems that occur when there are extenuating circumstances preventing the tenant from signing the certification on time. TRACS will accept the certification with the tenant unable to sign indicator as a legitimate certification; however, a correction or interim certification will be required when the tenant does sign the certification.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Clarify, in the MAT guide, what certifications and effective dates are acceptable after either an owner initiated termination or an HQ termination, taking into account cases where there are extenuating circumstances and where there are not. Implement any necessary changes in TRACS edits.

☐ Legislative ☐ Policy ☒ TRACS: Currently, a certification effective date is intended to refer only to the date on which assistance changes. There is no way to determine the effective date of any change in tenant rent or who was responsible for any delay or error. Fields could be added to the MAT10 record to allow recording this additional information.

☐ Legislative ☒ Policy ☒ TRACS: Clarification needed: When a correction is transmitted for a previously submitted certification, on what date does any change in tenant rent become effective? How does this date relate to who was responsible for the error or change? For example, if a data entry error is made for an income and this is corrected a month or more later we have a situation where both the owner and tenant have attested to the correctness of the previous certification by signing it. Given this, would tenant rent change retroactively or following the usual notice rules? What if the tenant reports additional income retroactive to the date of the certification in question? Had the income been reported timely, it would have been effective on the date of the original certification.

☐ Legislative ☐ Policy ☒ TRACS: The transaction effective date submitted to TRACS with a certification was intended to be the date on which the TR and AP were initiated, continued or changed. Currently the transaction effective date submitted to TRACS in a correction certification is used by TRACS to associate the correction with the certification being corrected; consequently, it is the same date as the certification being corrected. There is a future date field “Effective Date of Certification Being corrected” defined in MAT10, Section 2, Field 16. The intended purpose of this future field was to provide the effective date of the certification being corrected so that the correction can be associated with it. By using this future date field to identify the certification being corrected, the “transaction effective date” submitted with the correction would be, as in other certifications, the effective date of the TR, AP, etc. in the correction certification. Consider activating this future field. Database changes will be required in TRACS before this field can be fully implemented in TRACS.

☐ Legislative ☒ Policy ☒ TRACS: Resolve any inconsistencies between Rule CRT-001.02 and CRT-001.03 regarding when assistance should be terminated for late recertifications. Should the headquarters termination be effective retroactive to the anniversary date?

☐ Legislative ☐ Policy ☒ TRACS: Replace the “tenant unable to sign indicator” in TRACS with an “extenuating circumstances” code that can be used to justify accepting a recertification on a tenant terminated for failure to recertify on time.

Rule # CRT-002.00: n12345789: Recertification: Tenant Responsibilities

Handbook

HANDBOOK (7-10, p 7.19): Key Requirements

A. To ensure that assisted tenants pay rents commensurate with their ability to pay, tenants must supply information requested by the owner or HUD for use in an interim recertification of family income and composition in accordance with HUD requirements. All tenants must notify the owner when:

1. A family member moves out of the unit;
2. The family proposes to move a new member into the unit;

NOTE: At a minimum, owners must apply screening criteria for drug abuse and other criminal activity to persons proposed to be added to the household, including live-in aides. (See paragraph 7-11 B.1 and paragraph 4-7 B.5 for more information.)

NOTE: In Section 202/8 projects, adult children are not eligible to move into a unit after initial occupancy, unless they are performing the functions of a live-in aide and are classified as a live-in aide for eligibility purposes.

3. An adult member of the family who was reported as unemployed on the most recent certification or recertification obtains employment; or
4. The family's income cumulatively increases by \$200 or more per month.

COMMENT: Clarification needed: If an adult member, previously unemployed, obtains employment but earns less than \$200 per month, is an interim recertification required? Or does the \$200 threshold take precedence? If nothing else changes but amount of income, is the owner allowed to do an interim certification even if the increase is under \$200 per month or must the owner wait for a cumulative change greater than \$200? See also CRT-002.01 below.

COMMENT: Clarification needed: 7-11.A.5 requires the owner to recertify when the tenant reports a change in citizenship or eligible immigration status, however the tenant is not required to report this change under the language here. Should that requirement be added?

HANDBOOK (7-10.B, p 7.19): Tenants may request an interim recertification due to any changes occurring since the last recertification that may affect the TTP or tenant rent and assistance payment for the tenant. Changes a tenant may report include the following:

1. Decreases in income including, but not limited to, loss of employment, reduction in number of hours worked by an employed

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family member, and loss or reduction of welfare income;

2. Increases in allowances including, but not limited to, increased medical expenses, and higher child care costs; and

3. Other changes affecting the calculation of a family's annual or adjusted income including, but not limited to, a family member turning 62 years old, becoming a full-time student, or becoming a person with a disability.

C. Tenants are not required to report when a family member turns 18 years of age between annual recertifications.

COMMENT: Clarification needed: If a dependent under 18 years of age turns 18 subsequent to a full certification and their earned income then increases by more than \$200 per month, is a recertification required or is that person still considered a dependent until the next full certification and their earned income continues to be ignored?

HANDBOOK (7-10.D, p 7.20): Section 236 and BMIR cooperatives must enforce the interim recertification procedures described in this section only for members who executed occupancy agreements after February 15, 1984. Cooperatives may impose interim recertification requirements on members who executed occupancy agreements prior to February 15, 1984, only if the cooperative amended its by-laws to make such requirements binding on all members or a member voluntarily agreed to include such clauses in his/her occupancy agreement.

TRACS

TRACS does no checking to determine the reason for an Interim Recertification.

Recommendations

N/a

CRT-002.01: n12345789: Recertification: Owner's Responsibilities

Handbook

HANDBOOK (7-11, p 7.20): Owner Responsibilities

A. Owners must process an interim recertification if a tenant reports:

1. A change in family composition;
2. An increase in family income of more than \$200 per month;
3. An increase in allowances (e.g., number of dependents, a new disability assistance expense);
4. Most decreases in income except in the circumstance described in subparagraph C below; or
5. A change in citizenship or eligible immigration status of any family members.

NOTE: See Chapters 3, 4, and 8 for other citizenship and eligible immigration status requirements. (Restriction on assistance to noncitizens is addressed in paragraph 3-12, denial of assistance is addressed in paragraph 4-31, and termination of assistance is addressed in paragraph 8-7.)

HANDBOOK (7-12.B, pp 7.22-7.23): Owners must take the following steps upon learning that a tenant failed to report a change in income or family composition, as stated in the lease.

1. Tenant notification. When owners learn that a tenant has experienced a change in family income or composition listed in paragraph 7-11 A, they must immediately notify the tenant in writing of his or her responsibility to provide information about such changes. The owner's notice must:

- a. Refer the tenant to the lease clause that requires the interim recertification;
- b. Give the tenant 10 calendar days to respond to the notice; and
- c. Inform the tenant that his or her rent may be raised to the market rent if the 10-day deadline is not met.

NOTE: See Exhibit 7-7 for a sample letter.

2. Timely tenant response. If the tenant responds to the notice and supplies the required information within 10 days, the owner must process the request in accordance with subparagraph A above and implement any resulting rent changes in accordance with paragraphs 7-13 C and D.

COMMENT: *Clarification needed.* If the tenant responds timely, which paragraph applies: 7-13.C or 7.13.D?

COMMENT: Clarification needed: What constitutes a failure to report changes timely—one day, one week, one month, etc? How should the owner deal with extenuating circumstances?

HANDBOOK (7-12.B.3, p 7.23): Tenant fails to respond within 10 calendar days of notice. If the tenant fails to respond within the 10 calendar days, the owner must require the tenant to pay market rent as of the first rent period following the 10-day notice period. (See sample notice provided in Exhibit 7-8.) If the tenant subsequently submits the required information, the owner must reduce the tenant's rent on the first of the following month. In a Section 202 PRAC or 811 PRAC project, the owner may evict the tenant for noncompliance with the lease requirement to report changes in family income or composition.

COMMENT: Clarification needed: What certifications should be submitted to implement the rule above? To charge market rent, presumably the tenant must be terminated—there is no other mechanism to raise the rent and reduce the subsidy. The requirement to reduce rent when the tenant submits the required information would require an initial certification—however the tenant may no longer qualify. Is this an exception to the normal rules for eligibility checking? See the recommendation below.

COMMENT: Clarification needed: How long should the owner wait before possibly using the newly available subsidy slot for another tenant? If the slot has been given away and no more are available, the owner could not reduce the tenant's rent on the first of the following month even if extenuating circumstances were involved.

TRACS

TRACS expects an interim recertification to be effective the first day of the month.

TRACS expects the interim recertification effective date to be prior to the next annual recertification date being submitted with the recertification..

TRACS expects the interim recertification effective date to be between the effective date and the next recertification date of the certification being superseded by the interim recertification.

TRACS does not accept an interim recertification if the tenant has moved out before the effective date of the interim.

NOTE: The next recertification date is not changed by an interim recertification.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Add a “do not check eligibility” flag to the MAT10 section 2 record to accommodate the case indicated above in 7-12.B.3.

NOTE: TRACS still honors the termination code “LR” (which has been dropped from the new 4350.3). The purpose of the “LR” termination was to place a tenant on market rent while determining his status (e.g. extenuating circumstances). The “LR” can be superseded with an AR. The “LR” could be used in this case as well, but TRACS would need to also supersede an “LR” with an IR.

CRT-002.02: n12345789: Effective Date of Interim Recertificaitons

Handbook

HANDBOOK (7-13, pp 7.23-7.24): Effective Date of Interim Recertifications

- A. Owners must provide the tenant with written notice of the effective date and the amount of the change in TTP or tenant rent resulting from the interim recertification.
- B. For interim recertifications, both the change in assistance payment and change in TTP or tenant rent are effective on the same day.
- C. If the tenant complies with the interim reporting requirements, rent changes must be implemented as follows:
 - 1. Rent increases. If the tenant's rent increases because of an interim adjustment, the owner must give the tenant 30 days advance notice of the increase. The effective date of the increase will be the first of the month commencing after the end of the 30-day period.
 - 2. Rent decreases. If the tenant's rent will decrease, the change in rent is effective on the first day of the month after the date of action that caused the interim certification. A 30-day notice is not required for rent decreases.
- D. If the tenant does not comply with the interim reporting requirements, and the owner discovers the tenant has failed to report changes as required in paragraph 7-10 A.1.4, the owner initiates an interim recertification and implements rent changes as follows:
 - 1. Rent increases. Owners must implement any resulting rent increase retroactive to the first of the month following the date that the action occurred.
 - 2. Rent decreases. Any resulting rent decrease must be implemented effective the first rent period following completion of the recertification.

COMMENT: Clarification needed: Are interim recertifications permitted on dates other than the first of the month if changes are being reported that do not either raise or lower tenant rent? See the third comment associated with Rule # CRT-003.00.

TRACS

TRACS expects an interim recertification to be effective the first day of the month.

TRACS expects the interim recertification effective date to be prior to the next annual recertification date being submitted with the recertification..

TRACS expects the interim recertification effective date to be between the effective date and the next recertification date of the certification being superseded by the interim recertification.

NOTE: TRACS expects the (certification) transaction effective date to be the effective date of the assistance payment amount. An additional date is needed in the MAT10, Section 2 Basic Record when the assistance and the rent payment aren't effective on the same date.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Clarification needed: What happens when a tenant in a 236 property paying less than market rent starts paying market rent? Should a termination be submitted to TRACS? Should a certification be submitted showing market rent? In general and for consistency, it would be best if all certifications taking a tenant off of assistance are implemented as terminations and all certifications starting assistance are implemented as initial certifications.

☐ Legislative ☒ Policy ☒ TRACS: Guidance is needed for cases such as the following that do happen frequently at properties: A head and spouse split up mid-month and the head immediately moves into a vacant unit in the complex. The interim certification for the spouse (now the head) is due on the first of the month following the head's moving out assuming that income and TTP have decreased. If a move-in, effective mid-month, is sent to TRACS some sort of error will be generated because TRACS shows the person as the head in the old unit. What is policy in these cases? Would this be considered double dipping until the first of the following month? If so, the head should move in at market and an initial cert should be done on the first of the following month.

☐ Legislative ☐ Policy ☒ TRACS: Add an additional date field to the MAT10, Section 2 Basic Record so that both a subsidy effective date and a rent payment effective date can be recorded for a certification transaction.

Rule # CRT-003.00: n12345789: Unit Transfers

Handbook

HANDBOOK (7-15, p 7.24): Key Requirements

- A. If an owner determines that a tenant's current dwelling unit is smaller or larger than appropriate as a result of a change in a tenant's family size or composition, the owner must decide whether to require the tenant to transfer to another unit.
- B. Owners must not reduce or terminate the assistance payment associated with the original unit until the family has been offered a transfer to a unit of appropriate size and has been given sufficient time (no less than 30 days) to move to the new unit.
- C. Owners may develop additional unit transfer policies to address tenant transfer requests beyond those needed for change in family size, including transfers needed for medical reasons or to accommodate a person with a disability.
- D. Owners may be obligated to transfer tenants to different units as a reasonable accommodation to a household member's disability. For example, a tenant with a physical disability might need a transfer to an accessible unit, or a unit on the ground floor, or a larger unit to accommodate a live-in aide. Transfers which are needed as a reasonable accommodation should be made on a priority basis.

HANDBOOK (7-16.A, p 7.25): NOTE: In Section 236 and Section 221(d)(3) BMIR cooperatives in which the member is receiving no other assistance, the cooperative may establish its own policy on whether the cooperative should offer over-housed members smaller units and require members who refuse such offers to pay the market-rate carrying charge as described in paragraph 3-22 H.1.

B. Transfer Requirements

- 1. When an owner determines that a transfer is required, the Model Lease for Subsidized Programs states that the tenant:
 - a. May remain in the unit and pay the HUD-approved market rent; or
 - b. Must move within 30 days after the owner notifies the family that a unit of the required size is available within the property.
- 2. Depending upon the circumstances of the transfer, a tenant may be obligated to pay all costs associated with the move. However, if a tenant is transferred as an accommodation to a household member's disability, then the owner may be obligated to pay the costs associated with the transfer. See Chapter 2 for a thorough discussion of the requirements of Section 504 of the Rehabilitation Act of 1973.

COMMENT: Clarification needed: If the tenant refuses a unit transfer and elects to remain in a unit, what rent is paid if the current subsidy is Section 8 and the property is

also a Section 236 or BMIR? Does the tenant pay the Section 8 contract rent or the Section 236 or BMIR market rent?

COMMENT: Clarification needed: Change 27 to 4350.3 stated that, in the case of a unit transfer, the new rent is effective on the date of the transfer. Is that still HUD policy?

COMMENT: Clarification needed: If a change in household composition or other change is effective on the date of the transfer, on what date is the new TTP or tenant rent effective? Is it effective following the rules for rent increases and decreases for interim recertifications or is it effective on the date of the transfer? If the former, the owner should submit a unit transfer transaction effective the date of the physical transfer (changing the rent to that for the new unit but not dealing with TTP changes due to the change in composition) followed by an interim recertification effective on the first of the month following the increase and decrease rules. If the latter, the owner should perform a mid-month interim recertification and submit it with the unit transfer flag set.

COMMENT: Clarification needed: Guidance is given for gross rent changes (7-17) on 50059 facsimile requirements and signature requirements. Such guidance is needed for unit transfers as well. Since a new lease is required for a unit transfer (6-5.B.3) are signatures on any facsimile needed? Must any facsimile be a full one or is an abbreviated one acceptable?

TRACS

A previous certification must exist for a tenant, who is transferring to a different unit within an AR or IR transaction.

A unit transfer requires a new unit number, a previous unit number and a transaction effective date. The transfer effective date may not be in the future. The previous unit number must match the unit number in the prior certification against which the UT is being processed.

TRACS rejects duplicate unit transfers.

The MAT70 can be used for either a unit transfer or a gross rent change.

TRACS rejects unit transfers submitted with a transfer transaction date less than the effective date of any full certification date in the database.

TRACS accepts a unit transfer submitted with a transaction effective date equal to the certification effective date. In determining an acceptable transfer date, the rule is to select a date that is later than or equal to the certification effective date but not later than the certifications' next recertification date

TRACS requires a match between the contract and/or project number in the MAT70 header and those in the household's existing certification, depending on subsidy the tenant is receiving:

- PAC or PRAC requires matches on both contract and project numbers.
- Section 8 must match on contract number.
- Rent Supp, RAP, 236, and BMIR must match on project number.

TRACS does not recertify a family when a Unit Transfer Transaction is submitted, but it does recertify families when the unit transfer is combined with an annual or interim recertification.

Recommendations

N/a

Rule # CRT-004.00: n12345789: Gross Rent Changes

Handbook

HANDBOOK (7-17, p 7.26): Key Requirements

- A. A gross rent change may occur due to a rent change only, a change in the utility allowance only, or due to a change in both the rent and utility allowance.
- B. Owners must comply with the tenant comment and posting procedures described in HUD Handbook 4350.1, Multifamily Asset Management and Project Servicing.

COMMENT: Clarification needed: The industry is unclear about how the notice periods apply to the situations that arise in the real world. There are those who argue that notice cannot be given until a rent change is approved as opposed to when it was requested. Guidance is requested on when tenant rent and subsidy changes take place assuming that proper notice is given for the situations below:

1. A contract rent increase is approved effective on a future date.
2. A contract rent increase is approved effective retroactively.
3. A contract rent increase is approved effective retroactively and retroactive to the date of tenant notice and application for the increase.
4. In a 236 or BMIR property, a rent increase is approved effective retroactively. Do the tenants at basic rent or BMIR rent pay the increased rent retroactively?
5. A utility allowance increase is approved retroactively (tenant rent will decrease). In particular, what happens for a Rent Supplement subsidy where the gross rent figures into the calculation of TTP. If the utility allowance increases there will be cases where the TTP will increase as a result.
6. A utility allowance decrease is approved retroactively (tent rent will increase)

HANDBOOK (7-17.C, p 7.26): Owners must submit approved gross-rent changes through their software package to the Contract Administrator or to TRACS.

- D. Owners must provide the tenant a new 50059 facsimile reflecting all changes in rents, utility allowances, total tenant payment, tenant rent, and assistance payments.

COMMENT: Clarification needed: Is a full 50059 facsimile required or is an abbreviated form that details only the information changed acceptable?

HANDBOOK (7-17.E, p 7.26): Tenants and owner representatives need only sign the 50059 facsimile if the gross rent change includes a change in the TTP and tenant rent.

COMMENT: Clarification needed: Must all adult household members sign the facsimile or only a single representative (head/spouse/co-head). A requirement for all members to sign would be extremely burdensome in a large property with a utility allowance change that affects tenant rent. Or does the language above literally mean that only if BOTH TTP AND tenant rent change is a signature needed?

HANDBOOK (7-18, p 7.26-7.27): Submission and Approval Process

A. Owners must submit requests for rent increases to HUD or the Contract Administrator following the submission requirements described in the following:

1. HUD Handbook 4350.1, Multifamily Asset Management and Project Servicing, for budget-based rent increases, annual adjustment factor increases, and utility allowance changes; or
2. The Section 8 Contract Renewal Policy Guide for rent adjustments, if the Section 8 contract has been renewed pursuant to Multifamily Assisted Housing Reform and Affordability Act (MAHRA).

B. Owners must implement approved rent changes on the effective date approved by HUD or the Contract Administrator. In some cases, this date may reflect a retroactive approval, and the owner must change the tenant certification and adjust the monthly subsidy voucher. Revised data must be transmitted to the Contract Administrator or to TRACS to reflect the retroactive changes.

COMMENT: Clarification needed: The paragraph immediately below requires changes in utility allowances to be implemented within 75 days of approval. However there is no such requirement for implementation of rent changes. It is not uncommon for owner/agents to wait for considerable amounts of time before implementing a change and these delays make auditing certifications and vouchers difficult for contract administrators. Also many owners implement the change on a date later than that approved, particularly when the change is effective mid-month. Their argument is typically that their software has difficulties with mid-month changes or that they do not like to see many adjustments. The language above would imply that this practice is unacceptable. Is that correct?

HANDBOOK (7-17.C, p 7.27): Owners must implement approved changes in utility allowances within 75 days of approval by HUD or the Contract Administrator.

D. Owners must prepare tenant certifications reflecting gross rent changes using the on-site software and submit the changes to their Contract Administrator or TRACS for each tenant in the project/contract.

NOTE: Gross rent changes do not require a tenant recertification and do not affect annual recertification anniversary dates or schedules.

COMMENT: Clarification needed: Is the absence of a note similar to the above for unit transfers (7-15) an oversight or a change in policy? Previously both unit transfers and gross rent changes were not considered to be recertification events.

TRACS

A gross rent change requires a contract rent amount and a transaction effective date. The transaction effective date may be submitted in advance of the current date.

If the certification in the TRACS database, matching a gross rent change transaction, was occupied through a unit transfer, TRACS compares the gross rent change transaction effective date to the transfer date in the certification record. TRACS rejects the gross rent change if the transaction effective date is less than the date the tenant transferred into the unit. Although the gross rent change may apply to the unit, it doesn't apply to the tenant for which it was submitted. The tenant didn't occupy the unit on the date the gross rent change became effective.

Note: Applying the gross rent change is complicated because the TRACS transaction is submitted for a tenant, but the gross rent change is for a unit. This edit needs to be reexamined.

TRACS requires a match between the contract and/or project number in the MAT70 header and those in the household's existing certification, depending on subsidy the tenant is receiving:

- PAC or PRAC requires matches on both contract and project numbers.
- Section 8 must match on contract number.
- Rent Supp, RAP, 236, and BMIR must match on project number.

TRACS does not recertify a family when a gross rent change transaction is submitted.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: Retroactive gross rent changes (and retroactivity in general) are the bane of site, contract administrator, and TRACS software. A simplified model whereby any retroactive portion of the change is dealt with as a special claim or miscellaneous accounting request would be much preferred to the current model.

☐ Legislative ☒ Policy ☒ TRACS: In addition to banning retroactive gross rent changes, require TRACS and/or CAs to generate the new rents based upon changes to the contract rent schedule and advise the owners of the new rents for their units. This could improve the timeliness and accuracy of implementing gross rent changes and keep them in synch with the contract.

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Rule # CRT-004.00: n12345789: Gross Rent Changes

☐ Legislative ☐ Policy ☒ TRACS: Organize the TRACS Tenant database by contract and unit.

Rule # CRT-005.00: n12345789: Termination

Handbook

HANDBOOK (8-1, p 8.1-8.2): Introduction

A. Chapter 8 addresses terminating housing assistance and terminating tenancy. Under program regulations and leases, termination of assistance occurs when a tenant is no longer eligible for subsidy or to enforce HUD program requirements. It results in the loss of subsidy to the tenant. Tenants whose assistance is terminated may remain in the unit, but they must pay the market rent, full contract rent, or 110% of BMIR rent. Owners are authorized to terminate assistance only in limited circumstances and after following required procedures to ensure that tenants have received proper notice and an opportunity to respond.

B. Termination of tenancy is the first step in the eviction process and is often used interchangeably with the term eviction. When terminating tenancy, the owner gives the tenant notice to vacate the unit because of a lease violation(s). A tenant who fails to vacate the unit after receiving notice from the owner may face judicial action initiated by the owner to evict the tenant. The owner may only terminate tenancy in limited circumstances as prescribed by HUD regulations and the lease and must follow HUD and state/local procedures.

...

D. The chapter is organized into the following four sections:

- Section 1: Termination of Assistance outlines key requirements and procedures regarding when and how a tenant's assistance must be terminated.

- Section 2: Termination of Tenancy by Lessees discusses the tenant's responsibilities when the tenant wishes to terminate tenancy.

- Section 3: Termination of Tenancy by Owners outlines allowable circumstances for terminating tenancy and the requirements and procedures that owners must follow to terminate a tenant's residency.

- Section 4: Discrepancies, Errors, and Fraud describes the circumstances when owners must investigate discrepancies and provides guidelines on how to distinguish tenant errors from fraud. It also identifies how to take action (e.g., documenting fraud and reimbursing HUD or the tenant).

TRACS

Termination of housing assistance is accomplished through TRACS through a Termination of Assistance transaction (MAT65).

Termination of tenancy is accomplished through TRACS through a Move Out transaction (MAT40).

Recommendations

N/a

CRT-005.01: n12345nn9: Termination of Assistance

Handbook

HANDBOOK (8-5, pp 8.3-8.4): Key Requirements: When Assistance Must Be Terminated

An owner must terminate a tenant's assistance in the following circumstances:

A. A tenant fails to provide required information at the time of recertification, including changes in family composition, or changes in income or social security numbers for new family members.

B. A tenant fails to sign/submit required consent and verification forms (form HUD-9887 and form HUD-9887-A).

· Form HUD-9887, Notice and Consent for the Release of Information to HUD and to a PHA permits HUD to obtain wage and claim information from State Wage Information Collection Agencies (SWICA), current tax information from the Internal Revenue Service (IRS), and wages and unemployment compensation information from the Social Security Administration (SSA).

· Form HUD-9887-A, Applicant's/Tenant's Consent to the Release of Information – Verification by Owners of Information Supplied by Individuals Who Apply for Housing Assistance allows an owner to obtain and verify information about income, assets, and allowances for items such as child care and medical expenses, which is needed to determine the amount of rent a tenant must pay.

C. An annual or interim recertification determines that the tenant has an increased ability to pay the full contract rent.

D. A tenant fails to move to a different-sized unit within 30 days after the owner notifies him/her that the unit of the required size is available. If the tenant remains in the same unit, the tenant must pay the market rent, full contract rent, or 110% of the BMIR rent, as required by the HUD lease.

NOTE: When assistance is terminated for a tenant with more than one form of subsidy, the tenant must pay the market rent, full contract rent, or 110% of BMIR rent. For example, if a tenant resides in a Section 236 property and receives Section 8 assistance, the tenant would pay rent based on the Section 236 rent formula if his or her assistance were terminated.

COMMENT: Clarification needed: Does this note only apply to 8-5.D or to all termination of assistance situations?

HANDBOOK (8-5.E, p 8.4): A tenant has begun receiving assistance, but the owner is unable to establish citizenship or eligible immigration status for any family members from the information provided by the tenant and determines that the tenant does not meet the citizenship requirement. (See Chapters 3, 4, and 7 for other citizenship and eligible immigration status requirements. Restriction

on assistance to noncitizens is addressed in paragraph 3-12, denial of assistance is addressed in paragraph 4-31, and changes in status are addressed in paragraph 7-11.)

The process for owners to verify and establish a tenant's eligible immigration status can be lengthy. Sometimes a tenant begins receiving assistance before the owner establishes citizenship or eligible immigration status; this happens when the owner encounters delays in verifying the information provided by the tenant. If the owner then determines that the tenant does not meet the requirement for citizenship or eligible immigration status, the assistance must be terminated.

NOTE: This requirement does not apply to Section 202 PRACs and Section 811 PRACs.

COMMENT: Clarification needed: This note should be expanded to include BMIR and 202/162 PAC subsidy types.

HANDBOOK 8-5.F(, p 8.4): REMINDER: Actions to terminate assistance must be based only on a change in the tenant's eligibility for assistance or a tenant's failure to fulfill specific responsibilities under program requirements. Owners must not take action to terminate assistance based on other factors.

HANDBOOK (8-6.A, p 8.5): Terminating Assistance

1. When terminating a tenant's assistance, the owner increases the tenant's rent to market rent (or contract rent) and, where applicable, makes the assistance available to another tenant.

2. When terminating assistance, an owner must provide proper notice to the tenant of the increase in the tenant's rent.

REMINDER: When provided to a tenant with a disability, this notice must be in a form accessible to the tenant (e.g., in Braille or audio form for a tenant with a vision impairment).

...

B. Reinstating Assistance

An owner may reinstate a tenant's terminated assistance if:

1. The original termination of assistance was due to:
 - a. A tenant's failure to recertify, or
 - b. A tenant's increased ability to pay;
2. The original termination of assistance was not due to fraud;
3. The tenant is eligible for assistance (based on the income and rent calculation, the tenant would pay less than market rent);
4. The tenant submits the required information; and
5. Assistance is available for the unit.

COMMENT: Clarification needed: May the tenant's assistance be reinstated ONLY if the original termination was due to a failure to recertify or ability to pay? What about a termination due to failure to supply citizenship information or refusal to transfer as agreed? The current termination code TF covers both refusal to transfer and submission

of false data. If there is an interest in having TRACS detect cases where assistance is reinstated when it should not, more termination codes may be needed.

COMMENT: Clarification needed: There is some confusion in the industry concerning the meaning of a termination date. Housing has told the industry at TRACS meetings that a termination date should be looked at the same as a move-out date: the date is the last day that subsidy is paid. The day after the termination date and a move-out date is the first day of no subsidy. If there is a termination followed immediately by an initial certification, the IC would be effective the day after the termination. TRACS currently will issue a fatal error if an IC has the same effective date as a termination. It should be made clear that, when a tenant is being terminated for a late recertification (reporting in on or after 1/1 for a 1/1 annual) that the termination would be for 12/31. The first day of no subsidy is 1/1.

HANDBOOK (8-7, pp 8.6-8.7): Termination of Assistance Related to Establishing Citizenship or Eligible Immigration Status

A. Applicability

As stated in paragraphs 3-12 F. and 4-31 A., the restriction on assistance to noncitizens applies to all properties covered by this handbook, except the following:

1. Section 221(d)(3) BMIR properties;
2. Section 202 PAC;
3. Section 202 PRAC; and
4. Section 811 PRAC.

B. When Assistance Must Not Be Terminated

An owner must not terminate assistance on the basis of ineligible immigration status of a family member if:

1. The primary (automated) and secondary (manual) verification search of any immigration documents that were submitted in time has not been completed by the DHS;
2. The family member for whom required evidence has not been submitted has moved from the assisted dwelling unit;
3. The family member who is determined not to have eligible immigration status following DHS verification has moved from the assisted dwelling unit;
4. The DHS appeals process under 24 CFR 5.514(e) has not been concluded (see subparagraph C below);
5. Assistance is prorated in accordance with 24 CFR 5.520;
6. Assistance for a mixed family is continued in accordance with 24 CFR 5.516 and 24 CFR 5.518; or
7. Deferral of termination of assistance is granted in accordance with 24 CFR 5.516 and 24 CFR 5.518.

HANDBOOK (8-7.D, p 8.8): Termination of Assistance When a Tenant Allows an Ineligible Individual to Reside in a Unit

If the owner terminates assistance based on a determination that a tenant has knowingly permitted another individual who is not eligible for assistance to reside (on a permanent basis) in the unit:

1. Such termination must be for a period of not less than 24 months; and
2. This provision does not apply to a tenant if, when calculating any proration of assistance provided for the family, the individual's ineligibility was known and considered.

COMMENT: Clarification needed: There is no termination code covering this situation. One should be added so that TRACS can enforce the rule. Also, is this case one where the ineligible person is being allowed to live in the unit without the knowledge of the owner?

TRACS

A certification must exist in TRACS against which a termination can be processed.

Upon submission of a termination for a combined contracts, a comparison is made between the MAT65 contract number and contract number in the tenant's previous certification. TRACS will automatically adjust the tenant record to reflect the combined contracts when the combination is properly executed through REMS making the MAT65 redundant.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Revise the list of termination codes to cover all applicable situations and have each code cover only a single situation. This will allow more automated checking of the rules.

CRT-005.02: n12345789: Termination of Tenancy by Lessees

Handbook

HANDBOOK (8-9, p 8.9): Key Requirements

A. In order to terminate tenancy, the tenant must provide the owner with a written 30-day notice to vacate the unit, as required by the HUD lease.

NOTE: The regulations for RHS Section 515/8 properties permit either the tenant or the owner to terminate the lease with a 30-day written notice. This provision may be included in a one-year lease. The provision must be included in any multi-year lease.

B. If the tenant fails to give a full 30-day notice, the tenant is liable for rent, up to the earlier date of:

1. The end of the 30-day period for which the notice is required;
- or
2. The date the unit is rerented, as required by the HUD lease.

COMMENT: Clarification needed: If the tenant fails to give full 30-day notice, is the liability for rent for the full contract/market rent for the period after move-out? The owner is only eligible for assistance through the actual move-out date.

HANDBOOK (8-10, p 8.9): Allowable Use of Security Deposits

If a tenant fails to pay the required rent as outlined in paragraph 8-9 B above or if there are tenant damages to the unit, an owner may use the tenant's security deposit to pay the outstanding rent and/or damages. Any remaining funds must be paid to the tenant. An owner must follow the requirements and guidelines for security deposits and other charges outlined in paragraph 6-18 regarding the refunding and use of the security deposit.

TRACS

The owners send termination transactions to TRACS either directly or through their CA. The reason for the termination is given through the termination codes.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: To help eliminate situations where tenants fail to give a full 30-day notice, consider stating that a tenant is not eligible for assistance in any other property until the end of the notice period.

CRT-005.03: n12345789: Termination of Tenancy by Owners

Handbook

The handbook states that owners may terminate tenancy for:

- Material noncompliance with the lease (8-13, p 8.11)
- Drug abuse and other criminal activity (8-14, p 8.15)
- Material failure to carry out obligations under a state or local landlord and tenant act. (8-15, p 8.19)
- Other good cause (8-16, p 8.19)

COMMENT: Clarification needed: An actual termination of tenancy will be communicated to TRACS via a move-out transaction. In advance of the actual move-out, may the owner terminate assistance in other than the situations mentioned in Chapter 8, Section 1 on Termination of Assistance? If so, new termination codes will be needed.

TRACS

The transaction effective date of a move out must be less than the TRACS processing date.

A transaction type code and reason code is required for each move out transaction.

The move-out date of a deceased tenant must be greater than the death date.

TRACS expects a move-out to be processed within 14 days following the death of a tenant.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: Terminations of tenancy following the rules stated in the handbook sections noted above generally require judicial action. Should these situations be tracked through more detailed move-out codes in TRACS submissions? Should tenants evicted for any of these reasons be subject to sanctions such as a bar from receiving subsidy for a period of time?

☐ Legislative ☐ Policy ☒ TRACS: Add appropriate termination and move-out codes to allow the tracking of fraud cases and the enforcement of sanctions.

CRT-005.04: n12345789: Discrepancies, Errors, and Fraud

Handbook

HANDBOOK (8-17.E, p 8.22): Determining the Outcome of the Investigation

1. If the tenant meets with the owner to discuss the error, and the owner is convinced the tenant's submissions were correct, the owner should document the file accordingly and close the investigation.
2. If, after meeting with the tenant, the owner determines that the provision of inaccurate information was an unintentional program violation, the owner should correct the tenant's rent, if applicable, and provide the tenant with notice of the change in rent. If the tenant is unable to repay the full amount, the owner and tenant should enter into a repayment agreement.
 - a. If, after the income adjustment, the tenant no longer qualifies for assistance, the tenant may remain in the property subject to making repayments and paying market rent.
 - b. The owner may terminate tenancy if the tenant refuses to pay the new monthly rent or refuses to repay the previously overpaid subsidy pursuant to the repayment agreement.
 - c. If necessary, civil action may be filed to recover the funds.
3. If the owner determines the tenant knowingly provided inaccurate or incomplete information, and this can be substantiated through documentation, the owner needs to pursue the incident as fraud.
4. HUD will allow the owner to keep a portion of the repayments collected from tenants who have improperly reported income at the time of certification or recertification. The owner may retain up to a maximum of 20% of the amount of repayments actually collected from the tenant to cover the owner's actual costs. The owner must reimburse the balance of the tenant repayment to HUD. (See Chapter 6 of HUD Handbook 4381.5 REV-2, The Management Agent Handbook.) These repayments to HUD are made through offsets to future vouchers submitted to HUD until the total amount has been repaid.

COMMENT: Clarification needed: The owner is allowed to keep up to 20% of the repayments only in the event of fraud but this is not clear from the language above.

TRACS

TRACS does not support tenant transactions specifically to record tenant related discrepancies, errors, or fraud.

Recommendations

N/a

CRT-005.05: n12345789: Discrepancies Based on SWICA Information

Handbook

HANDBOOK (8-18.A.2, p 8.24): Tenants may be denied assistance or have their level of assistance adjusted based on earnings information received from SWICAs or federal agencies. HUD or Contract Administrators may obtain this type of verification, but it is not directly provided to the owner. The information is generally obtained through a computer income match, and HUD or the Contract Administrator is notified of any discrepancy.

HANDBOOK (8-18.B.4, p 8.25): Based on the income information received from a SWICA or federal agency, HUD or the Contract Administrator, as appropriate, may inform an owner (or mortgagee) that a tenant's eligibility for, or level of, assistance is uncertain and needs to be verified. The owner (or mortgagee) must then confirm the tenant's income information by checking the accuracy of the information with the employer or other income source, or directly with the tenant.

TRACS

TRACS participates in two processes designed to provide owners with current social security (SS) or supplemental security income (SSI) income data or to validate the SS or SSI income amounts reported in their certification.

The first process occurs in advance of preparing the annual recertification. TRACS provides to TASS a monthly extract of tenants scheduled for upcoming recertifications. TASS sends these data to the Social Security Administration (SSA), and SSA returns income data from their files. TASS creates Benefit History Reports and provides them to owners to validate SS and SSI income at the time the recertification is filled out.

The second process occurs after the recertification has been filled out, and it is submitted to TRACS. TRACS sends the member identification from each certification to SSA for validation. SSA returns the amount of SS or SSI income for each member submitted. TRACS compares the SSA data to what was submitted in the certification. Discrepancies are created and returned to the owner or CA whenever the SSA data does not agree with what was submitted in the certification. This process is referred to as the SS/SSI Data Match.

Recommendations

☐ Legislative ☒ Policy ☒ TRACS: Perform a cost-benefit analysis on the SS/SSI Data Match process. Reported SSA data quality problems and the difficulty that the

Chapter 9: Certifications (CRT)

CRT-005.05: n12345789: Discrepancies Based on SWICA Information

multifamily industry has in getting SSA data corrected may be costing HUD and the multifamily industry more than the process may be saving in assistance payments.

CRT-005.06: n123nn789: Reimbursement to HUD for Overpayment

Handbook

HANDBOOK (8-19, p 8.26): Tenant's Obligation to Repay

1. The tenant must reimburse the owner for the difference between the rent the tenant should have paid and the rent he/she was actually charged, if the tenant:
 - a. Fails to provide the owner with interim changes in income or other factors;
 - b. Submits incorrect information on any application, certification, or recertification; and
 - c. As a result, is charged a rent less than the amount required by HUD's rent formulas.
2. The tenant acknowledges his/her obligation to make such reimbursements:
 - a. In paragraph 18 of the Model Lease for Subsidized Programs;
 - b. In paragraph 14 of the Model Lease for Section 202/8 or Section 202 PAC; and
 - c. In paragraph 12 of the Model Leases for Section 202 PRAC and Section 811 PRAC.
3. If the tenant does not pay in full, an owner should enter into a repayment plan with the tenant to collect these funds over a specific period of time.

COMMENT: Clarification needed: Many in the industry are unclear precisely how to handle repayment agreements in terms of certification and voucher transactions. If the following generally accepted process is correct, it would be good to incorporate it in handbook guidance. Any certifications related to the overpayment of assistance should be corrected and transmitted to TRACS or the contract administrator. The voucher for the month in which these corrections are reported will contain adjustments reducing subsidy retroactively. These adjustments should be reported as opposed to being suppressed. The total of the adjustments subject to the repayment agreement should be offset by an OARQ miscellaneous accounting request on the same voucher with a note indicating that the amounts are subject to a repayment agreement. Subsequently, on each voucher where there has been a partial or full repayment of the amounts due, an OARQ miscellaneous request should be entered indicating the amount of the repayment and giving , as a reason, the fact of the repayment agreement.

HANDBOOK (8-19.A.4, pp 8.26-8.27): The tenant is not required to reimburse the owner for undercharges caused solely by the owner's failure to follow HUD's procedures for computing rent or assistance payments.

5. A tenant must reimburse the owner for the total overpayment back to the date of admission if the following occurs:

- a. The applicant submits information on income and family composition as the basis for the owner to make a determination that the applicant is eligible;
- b. The applicant is admitted as a tenant; and
- c. It is later determined that the information was incorrect and the tenant was not eligible for assistance.

NOTE: This holds regardless of whether the tenant's circumstances later resulted in him/her being eligible for the assistance. In such cases, the tenant would have to apply and be placed on the waiting list for assistance.

In turn, the owner reimburses HUD in accordance with the procedures outlined immediately below.

6. The owner makes an adjustment on the monthly HAP voucher to reflect the amount of the tenant's reimbursement of unauthorized assistance.

B. Owner's Obligation to Repay

1. The owner is not required to reimburse HUD immediately for overpayments of assistance where the overpayment was caused by the tenant's submission of incorrect information. Repayments are required when and as tenants repay in accordance with an agreed-upon repayment plan.
2. The owner must reimburse HUD for all other overpayments of assistance where such overpayments were due to the owner's error or the owner's failure to follow HUD's procedures. HUD or the Contract Administrator may permit the owner to repay such overpayments in one lump sum or over a period of time through reduction of normal housing assistance requisitions if immediate repayment in full would jeopardize the financial condition of the property.

TRACS

TRACS does not specifically handle repayment agreements; however, funds reimbursed to HUD may be reported on the Voucher Miscellaneous Accounting Request transaction (MAT30, Section 6).

Recommendations

N/a

CRT-005.07: n12345789: Reimbursement to Tenant for Overpayment

Handbook

HANDBOOK (8-20, p 8.27): Reimbursement to Tenant for Overpayment of Rent

In reviewing a tenant's file or recalculating a tenant's income, an owner may discover an error that resulted in the tenant paying a higher tenant rent than the tenant should have been charged. HUD or the Contract Administrator may also discover such an error during a review of the tenant files performed in conjunction with a Management Review or Occupancy Review. When such an error occurs, the owner must provide the tenant with written notification, which includes:

- A. A notice of the change in rent, effective retroactively to when the error occurred;
- B. The new monthly rent the tenant is required to pay;
- C. The amount of the overpayment of rent due to the tenant; and
- D. A form for the tenant to execute and return to the owner stating whether the tenant wishes to:
 - 1. Receive a full, immediate refund; or
 - 2. Apply the overpayment to future monthly rent payments.

TRACS

TRACS is not directly involved with the reimbursement of tenant overpayments.

Recommendations

N/a

Chapter 10. Required 50059 & Subsidy Data Reporting

Scope of Analysis

This section covers HUD Handbook 4350.3, Chapter 9, Section 1 (Tenant Rental Assistance Certification System [TRACS]) along with Appendix 6 (Completing the 50059 Data Requirements, Appendix 7 (The 50059 Data Requirements), and Appendix 8 (50059 Data Entry Rules).

HANDBOOK (9-1, p 9.1): Introduction

This chapter describes the requirements for transmitting subsidy-related data to the Tenant Rental Assistance Certification System (TRACS). These data include tenant data, and requests for payment of housing assistance, utility reimbursements, and special claims. Requirements for records and reporting, regarding excess income, are also addressed.

HANDBOOK (9-4, pp 9.2-9.3): Introduction to TRACS

The Tenant Rental Assistance Certification System (TRACS) was developed to help improve financial controls over assisted housing programs. TRACS collects certified tenant data and subsidy payment vouchers from owners and management agents of multifamily housing projects – either directly from the owners, from organizations acting as subsidy Contract Administrators for HUD, or from service providers who are paid by the project or Contract Administrator to collect, calculate, complete, and submit the data to TRACS on their behalf. HUD Field Offices maintain data on subsidy contracts and contract funding.

A. Source Data

The bases for electronic submissions and primary data feeds to TRACS are:

1. 50059 Data Requirements;
2. Form HUD-52670, Housing Owner's Certification & Application for Housing Assistance Payments;
3. Form HUD-52670-A part 1, Schedule of Tenant Payments Due;
4. Form HUD-52670-A part 2, Schedule of Section 8 Special Claims;
5. Form HUD-52671-A through D, Special Claims Worksheets; and
6. Assistance payments contracts, assistance payments renewal contracts, and contract rent increases, including contract Exhibit A (Identification of Units and Contract Rents).

B. TRACS Databases

1. All tenant data collected and stored in TRACS undergo edits

for accuracy and compliance with eligibility rules and rent calculation rules before they are stored in the TRACS Tenant Database.

2. TRACS stores payment history on all project-based subsidy contracts for which HUD makes monthly assistance payments.

3. Much of the tenant, contract, funding, and voucher data stored in the TRACS databases is available to authorized users for on-line viewing/updating. Report and data retrieval capabilities are also available.

Rule # REP-001.00: n12345789: 50059 Facsimile Printing

Handbook

HANDBOOK (9-2, p 9.2): ... NOTE: Form HUD-50059, Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures, has been eliminated. It has been replaced by the 50059 data requirements which make up the tenant data that are electronically submitted. Like the former form HUD-50059, the 50059 data requirements identify the data that owners are required to collect from applicants and tenants and the calculations that owners must perform to certify eligibility and tenant rents. For record-keeping purposes, owners must print out and retain a signed copy of the 50059 data requirements (referred to as the 50059 facsimile) for each tenant.

TRACS

TRACS receives the certification data (HUD-50059) in a series of records described in the MAT User's Guide as the MAT10.

Recommendations

For many years now, the printing of the facsimile has been left to software vendors. There has been no guidance on formatting--just the requirement that the appropriate information be included. One of the reasons HUD backed away from dictating an exact format was related to automation. It was often difficult for software vendors to duplicate the HUD forms in DOS programs using dot matrix printers. In addition, revised forms had to be generated, cleared, and published whenever fields were added or modified. On the other hand, those who do management and occupancy reviews would much prefer a standardized form so that they do not have to switch gears at each property they visit and that the same information is found in the same place on each form. With the availability of Windows printers, matching forms has become much easier. So, the question is whether HUD wants to get back into the 50059 form publishing business or whether it wants to provide clearer guidance to vendors on how to present the information. One way to do this would be to dictate the order of presentation of information without requiring a rigidly defined format. In either case, the rules could be published in the TRACS MAT guide, which is easier to modify in response to changing events than the handbook.

☐ Legislative ☒ Policy ☒ TRACS: Consider adding a standard 50059 format to the MAT User Guide and coordinate the MAT field numbering with the fields in the form. Since the MAT Guide doesn't go through the OMB approval loop, TRACS should be able to keep the form in synch with the data requirements. Additional time would need to

be allocated whenever the MAT Guide is updated for a new release to accommodate the form revision. Originally, the MAT Guide had an additional column that referenced the 50059 data element for each MAT field. This could be restored. It should solve the Industry request and avoid the bottleneck of OMB approval.

☐ Legislative ☒ Policy ☐ TRACS: If the above is not done, guidance is needed on field numbering schemes on the facsimiles. Neither the handbook appendices nor the MAT guide number the fields in any logical order. Fields, when added, tend to be added at the end of a record. The result is that related information often has field numbers that are far apart. The industry would like to be able to number fields on the form in a logical way, related to the form design, as opposed to what is in the MAT Guide or in the handbook appendices.

Rule # REP-002.00: n12345789: Electronic Data Processing and Transmission

Handbook

HANDBOOK (9-5.A, p 9.4): Electronic Data Processing and Transmission

1. Owners of all properties covered by this handbook are responsible for processing tenant certifications, tenant recertifications, and subsidy billings using automated software that conforms to HUD specifications. Owners are responsible for electronically transmitting required data either directly or through a service provider to HUD or their respective Contract Administrator. The Contract Administrator is the entity that issues subsidy payments for the assistance contract.

2. TRACS-compliant software used to produce certifications and subsidy billings must be obtained from a vendor who certifies that the software is compliant with HUD requirements. As HUD requirements are updated to reflect changes or revisions in legislation, regulations, handbooks, notices, or HUD-format electronic data transmission requirements, owners are responsible for ensuring that the software they use to complete, review, and transmit data is updated accordingly.

a. HUD does not certify TRACS-compliant software products nor endorse individual TRACS vendors.

b. The software requirements to which software vendors must certify are located on the TRACS website at <http://www.hud.gov/offices/hsg/mfh/trx/trxsum.cfm>.

COMMENT: Clarification needed: There is much material at the above URL that either is not a software requirement or is not something required of software used for processing of certifications and vouchers. A more precise list of what constitutes the requirements would be useful. Presumably the MAT guide in the TRACS Documents link is the primary reference.

HANDBOOK (9-5, p 9.4): Owners are responsible for the electronic submission of the following HUD requirements and forms. A separate submission must be prepared and submitted for each of the property assistance contracts.

a. 50059 Data Requirements. For information on 50059 data requirements, please refer to Appendices 6, 7, and 8.

b. Form HUD-52670, Housing Owner's Certification & Application for Housing Assistance Payments (see Appendix 9). Data submitted from form HUD-52670 must be properly supported by:

(1) Form HUD-52670-A part 1, Schedule of Tenant Assistance Payments Due (see Appendix 10);

- (2) Form HUD-52670-A part 2, Schedule of Section 8 Special Claims (see Appendix 11); and
- (3) Form HUD-52671-A through D, Special Claims Worksheets (see Appendix 12).

TRACS

Owners, CAs and TRACS are required to transmit certification and voucher data using a HUD provided Virtual Private Network (VPN).

TRACS posts to the URL, above, the current MAT User's Guide and Industry Specifications for new releases.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: It may simplify communication with multifamily industry software developers if a separate web page were created specifically for software developers, and the issues they raise.

Rule # REP-003.00: n12345789: Signatures on 50059 Facsimiles

Handbook

HANDBOOK (9-5.A.4.b, p 9.5): The owner must sign and obtain the signature of the head, spouse, co-head, and all adult family members on a facsimile of the completed certification (50059 data requirements) that is transmitted to HUD or the Contract Administrator, whether the facsimile printout was produced on site or received from a service provider. The owner must provide the tenant a copy of the signed facsimile and retain a copy in the tenant's file. The owner must also sign and retain a facsimile of the voucher (form HUD-52670).

COMMENT: Clarification needed: How should corrected certifications be handled in terms of signatures? Does it depend on the nature of the change and whether it affects TTP or assistance?

What are the requirements when an adult member is unable to sign: in the hospital, in Iraq, etc.? May the earliest signature of any adult member be used to bind the household and submitted to TRACS or must the date transmitted to TRACS be the date the head signed?

How should signature dates relate to the effective date of the certification? In the case of a retroactive correction, the signature might be long after the effective date of the subsidy change. Current policy clearly allows a late annual due to extenuating circumstances to be signed after the effective date.

TRACS

Evidence of signatures is communicated to TRACS as the date(s) of the signatures.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Collect all guidance related to the need for signatures on 50059 facsimiles for full certifications, gross rent changes, unit transfers, terminations, and move-outs together in a single exhibit for reference. Handbook Appendix 6 and Handbook Chapter 8 lack guidance for some of the partial certification types. If signature guidance is not collected into a single exhibit, specific information should be added to the discussion of each of the partial certification types, both in the body of the handbook and in Appendix 6.

☐ Legislative ☒ Policy ☐ TRACS: Where a tenant signature is required for a partial certification, consider not asking for the signatures of all adult household members. See Rule # CRT-004.00 in Chapter 9 of this matrix where one of the comments discusses the

burden that would be placed on an owner if all members had to sign facsimiles for Gross Rent partial certifications.

☐ Legislative ☒ Policy ☐ TRACS: Guidance is needed on the printing of partial certifications. There are two choices: print only the information sent to TRACS for the partial certification; print a full set of 50059 data requirements (50059 facsimile).

☐ Legislative ☒ Policy ☐ TRACS: Eliminate the term “partial certification”. This transaction category, without exception, does not recertify (determine eligibility) of a tenant. These transactions move out the tenant and end their assistance in the project, terminate their assistance without moving them out, transfer the tenant to another unit within the property, or record a change in the gross rent assigned to the unit in which the tenant lives. These are transactions that change a tenant’s status, the tenant’s unit or the gross rent of the tenant’s unit. They do not recertify the tenant. In previous versions of the 4350.3 these transactions were described in the appendix discussing the voucher.

Rule # REP-004.00: n12345789: Deadlines for TRACS Submissions

Handbook

Figure 9-2: Deadlines for TRACS Submissions

Section 8, PAC, and PRAC Properties. The deadline for transmission of vouchers (form HUD-52670) and all related TRACS files supporting the voucher is the 10th day of the month directly preceding the voucher payment month. For example, the February voucher TRACS transmission would be due on January 10.

RAP and Rent Supplement Properties. The deadline for transmission of vouchers (form HUD-52670) and all related TRACS files supporting the voucher is the 10th day of the voucher payment month. For example, the February RAP or Rent Supplement voucher TRACS transmission would be due on February 10.

Vouchers submitted after this deadline date may risk late payment.

The voucher requesting payment for assistance or for an approved special claim must be submitted within 60 days of the approval date. Any requests submitted after 60 days will be subject to full voucher review and approval by HUD or the Contract Administrator, and to the availability of funds for the applicable subsidy year, as determined by HUD.

All 50059 data should be submitted during the month as completed. All 50059 data supporting a voucher must be transmitted prior to voucher transmission.

TRACS

TRACS rejects vouchers submitted more than 30 days in advance of the voucher date.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Check with the industry to see if the 30-day-in-advance edit should be relaxed.

☐ Legislative ☐ Policy ☒ TRACS: TRACS could audit the 60-day submission requirement for special claims that have been processed by HUD offices using the online claims application. If this is considered important, TRACS could be modified to do so. However, any voucher submitted to a PBCA is probably already subject to a full voucher review and approval, so it is not clear if this sanction carries any teeth in such situations. A financial penalty might provide a greater incentive.

☐ Legislative ☒ Policy ☒ TRACS: The language suggesting that 50059 data be submitted during the month as completed is new policy in this handbook. Given that it is a “should” rather than a “must,” software vendors may or may not comply. The

requirement for 50059 data to be transmitted prior to voucher transmission is a “must” but many sites, through long habit, only transmit once a month. Since TRACS does not reconcile vouchers with the underlying certifications, these requirements are limited in impact to contract administrators and to the Financial Management Center in Kansas City. It would be worth soliciting opinions from contract administrators and the FMC on these issues and then issuing revised guidance if necessary.

Rule # REP-005.00: n12345789: Internet Applications

Handbook

HANDBOOK (9-5.B, p 9.6): Internet Applications

TRACS Internet applications provide authorized users with the capability to access summary and status information on submissions to the TRACS databases. Owners should refer to the Internet queries to confirm their TRACS transmissions and to monitor processing of voucher payments as necessary. Refer to the "Industry User Guide for TRACS Internet Applications" posted to the TRACS website at <http://www.hud.gov/offices/hsg/mfh/trx/trxngde.htm> for detailed information on using these applications

TRACS

The TRACS Internet applications are accessed only through HUD's Secure Systems. Users become authorized to use TRACS Internet applications by following the Secure Systems registration and authorization process.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: There are still a very large number of sites that submit data to TRACS and that do not have access to the TRACS Internet Applications. Without such access it is not possible to verify that data submitted to TRACS has successfully made it into the TRACS database. When questions arise about data, these sites must rely on the TRACS hotline to provide information on what is in TRACS. This places a burden on the hotline and makes it more difficult for software vendors to provide support to their customers. Consider requiring each site or (at a minimum) central office to have such access.

Rule # REP-006.00: n123nn789: Manual Vouchers

Handbook

HANDBOOK (9-5.B.3, p 9.7): Manual voucher submission. This application provides the capability to submit form HUD-52670 requests for assistance payments under unusual circumstances directly over the Internet. Before using this application, owners should verify that the need for submitting the voucher manually conforms to the permissible circumstances posted to the HUD website. All manual submissions from project owners require additional time for approval processing.

TRACS

TRACS does not accept manual voucher submissions over the Internet. The manual voucher application allows HUD field office staff to review and submit vouchers for which owners have requested manual submission to TRACS. When the manual vouchers are submitted to TRACS via the HUD intranet, they are automatically put on hold for review and release or cancellation by HUD Headquarters or the Voucher Processing Division. Vouchers are approved or cancelled through the Prepayment Decisions intranet application. Approved manual vouchers are included in the nightly batch processing for submission to LOCCS and payment.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: The TRACS manual voucher process does not agree with the description in the handbook. The handbook description should be modified to reflect the actual process that allows a site, with approval, to send a paper voucher to their HUD Filed Office, and the Field Office to submit a manual voucher via the internet.

Rule # REP-007.00: n1234nnn9: Contract Administrator Requirements

Handbook

HANDBOOK (9-6, p 9.8-9.9): Contract Administrator Requirements

A. All Contract Administrators must support receipt of electronic transmissions of certification/recertification and voucher data from the projects they administer. The Contract Administrator may develop custom TRACS-compliant software or purchase software from commercial vendors who offer Contract Administrator versions of TRACS-compliant software packages, or make arrangements to receive transmissions through a service provider.

B. Contract Administrators must review and identify data errors to be corrected by the owner. To accomplish this review and reconciliation, the Contract Administrators may request copies of supporting documentation for TRACS transmissions, such as the signed form HUD-52670-A part 1 and 2 from the projects they administer.

C. After the owners have reviewed and corrected any errors in the data and resubmitted the information to their Contract Administrator, the Contract Administrator must electronically transmit data to HUD in the required format.

COMMENT: Clarification needed: Some CAs will either create certifications for sites or correct submissions when the site software is unable to do so. Is this practice permitted? The language in both B and C above indicates that the owner is responsible for correcting errors.

HANDBOOK (9-6.D, p 9.9): Contract Administrators are not allowed to require electronic submissions from owners that go beyond TRACS data submission requirements.

E. These requirements apply to Contract Administrators, both Performance-Based Contract Administrators (PBCAs) and Non-Performance Based Contract Administrators.

TRACS

TRACS uses data provided monthly by Multifamily Housing to identify which contracts have been assigned to or withdrawn from PBCAs. These data tell TRACS when it is acceptable for a PBCA to submit transactions to TRACS.

TRACS uses the PBCA payment start date approved in LOCCS by the CAOM and passed to TRACS to determine when a voucher is payable to the PBCA instead of the owner.

TRACS expects to find the CA Id in the MAT header for PBCA submitted transactions..

Traditional CAs that have been converted to the PBCA model follow the same rules as the PBCAs.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Some Contract Administrators routinely request paper reports in addition to the electronically submitted certifications (e.g. a report of financial details related to a certification or reports showing the contents of MAT files) and paper and electronic vouchers. Are such requests legitimate? Does the answer to the question depend on whether the CA is a PBCA or a traditional CA who holds the mortgage on the property? At least one traditional CA requires that a signed paper move-in certification be sent to the CA for pre-approval prior to the transmission of the electronic certification. Is such a practice permitted? Guidance on what are legitimate CA requests would be helpful.

A discussion with Contract Administrators concerning their needs with respect to modification of data transmitted from sites would be a useful prelude to the issuance of more definitive guidance. Presumably changing certain certification flags such as those indicating that it is a correction or a baseline would be considered benign. If a CA modifies or creates a certification for a site, what documentation should the CA have showing that the site data and its modifications agree?

☐ Legislative ☒ Policy ☐ TRACS: Contract Administrator software should be certified as is site software (Section 9-5 A.2). This should be true also for site and CA software written in-house. There is currently Contract Administrator software in the field that does not fully support TRACS requirements. This causes problems for sites when some CAs insist that site software be compliant with the CA software. Both pieces of software should be held to the same standards and it should be made clear that CAs may not impose different rules on site transmissions than does TRACS.

☐ Legislative ☐ Policy ☒ TRACS: Both site level and CA software vendors would benefit from a set of published requirements for features that must be supported. Getting to that point will require a dialogue among all stakeholders.

☐ Legislative ☐ Policy ☒ TRACS: Consider developing a standard set of test case scenarios with expected results that Housing can use to certify site and CA software.

Rule # REP-008.00: 012345789: Data Collection and Processing Procedures

Handbook

HANDBOOK (9-7, pp 9.9–9.15): Data Collection and Processing Procedures

A. Overview

This paragraph presents an overview of key data collection and processing procedures for the TRACS Monthly Activity Transmission.

B. Monthly Activity Transmission

The Monthly Activity Transmission (MAT) is a front-end subsystem of TRACS. MAT performs formatting and data-type validation on the data. MAT will return a file to the sender containing error messages when errors exist. The sender must correct the errors and resubmit the information. If a Contract Administrator is the sender, the Contract Administrator must promptly forward the error message to the owner. Once the data are validated by the MAT system, the data are sent to TRACS for tenant and voucher processing. All error messages are automatically returned via the sender's TRACSMail account, and users should review the contents of their mailbox daily.

C. Key Procedures

1. Owners and Contract Administrators must collect and send data to HUD in the prescribed MAT format to the MAT subsystem, which is part of TRACS.

2. The transmission of the data is prescribed in two formats: MAT Tenant System Record Format (MAT 10) and MAT Voucher/Payment System Record Format (MAT 30), for data on tenants and vouchers, respectively.

a. The MAT Tenant System Record Format is based on the HUD 50059 Data Requirements, Move-Out, Termination, and Unit Transfer or Gross Rent Change data. The MAT 10 records are subdivided into "sections" to further clarify the data in the 50059 data requirements. Refer to the MAT System specifications at <http://www.hud.gov/offices/hsg/mfh/trx/trxdocs.cfm> for a complete listing of the MAT Tenant System Record types, along with descriptions of each record type, edits, and additional information on data submissions. Refer to Figure 9-3 for the MAT Tenant System Record Types.

b. The MAT Voucher/Payment System Format compiles assistance payment and voucher data. Refer to the MAT System specifications at <http://www.hud.gov/offices/hsg/mfh/trx/trxdocs.cfm> for a complete description of this record type, edits, and additional information on data submissions. Refer to Figure 9-4 for the MAT Voucher/Payment System Record Types.

3. The MAT system validates the data.

a. Data that have not been validated by the MAT system are not submitted to TRACS. When data submissions are not validated, then the sender – either the owner or Contract Administrator – will

receive an error message via TRACSMail. See Figure 9-5 for some examples of MAT error messages.

b. Data validated by the MAT system are sent to the TRACS databases. When data submissions are validated, then the sender – either the owner or Contract Administrator – will receive an acceptance message via TRACSMail.

4. The MAT system sends data that have passed the initial MAT edits to the TRACS database. TRACS further reviews the data for validation. Data collected and stored in TRACS undergo further edits to ensure consistency with data already in TRACS and criteria relating to accuracy and compliance with eligibility rules.

5. The sender of data will receive an error message from TRACS via TRACSMail when errors exist. The sender of data must correct the errors and resubmit the data for validation within the appropriate timeframe.

a. The MAT System identifies three categories of errors: field errors, mandatory errors, and format errors. Field errors denote data that failed data-type or date validation edits. Mandatory errors indicate data that contain inappropriate spaces, zeros, or incorrect values. Format errors represent record counts in the MAT transmission header or MAT 10 header records that did not equal the MAT calculated counts, or instances where the sequence numbering for the file is inconsistent.

b. The sender of data must attempt to correct all MAT and tenant errors prior to the end of the voucher filing period. Errors requiring retransmission must be corrected before the data are resubmitted to TRACS. Once a transmission is validated through MAT, the transmission is forwarded to TRACS to be checked against appropriate program-eligibility criteria.

c. TRACS processing compares the tenant and voucher data with the business rules for the associated subsidy program, confirms completeness of submitted information, and reviews calculations for accuracy. TRACS generates three categories of error messages: fatal error messages, discrepancy messages, and informational messages.

d. Error messages returned to the sender via TRACS Mail contain brief control and status messages and provide guidance on additional actions required. See Figure 9-6 for sample TRACS message transmissions. TRACS Discrepancy Code Tables are detailed in the MAT User's Guide. Additional information on TRACS error messages and appropriate follow-up actions can also be found in the Industry User Guide for TRACS Internet Applications.

6. The sender will receive an acceptance message when TRACS accepts the data via TRACSMail and the submission is complete.

7. The tenant/contract/voucher data stored in the TRACS database is available to authorized users for on-line viewing/updating and retrieval of voucher and certification information. Users should refer to the "Industry User Guide for TRACS Internet Applications" for detailed information to assist them in accessing and using the Voucher Query or a number of tenant

queries. For additional information, refer to the Industry User Guide at <http://www.hud.gov/offices/hsg/mfh/trx/trxngde.cfm>.

D. Record-Keeping Requirements for 50059 Data and Vouchers

1. Owners must keep the signed 50059 facsimiles for tenants from the time of move-in to move-out and for a minimum of three years thereafter. Owners may move older records off-site when files get large.
2. Owners must keep a signed paper copy of the subsidy vouchers for at least five years after HUD/Contract Administrator action.

TRACS

Data sent to TRACS via TRACSMail, HUD's Virtual Private Network, is received by HUD, staged until the next scheduled transfer, and transferred to TRACS input queue at intervals throughout the day. The first stage of the MAT process performs transmission level edits and separates Tenant and Voucher data. Tenant data and Voucher data are fed into their application specific MAT edits. Tenant transactions passing the Tenant MAT edits are stored in tables read as input by the Tenant Batch System. Likewise, voucher data, passing the Voucher Mat edits are stored in tables as input to the Voucher/Payment Batch system.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Figure 9-4 lists certain record types as "Future." Consideration should be given to implementing at least some of these records for transmission to Contract Administrators only. This would allow automation of the voucher reconciliation process. The current implementation of TRACS could not deal with the transaction volume if these records were sent to TRACS, however.

☐ Legislative ☐ Policy ☒ TRACS: TRACS should consider storing records that generate TRACS fatal errors so that there is a record of what data exists in the site or CA database.

☐ Legislative ☐ Policy ☒ TRACS: TRACS should consider storing and reporting both site submitted and TRACS calculated values for fields. Queries do not allow one to know what a site actually submitted when TRACS generates a calculation error.

☐ Legislative ☒ Policy ☐ TRACS: Paragraph 9-7.would benefit from a rewrite. The presentation is confusing, contains errors and does not quite mirror the actual processing flow and responsibilities for error correction. It might be better to have a higher level description of the process in the handbook and refer the reader to the MAT guide for the technical details. Some errors are noted below.

9-7.C.2 currently says: The transmission of the data is prescribed in two formats: MAT Tenant System Record Format (MAT 10) and MAT Voucher/Payment System Record Format (MAT 30), for data on tenants and vouchers, respectively.

It should say: The transmission of the data is prescribed in two formats: MAT Tenant System Record Format (MAT10, MAT15, MAT40, MAT65, MAT70) and MAT Voucher/Payment System Record Format (MAT 30, MAT31), for data on tenants and vouchers, respectively.

9-7.C.4 currently says: The MAT system sends data that have passed the initial MAT edits to the TRACS database. TRACS further reviews the data for validation. Data collected and stored in TRACS undergo further edits to ensure consistency with data already in TRACS and criteria relating to accuracy and compliance with eligibility rules.

It should say: The MAT system sends data that have passed the initial MAT edits to TRACS which edits the records for compliance with 4350.3 business rules. If TRACS generates a fatal error for a record it is not stored in the TRACS database and an error message is returned to the sender. Data collected and stored in TRACS undergo further edits to ensure consistency with data already in TRACS and criteria relating to accuracy and compliance with eligibility rules.

Section 9-7 C.6 Page 9-13 says that Sender will receive a message when TRACS accepts the data and the submission is complete. TRACS Voucher/Payment system does provide this acknowledgement message, but TRACS Tenant does not currently do this. The MAT system sends an acknowledgement message. If TRACS Tenant does not find any errors or does not generate any informational messages, no message is returned to the Sender.

Figure 9-6 Page 9-14 should be updated to reflect the format of current TRACS messages.

9-7.C.5.b says: The sender of data must attempt to correct all MAT and tenant errors prior to the end of the voucher filing period. Errors requiring retransmission must be corrected before the data are resubmitted to TRACS. Once a transmission is validated through MAT, the transmission is forwarded to TRACS to be checked against appropriate program-eligibility criteria.

In the first line, it would be more accurate to say "...correct all MAT and TRACS errors..."

The advice in 9-7.C.5.b is in conflict with the discrepancy messages returned by TRACS. Level 1 errors (generally involving things that affect certification calculations) are

Chapter 10: Required 50059 & Subsidy Data Reporting
Rule # REP-008.00: 012345789: Data Collection and Processing Procedures

required to be corrected in 30-45 days—not prior to the end of the voucher filing period.
See also Rule # REP-009.00: Correcting TRACS errors.

Figure 9-6 is obsolete and should be updated.

☐ Legislative ☐ Policy ☒ TRACS: Consider specifying rules for CAs to follow when returning messages to owners.

Rule # REP-009.00: 012345789: Correcting TRACS errors

Handbook

HANDBOOK (9-8, pp 9.15-9.16): Correcting Discrepancies and Resubmitting Information

- A. This paragraph identifies resources for correcting common errors and resubmitting the information to TRACS for final validation.
- B. Refer to Figure 9-7 for guidance on understanding and solving payments error messages. The figure provides references to sources of basic information for resolving payments error messages that are a result of MAT Voucher/Payment System Record submissions or LOCCS submissions.
- C. If TRACS finds errors in the transmission, TRACS will send the sender an error message via TRACSMail.
- D. Senders must correct errors before the data can be resubmitted to TRACS.
 - 1. Format errors, such as field format and missing mandatory data, affect the specific record or field in error. Other errors affect the entire transmission to the sender.
 - 2. Depending on the type of errors found, all or part of the transmission is rejected and an error report is made available to the owner for correction and resubmission of data via TRACSMail.
- E. Resubmissions with corrected data follow the same procedure as the original submission.
- F. Owners must attempt to correct all MAT errors and tenant errors prior to the end of the voucher filing period.
 - 1. The following TRACS Tenant Discrepancy Action Required Codes indicate the submission procedures for corrections.
 - a. 01 – Owner must submit correction within 45 days; these errors generally affect the assistance payment calculation.
 - b. 02 – Owner must submit correction on the next submission and/or certification.
 - c. 03 – Informational message; may or may not require correction.
 - d. 04 – Follow-up required. (For Field Office use only.)
 - e. 05 – Discrepancy exists between data submitted to TRACS and Social Security information for the tenant.
 - 2. Discrepancy data are stored in the TRACS database with the certification data as historical data. The record with corrections, the historical data, and the corrected information are loaded into the database. Transactions rejected by the MAT subsystem or rejected as fatal errors by TRACS are not stored in the TRACS database. Fatal errors must be corrected and resubmitted.

HANDBOOK (9-9.C.6, p 9.18): TRACS Hotline personnel, Field Office staff, and Contract Administrators cannot update information in TRACS. Owners must always resubmit their own data to correct errors. Field Office staff can correct incorrect project/contract

numbers in the Contracts database and update funding amounts in the ARAMS database.

TRACS

In general, a TRACS discrepancy occurs when the value submitted for a data element doesn't agree with what TRACS has calculated or derived for the data element. TRACS calculated or derived data are stored in the TRACS database tables used to respond to queries, evaluate compliance, and evaluate subsequent tenant certifications. Values determined by TRACS to be discrepancies are stored in the discrepancy message table which are accessed only when specifically querying discrepancy messages.

TRACS has no follow up mechanism to assure that all discrepancies requiring follow-up are, in fact, corrected or acknowledged.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Paragraph 9-8 could benefit from a rewrite to be clearer and more consistent. Sometimes the sender is told to correct errors when the responsible party is really the owner (unless a Contract Administrator is responsible for the error).

9-8.B and Figure 9-7. The figure is generic to all MAT and TRACS error messages and applies to both tenant and voucher data. It would be good to modify 7-4.B and the caption for the figure to reflect this fact.

9-8.F refers to "tenant" errors. The reference should be to "TRACS" errors.

9-8.F would benefit from a discussion about Contract Administrator requirements and requirements when submitting data directly to TRACS.

9-8.F.1.e should be deleted. Level 05 discrepancy messages have all been converted to level 03 discrepancies.

No mention is made of TRACS level fatal errors and what to do when receiving them.

☐ Legislative ☐ Policy ☒ TRACS: TRACS should be modified to store the submitted values in the primary tables and the calculated or derived values, when they differ from those submitted, in a table available for queries.

☐ Legislative ☐ Policy ☒ TRACS: Consider modifying TRACS to store fatal errors as well as discrepancies, and adding a mechanism to positively identify when a correction or an acknowledgement has been processed.

Rule # REP-010.00: n12345789: Full and Partial Certifications

Handbook

HANDBOOK (Appendix 6, p 1-2): Completing the 50059 Data Requirements

When the Owner Must Fully Complete the Data Requirements and When the Owner Partially Completes Them

Refer to Chapter 5 for the business rules to use in completing the 50059 data requirements. The data requirements for these certifications are identified in Appendix 7. The current TRACS MAT Guide contains information about the specific data requirements. The MAT Guide, which is referenced in Figure 9-7, is available from the HUD TRACS Internet site [www.hud.gov/offices/hsg/mfh/trx/trxsum.cfm]. This appendix is based on MAT Guide, TRACS Release 2.0.1.B. Because TRACS will be updated more often than this handbook, property owners should always check the TRACS Internet site for updated versions and changes.

I. Actions for Which Owners MUST FULLY Complete the Owner and Tenant Data Requirements

NOTE: Signatures by the head, spouse, co-head, all adult members of the household and the owner are required on the 50059 facsimile.

- A. Move-ins.
- B. Initial certifications.
- C. Annual recertifications.
- D. Interim recertifications.
- E. When converting a Rent Supplement or RAP tenant to Section 8.
- F. When a HUD-owned project is sold and a tenant begins to receive Section 8 as a result of the sale.
- G. When correcting a previous full submission.
- H. When there is a change in the person who is head of household.

II. Actions for Which Owners MUST PARTIALLY Complete the 50059 Data Requirements

A. For the following actions, owners are only required to submit a partial set of 50059 data requirements.

- 1. Address change.
- 2. Move-out.
- 3. Termination of assistance.
- 4. Unit transfer.
- 5. Gross rent change.

B. Owners must follow the procedures below to meet the data requirements for these actions. These procedures ensure that TRACS has up-to-date information regarding tenants at a property.

- 1. Complete the items of the 50059 data requirements listed below for the particular transaction being performed. Also complete Section A from Appendix 7 to identify the partial certification.

COMMENT: Clarification needed: This language implies that only a limited number of fields need to be printed for a partial certification facsimile. Is this correct?

HANDBOOK (Appendix 6, II.B.2, p 2): Obtain signatures on a facsimile of partial submissions where indicated by the presence of Owner Signed Date (MAT Field 78 in MAT10 Section 2: Basic Record) and Tenant Signed Date (MAT Field 77 in MAT10 Section 2: Basic Record) and file in the tenant file.

NOTE: If State law or landlord/tenant ordinances require tenant signatures on a facsimile for certain transactions, and such signatures are not indicated in this appendix, then the owner must obtain tenant signatures in accordance with local or State law or ordinance.

COMMENT: Clarification needed: This guidance is at odds with B.1 above. If a reduced set of fields is printed as B.1 recommends (the ones from the partial certification record and those from Appendix 7, Section A) then fields 77 and 78 will not be printed. As asked for earlier in this matrix, guidance on signatures should be given for each of the partial certification types.

TRACS

The logic used by TRACS to edit, evaluate and process “50059” data requirements are based upon the formats and descriptions in the MAT User’s Guide. Any differences in data requirements between the MAT User’s Guide and the 4350.3 will create confusion.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Consider eliminating partial certifications and requiring full data to be transmitted for all transactions. To do so would require the addition of a field in the MAT to indicate the date on which age and allowance calculations should be based. This is because the partial certification transactions are not recertifications. Ages and allowances remain as they were in the previous full certification.

☐ Legislative ☒ Policy ☐ TRACS: The decision to include examples of MAT record formats in the handbook as opposed to incorporating the MAT guide by reference is problematic and should be reviewed. The user is referred to the actual guide for the latest information. The MAT guide is updated much more frequently than the handbook and the handbook will quickly become out of date. Also, the typical consumer of the handbook does not currently refer to the MAT guide. If the two documents conflict, there will be confusion if owners rely on the handbook and do not seek out the MAT Guide. One issue concerns the fact that much additional guidance has been added to the handbook versions of the MAT guide and it is unclear whether this information should be ignored or not since the guide is the definitive reference. Where there are field

definitions in the handbook that go beyond what is presented in the MAT guide, there are two choices: either list definitions by field name in the handbook (but drop the detailed field listing), or revise the MAT guide to include the expanded guidance. Our recommendation is that the figures containing field names and definitions be dropped from the handbook. This comment and recommendation applies to Appendix 7 as well.

Note: As part of Work Request 112, Amendment 10, the handbook language is being incorporated into the MAT Guide so that there will be no conflicts and so that the corresponding figures can be dropped from the handbook if that is the decision taken.

☐ Legislative ☒ Policy ☐ TRACS: Consider renaming the “MAT User’s Guide.” As the guide is expanded to include algorithms used to calculate values and logic used to evaluate transactions, it might be more appropriately named the “TRACS User’s Guide”.

REP-010.01: 012345789: MAT15 Address Record

Handbook

Note: See Chapter 5, pp 5.28-5.32 of the MAT User Guide for the data fields to be submitted as part of a MAT15 Address Record transaction.

Note: See Handbook Appendix 6, pages 3-5 for the handbook content.

HANDBOOK (Appendix 6, II.C, p 2): Tenant Address

The following MAT fields listed in Figure 1 must be submitted to process a change of tenant address, record a tenant address different than the unit address and delete a tenant address in TRACS.

COMMENT: Clarification needed: Does HUD still have an interest in receiving tenant addresses? Unit addresses? If so, this section needs to be expanded and the rationale explained. The MAT15 record was added to the MAT with TRACS release 2.0.1.A and serves as a means to submit both unit and tenant addresses and includes options to add, update, and delete both tenant and unit addresses. The only time a tenant address is currently required to be sent is when it differs from the unit address previously transmitted to TRACS. The guidance concerning when and how to send or resend MAT15 records was never incorporated into the MAT Guide and should be. Also the MAT15 records associated with a unit carry information on the accessibility status of the unit whereas the tenant address records do not.

COMMENT: Clarification needed: Presumably there is no need for printing MAT15 records nor for obtaining signatures related to them as they provide auxiliary information unrelated to certifications. It would be good to say so explicitly.

COMMENT: Clarification needed: Fields 21-23 (Mobility, Hearing, and Visual Accessibility Codes) require discussion and definition. The industry is unclear as to what definition should be used in filling in the fields. There are also fair housing concerns about lawsuits if the fields are not filled according to a definition that was in effect when a building was built. Is what is wanted here a common sense definition or a more precise technical one.

TRACS

TRACS became responsible for collecting and maintaining unit and tenant addresses at the request of REAC for use by its TASS and RASS systems. Unit addresses were required by TASS and tenant mailing addresses were required by RASS. In most cases, these are the same addresses. When both the unit address and the mailing address are the same, only the unit address is stored in TRACS. When a separate tenant mailing address

is required, a specific tenant mailing address record is stored in TRACS. When there is no mailing address record, the unit address serves as both the unit address and the tenant mailing address.

When TRACS was required to collect accessibility data, the MAT10 certification record was used to collect household accessibility requirements and the MAT15 Unit Address record was used to collect unit accessibility features.

TRACS will collect and store unit addresses, occupied or unoccupied, as long as the property is identified with a project (FHA) number. If the only identification is a contract number, only occupied units can be collected and stored by TRACS. Units in projects that have multiple Section 8 contracts may move from contract to contract as tenant turnover places the unit in the pool of units available to multiple contracts.

Addresses submitted to TRACS are validated using the Code1 Plus address validation facility.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Incorporate the TRACS 2.0.1.A industry specification guidance on MAT15 records into the MAT guide.

☐ Legislative ☐ Policy ☒ TRACS: Consider including tenant address information as part of the MAT10 certification record and using the MAT15 record for unit address information only. If this were done, many fields in the MAT15 record could be eliminated.

☐ Legislative ☒ Policy ☐ TRACS: Drop Figure 1 (Tenant Address Change Data Requirements) from the handbook and instead refer to the MAT Guide for the technical details including field definitions.

☐ Legislative ☐ Policy ☒ TRACS: Add a Unit Identifier field to hold a permanent, unique identifier for a unit in a property. This identifier would be different than the Unit Number that could then change from time to time without impacting the database.

☐ Legislative ☐ Policy ☒ TRACS: Add a globally unique Property Identifier (the REMS property identifier) to allow TRACS to retain MAT15 records for properties that lack an FHA identifier.

REP-010.02: n12345789: MAT40 Move-Out Record

Handbook

Note: See Chapter 5, pp 5.35-5.36 of the MAT User Guide for the data fields to be submitted as part of a MAT40 Move-Out transaction.

Note: See Handbook Appendix 6, pages 6-7 for the handbook content.

COMMENT: Clarification needed: What, if any signatures are required for a move-out? Should a move-out certification be printed? Keep in mind that a tenant is often not available at the time a move-out is processed.

TRACS

TRACS move out logic is based on the rules prior to publication of the current handbook. Most of the rules regarding move outs in previous versions of the handbook were found in the explanation of the 52670 (voucher) forms. The only signatures needed were those of the owner or management agent on the 52670 forms. Since the move out is to be submitted after the tenant has moved out, the tenant is, in most cases, either gone or dead.

TRACS accepts a unit transfer between two contracts or projects as a legitimate “move-out” transaction. It is used to terminate assistance under one contract or project and reestablish assistance under the new contract or project with an initial certification.

NOTE: Using a move-out as a unit transfer vehicle was not supported by the previous handbook.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Field 13 in the MAT40 record contains a move-out code to be used in the case of a unit transfer between two contracts or projects. The history of guidance for dealing with the issue of a transfer between two contracts or projects is confusing to say the least. A clear and simple set of rules is needed so that software vendors implement these transactions on a consistent way. See Rule REP-010.04 below for detailed recommendations.

☐ Legislative ☐ Policy ☒ TRACS: Consider using only the property id (REMS) and the contract number as identifiers in TRACS. Section 236 and BMIR projects could use the contract number convention used for Rent Supplement and RAP by adding a suffix to the project number (such as –236 or –BMI). A unit transfer within a property would require the property id and both the from and to contract numbers.

☐ Legislative ☐ Policy ☒ TRACS: Add to the list of move-out codes to allow for the tracking of fraud cases, tenant skipping or moving out without full 30-day notice.

☐ Legislative ☐ Policy ☒ TRACS: Consider implementing move-out code #5—unit transfer between projects.

☐ Legislative ☐ Policy ☒ TRACS: When an owner opts out, consider issuing HQ move-outs for all affected tenants.

REP-010.03: n12345789: MAT65 Termination Record

Handbook

Note: See Chapter 5, pp 5.37-5.38 of the MAT User Guide for the data fields to be submitted as part of a MAT65 Termination transaction.

Note: See Handbook Appendix 6, pages 8-9 for the handbook content.

COMMENT: Clarification needed: Guidance is needed on the EN and HQ termination codes. The handbook says that these codes are reserved for HUD use. HUD is the one to issue a termination using one of these codes and sends a record to that effect to the property. However, at the property level, there is a need to terminate the household for accounting purposes and so that subsidy billing is correct. That being the case, it should be made clear that HUD initiates a termination using one of these codes but that it is permissible for a site to follow up with a termination type.

COMMENT: Clarification needed: Discuss the rules for the use of HQ terminations. Is HUD/TRACS the only entity who should issue this type of termination or may a CA do so? What is the effective date of the termination—the day before the end of the 15th month or the day before the annual recertification date?

COMMENT: Clarification needed: Formally state that a termination effective date is considered to be the last day of subsidy (similar to the meaning of a move-out effective date). If a tenant is being terminated for failure to appear for a January 1 recertification, the termination effective date would be December 31—not January 1.

TRACS

TRACS validates termination codes to make sure that the code submitted is among those that TRACS accepts as valid based on the current MAT User's Guide. TRACS will accept codes identified as "for HUD use only".

There is no mechanism in effect enabling HUD to submit the "EN" code. If the owner doesn't submit it, it is unclear how the "EN" termination would be submitted to TRACS.

The HQ termination is generated by TRACS when no recertification has been received for a tenant by three-months following their next recertification date. Owners may supersede a HQ termination by submitting a termination for the tenant with an effective date earlier than the HQ termination date.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: For Field 11, termination code, the handbook eliminates the LR code still present in the MAT guide as this code is no longer

appropriate for any households provided recertification notice under the requirements of the new handbook. However, The LR code should be permitted for the situations where the old rules were in effect. The (re)submission of a retroactive termination, done to fill gaps in TRACS or contract administrator data, should allow the legacy code.

☐ Legislative ☐ Policy ☒ TRACS: TRACS software needs to be updated to be in accord with any new guidance concerning EN and HQ terminations.

☐ Legislative ☐ Policy ☒ TRACS: Add to the list of termination reasons to allow the tracking of fraud cases.

REP-010.04: n12345789: MAT70 Unit Transfer/Gross Rent Change

Handbook

Note: See Chapter 5, pp 5.39-5.40 of the MAT User Guide for the data fields to be submitted as part of a MAT70 Unit Transfer/Gross Rent transaction.

Note: See Handbook Appendix 6, pages 10-14 for the handbook content.

COMMENT: Clarification needed: Please provide guidance on signatures here as well as in the body of the handbook.

HANDBOOK (Appendix 6.II.F, p 10): Unit Transfer/Gross Rent Change

The following MAT fields listed in Figure 4 must be submitted to process a unit transfer or gross rent change in TRACS.1. Unit Transfers: Instructions vary depending on whether the transfer within the project is between the same contract or between two different contracts.

NOTE: In electronically transmitting certification data, "project" includes buildings located on adjacent sites and managed as one project, even if the buildings have separate mortgages and/or project numbers.

COMMENT: Clarification needed: This advice is problematic. See recommendations below.

HANDBOOK (Appendix 6.II.F.1.a, p 10): Unit transfer within the same contract. If the transfer occurs within the same contract, consider it as a unit transfer (UT). Complete the following 50059 data requirements listed in Figure 4.

b. Unit transfer between two contracts. First process a termination (MAT 65) using the termination code CE (CE = Subsidy contract expired or combined with a renewal contract), and then process an initial certification (IC) for this tenant by fully completing the 50059 data requirements in Appendix 7. Because this is the same project, the tenant is not subject to admission and eligibility requirements.

COMMENT: Clarification needed: The advice for Field number 4 in the MAT Guide for the MAT70 record says to process a move-out and an initial certification to effect the transfer. See recommendations below.

COMMENT: Clarification needed: It is not clear under what circumstances a unit transfer between two contracts would occur in practice. On a contract combination, the tenant remains in the same unit. In that case a termination using the CE code followed by an

initial certification establishing the tenant for billing under the new contract number is the accepted way to handle this case and eligibility checking should be waived. If the tenant is changing from one subsidy to another and remaining in the same unit but not part of a contract combination, the same sequence of transactions should be submitted to TRACS. Wouldn't eligibility checking apply for this case? In neither case is there a unit number change. Why is this situation being dealt with under the unit transfer transaction type?

COMMENT: Clarification needed: If the tenant is moving from one unit to another and simultaneously changing from one subsidy/contract to another subsidy/contract then the proper sequence of transactions would be a termination for one of the list of acceptable reasons followed by an initial certification with the unit transfer indicator set to true. In this case the tenant would be subject to eligibility requirements would s/he not?

HANDBOOK (Appendix 6.II.F.1.b, p 10): NOTE: The next recertification date will change because of this action, and the owner should change it back to the former recertification anniversary date.

COMMENT: Clarification needed: On a contract combination the recertification date would not change, but if the transaction is not a contract combination, wouldn't the date change?

HANDBOOK (Appendix 6.II.F.1.b, p 10): NOTE: If a unit transfer occurs in conjunction with an annual recertification, it is considered an annual recertification, not a transfer, and the owner must fully complete the data requirements in Appendix 7.

COMMENT: Clarification needed: Is there any reason for singling out only the annual certification type for this guidance. Wouldn't this be the case for a unit transfer that occurs in conjunction with a full certification of any type? See recommendations below. See recommendations below concerning automated systems being allowed to accept transactions as either full or partial certifications. The same comment applies to Gross Rent Changes immediately below.

HANDBOOK (Appendix 6.II.F.2, p 10): Gross Rent Changes: If the gross rent change occurs in conjunction with an annual recertification, then the action is not a gross rent change. It is an annual recertification and a complete recertification is required. See Appendix 7.

NOTE: Complete the items marked with an asterisk (*) only if the rent changes as a result of the unit transfer or a gross rent change.

TRACS

The MAT70 Unit Transfer effects a unit transfer within the same project and contract without recertifying the tenant. The transfer may optionally include a rent change. Unit Transfers may be retroactive.

NOTE: Since the unit transfer logic resides in a single TRACS load module, the tenant is both transferred out of one unit and into another unit with a single transaction and at the same time. The TRACS transaction processing sequence processes all certifications before processing unit transfers. Consequently, TRACS will attempt to move a tenant into the unit being vacated by a unit transfer, before the unit has been vacated by transferring the tenant out of the unit. TRACS needs to add a load module before the certification processing modules that performs the transfer out action on tenants being transferred from one unit to another by either a MAT70 or a MAT10.

The MAT70 Gross Rent Change changes the tenant's rent and recalculates the assistance payment without recertifying the tenant. Gross rent changes may be retroactive or effective at a date in the future.

Although both a unit transfer and a gross rent change can have the same effective date, only the "UT" transaction code can be used for the combined transaction. The unit transfer and gross rent change can be submitted as separate transactions, but the one considered by TRACS to be current will be the last one processed.

Recommendations

General

☐ Legislative ☐ Policy ☒ TRACS: Split the mat 70 record into two records -- one for unit transfers and one for Gross rent changes rather than keeping the current format that serves two purposes.

☐ Legislative ☐ Policy ☒ TRACS: Consider enhancing the MAT10 record to carry information on prior rents (similar to what is done for unit transfers) so that both Contract Administrators and TRACS can see explicitly when a full certification is conveying gross rent change information.

☐ Legislative ☐ Policy ☒ TRACS: As part of the MAT guide, instructions should be given on how to handle situations where multiple certification events occur with the same effective date. The handbook recommends that a unit transfer or gross rent change that corresponds to an annual recertification be submitted as an annual rather than as a MAT70 record. However, proper guidance should take into account the sequence of events. If the unit transfer occurs on the recertification date but the recertification is not yet complete, the unit transfer record would be submitted alone. There is then a question

as to whether the subsequent annual recertification should set the unit transfer flag or not. If the annual recertification is already complete, then an annual recertification record should be submitted. In the interest of flexibility and not being overly prescriptive, it would be best if automated systems could handle any of the following sequences where all effective dates are the same: partial followed by full; full followed by partial; partial followed by partial. Having a rigid policy results in more opportunities to reject data.

☐ Legislative ☐ Policy ☒ TRACS: If partial certifications are eliminated in favor of full ones, TRACS will have to rethink its edits related to certifications effective on the same date or else allow multiple certification events/actions to be part of a single certification record. If partial certifications are not eliminated, consider storing partial certifications independent of full certifications.

☐ Legislative ☐ Policy ☒ TRACS: Now that there is a formal way to distinguish between unit transfer and gross rent records, consider making almost all MAT70 fields mandatory. This would help reduce complexity of site software and not overly complicate TRACS and CA software edits. Also consider adding fields so that both the old and new values of rent related amounts can be shown.

Unit Transfers

☐ Legislative ☐ Policy ☒ TRACS: Until HUD implements a unique project number for all properties in TRACS any advice given needs to take into account that site software may have a property with multiple FHA numbers set up as either one or multiple properties.

☐ Legislative ☐ Policy ☒ TRACS: Review the language relative to unit transfers in Chapter 4 of the MAT guide and consider changes as part of the Industry Specification. For cases where a unit transfer is implemented with a pair of transactions starting with a termination record, add a UT termination code to the list of termination codes. The key to smooth implementation will be to add a flag to the MAT10, Section 2 record to indicate that eligibility checking may be waived.

There are three unit transfer cases:

1. Where both the project/property and contract/subsidy type remain the same, submit the transfer as a MAT70 or MAT10 unit transfer.
2. Where the project/property remains the same but the contract/subsidy type changes, submit the transfer as a MAT65 termination followed by a MAT10 initial certification.
3. Where the project/property changes, submit a MAT40 move-out followed by a MAT10 move-in certification.

☐ Legislative ☐ Policy ☒ TRACS: Consider adding fields to cover the previous rent and subsidy information.

Gross Rent Changes

☐ Legislative ☐ Policy ☒ TRACS: What should be done if a unit transfer and gross rent change both occur on the same date? Presumably two different records should be submitted. However order of processing issues would undoubtedly cause errors to be generated for one record or the other.

☒ Legislative ☒ Policy ☒ TRACS: Most software is designed to handle a gross rent change on a specific date for all units covered by a contract. Doing otherwise would be a large burden on software developers. Some properties claim to need to do gross rent changes in stages. Either clarify the need for this action or instruct owners to apply gross rent changes on a single date for a contract or subsidy. If there is a need for staged gross rents, is there a way for software to tell which units will always be part of a stage? Or can the units included in a stage vary from year to year?

☐ Legislative ☐ Policy ☒ TRACS: Consider adding fields to cover the previous rent and subsidy information.

Appendix 6, Figure 4

☐ Legislative ☒ Policy ☐ TRACS: Figure four eliminates Field 13 contained in the MAT guide—it should be put back in.

☐ Legislative ☒ Policy ☐ TRACS: Field 15: The handbook guidance appears to apply only to deep subsidy as it refers to TTP. The cases of section 236 and BMIR as they deal with tenant rent should be included.

☐ Legislative ☒ Policy ☐ TRACS: The guidance given for fields marked with an asterisk is incorrect. Remove the asterisks and the guidance. Stay with the descriptions given in the mat guide.

Rule # REP-011.00: n12345789: MAT10 50059 Data Requirements

Handbook

Note: See Chapter 5, pp 5.7-5.28 of the MAT User Guide for the data fields to be submitted as part of a MAT1 Certification transaction.

HANDBOOK (Appendix 7, p 1): Appendix 7: The 50059 Data Requirements

Owners are required to electronically transmit tenant data from certifications and recertifications to HUD/Contract Administrator via the Tenant Rental Assistance Certification System (TRACS). This appendix serves as the basis for the certifications that must be signed by the tenant and the owner regarding the data that they each provide for the 50059 data requirements. It also contains the required data elements for electronic transmissions.

See Chapter 5 of HUD Handbook 4350.3 for the business rules, which support the data requirements in this appendix and the requirements to electronically transmit this data in the HUD TRACS MAT guide. This chapter also contains the requirements concerning the owner and tenant certifications. Consult with Chapter 5 regarding verification requirements for any information that is entered into these 50059 data requirements. Refer to the TRACS Information Packet (see Additional Program Resources in Chapter 1) for technical information about 50059 data requirements and data submissions.

U.S. Department of Housing and Urban Development
OMB Approval #2502-0204 (exp. 10/31/2004)

COMMENT: Clarification needed: Of the various sections below (2 through 6) it is unclear which should be included on a printed 50059 facsimile. Please state the requirements explicitly. Paragraph 2 (Notice to Owners) presumably does not have to be printed. The owners are certifying in paragraph 5 that they are aware of the penalties. Does paragraph 2 (Privacy Act Notice to Tenants) need to be printed with or attached to each certification facsimile that a tenant signs? Paragraph 4 (Public Reporting Burden) presumably is not printed along with a facsimile. Paragraphs 5 and 6 should be printed. Which, if any of these sections should be printed along with a facsimile for a partial certification?

HANDBOOK (Appendix 7.1, p 1-3): 1 Note:

See Chapter 5 of HUD Handbook 4350.3. This chapter sets out the required elements for certifications. Appendix 7 contains the instructions for completing each field contained in the certification. The following format is provided as an example only.

2 Notice to Owners:

Penalties for Misusing Applicant and Tenant Information: Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the U.S. Government. HUD, the Public Housing Authority (PHA), and any owner (or any employee of HUD, the PHA, or the owner), may be subject to penalties for unauthorized disclosures or improper uses of information collected from the applicant or tenant. Any person who knowingly or willfully requests, obtains, or discloses any information under false pretenses concerning an applicant or tenant may be subject to a misdemeanor and fined not more than \$5,000. Any applicant or tenant affected by negligent disclosure of information may bring civil action for damages, and seek other relief, as may be appropriate, against the officer or employee of HUD, the PHA, or the owner responsible for the unauthorized disclosure or improper use.

3 Privacy Act Notice to Tenants:

The Department of Housing and Urban Development (HUD) is authorized to collect this information by the U.S. Housing Act of 1937, as amended (42 U.S.C. 1437 et seq.); the Housing and Urban-Rural Recovery Act of 1983 (P.L. 98-181); the Housing and Community Development Technical Amendments of 1984 (P.L. 98-479); and by the Housing and Community Development Act of 1987 (42 U.S.C. 3543). The information is being collected by HUD to determine an applicant's eligibility, the recommended unit size, and the amount the tenant(s) must pay toward rent and utilities. HUD uses this information to assist in managing certain HUD properties, to protect the government's financial interest, and to verify the accuracy of the information furnished. HUD or a PHA may conduct a computer match to verify the information you provide. This information may be released to appropriate federal, State, and local agencies, when relevant, and to civil, criminal, or regulatory investigators and prosecutors. However, the information will not be otherwise disclosed or released outside of HUD, except as permitted or required by law. You must provide all of the information requested. Failure to provide any information may result in a delay or rejection of your eligibility approval.

4 Public Reporting Burden:

The reporting burden for this collection of information is estimated to average one hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports

Management Officer, Office of Information Policies and Systems, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600; and to the Office of Management and Budget, Paperwork Reduction Project (2502-2024), Washington, D.C. 20503.

5 Include the following certification to be signed and dated by the owner (or designated agent):

"Warning to Owners: Your signature indicates that you agree with this certification statement. The 50059 data requirements: I certify that this Tenant's eligibility, rent, and assistance payment have been computed in accordance with HUD's regulations and administrative procedures and that all required verifications were obtained. I also certify that the computations are based upon the data provided by the Tenant. I have read and understand the purpose and uses of collecting the required information from applicants and tenants and I understand that misuse of this information can lead to personal penalties to me."

4 Public Reporting Burden:

The reporting burden for this collection of information is estimated to average one hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Office of Information Policies and Systems, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600; and to the Office of Management and Budget, Paperwork Reduction Project (2502-2024), Washington, D.C. 20503.

5 Include the following certification to be signed and dated by the owner (or designated agent):

"Warning to Owners: Your signature indicates that you agree with this certification statement. The 50059 data requirements: I certify that this Tenant's eligibility, rent, and assistance payment have been computed in accordance with HUD's regulations and administrative procedures and that all required verifications were obtained. I also certify that the computations are based upon the data provided by the Tenant. I have read and understand the purpose and uses of collecting the required information from applicants and tenants and I understand that misuse of this information can lead to personal penalties to me."

6 Include the following certification statement to be signed and dated by the family head, any spouse or co-head, and all adult family members:

"Warning to Tenants: Your signature means that you agree with the following certification statements. This certification covers the information provided by the Applicant/Tenant in Sections C, D, and E of the 50059 data requirements (see below). This information is used in determining eligibility or the level of benefits."

I/We certify that the information I/we have provided is true and

complete to the best of my/our knowledge and belief.

I/We understand that, if I/we furnish false or incomplete information, I/we can be fined up to \$10,000 or imprisoned up to five years, or lose the subsidy HUD pays and have my/our rent increased.

I/We have read the Privacy Act Notice.

The 50059 data requirements are divided into five areas:

A. Summary (or Header) Record

This record counts and totals the four other areas for the certification.

COMMENT: Clarification needed: The requirement is to print all of the information in the Summary, Basic, Household, Income, and Asset records on the 50059 facsimile. The problem with this advice is that many of fields A1 through A16 are not known at the time the facsimile is printed and can only be determined when the certification is put into a MAT record format for transmission to TRACS. Moreover, some of the fields are only inserted by a Contract Administrator after the certification has been transmitted. Fields A1 (Project Name), A2 (Subsidy Type), A4 (Project Number), and A5 (Contract Number) are probably all that should appear on the facsimile from this section of the MAT.

HANDBOOK (Appendix 7-6, p 3): B. Basic Record

There is a single basic record for this certification. It brings together those records needed to determine Total Tenant Payment, Tenant Rent, Assistance Payment, etc.

C. Household (Family) Record

There is a single basic record for each household member for the certification. It generally tracks the previous Part II. Household Composition.

D. Income Record

There is a record for every income source for each household member.

E. Asset Record

There is a record for each asset source for each household member.

TRACS

The MAT record layouts were designed as a vehicle to transmit the data from the HUD-50059 form in effect in 1991 to TRACS. The record were designed to decompose the data from the HUD-50059 form into records containing related data. TRACS does not have the ability to easily recompose the data submitted in the MAT formats into a facsimile of the HUD-50059 form.

TRACS edits use the detail data submitted in the Family Records, Income Records, and Asset Records to validate totals in the Basic Record.

TRACS currently accepts assets for the family, not individuals. This is a change needed in TRACS.

As new data elements are required in TRACS to satisfy regulatory or administrative requirements, they tend to be added to the end of existing records to minimize the time and cost for implementation by both HUD and the multifamily software industry.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: HUD should design the facsimile formats in collaboration with the multifamily industry. Once HUD and the multifamily industry approve the formats, they will become the standard facsimile formats that all industry software will be required to produce. When data requirements change, follow the collaborative process to modify formats and produce the new standard.

☐ Legislative ☐ Policy ☒ TRACS: Consider adding a query with the ability to display TRACS data in certification format. Such a query would be useful to the industry and to field offices and the financial management center.

REP-011.01: n12345789: Tenant Header Record

Handbook

Note: See Chapter 5, pp 5.1-5.5 of the MAT User Guide for the data fields to be submitted as part of a Tenant Header Record.

Note: See Handbook Appendix 7, Section A, pages 4-6 for the handbook content.

Note: Fields 1-19 from the MAT Guide are missing below.

Field #	Field Name	Comments
A1.	Project Name	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Clarification needed: The handbook requires that the Project name that appears on the regulatory agreement or subsidy contract be used. In practice, properties change names pretty regularly and owners submit the latest name. Is it important that the name in the contracts database be used? If so, TRACS could audit for the correct value.</p> <p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Clarification needed: The handbook guidance for this field says that TRACS will not store the Project name if it is different than the one in the contracts database. This is not correct. TRACS currently does not validate the project name against the Contract Database. TRACS does validate submitted project numbers and contract numbers against the Contract database. TRACS collects and stores the name, but it doesn't use it for anything.</p>
A2.	Subsidy Type (C – 3)	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Clarification needed: The use of subsidy type 0 (market) should be clarified to say that TRACS only accepts this value in relation to unit address records (MAT15s).</p>
A3.	Property ID	<p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Activate this field and populate with the REMS Property ID and drop Project Number (below).</p>
A4.	Project Number	<p>The handbook definition says that the use of 'FmHA' in this Field is no longer required. In fact FmHA is no longer allowed per the MAT guide.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Drop this field from the MAT formats and the TRACS Tenant and Voucher databases.</p>

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Field #	Field Name	Comments
A5.	Contract Number	<input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Use this field for entry of Rent Supplement and RAP contract numbers (FHA project number + SUP or RAP). Follow the convention used for Rent Supplement and RAP to create a contract number format for Section 236 and BMIR projects (project number + 236 or BMI).
A6.	Total Records Sent	This is the record count of all records contained in a transmission. The MAT process uses this count to verify that TRACS received all of the records it was supposed to receive.
A7.	Project's Telecom Address	The Project Telecom Address is used by some third party senders to pass error messages through to the project or the project's agent. TRACS returns a 20-character address field with its messages. The first 10-characters are the sender's address. The second 10-characters are the project's address.
A8.	OA Transmission Date	For HUD Administered contracts and projects, this is the date the site transmitted the data to TRACS. For CA administered contracts, this is the date the site transmitted the data to the CA.
A9.	OA Software Vendor	Identification of the vendor of the software used to produce the MAT. Recommendation: The software should be required to emit this data element to provide consistent formatting.
A10.	Release/Version	This is the Release/Version of the software used to create this MAT. Recommendation: The software should be required to emit this data element to provide consistent formatting.
A11.	Contract Administrator (CA) ID	The CA ID is the 5-character alphanumeric code assigned by the HUD accounting system.
A12.	Sender's Telecom Address	The TRACSMail address of the entity that sends the data to TRACS. <input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Drop this field. TRACS uses the from address attached to the transmission. TRACS returns a 20-character address field with its messages. The first 10-characters are the sender's address. The second 10-characters are the project's address.
A13.	CA Transmission Data	"CA Transmission Data" should be "CA Transmission Date"
A14.	CA Software Vendor	Recommendation: The software should be required to emit this data element to provide consistent formatting.

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Field #	Field Name	Comments
A15.	CA Software Release/Version	Recommendation: The software should be required to emit this data element to provide consistent formatting.
A16.	Agency Defined Data	Data meaningful to the entity sending the transmission to TRACS. TRACS will return these data with an acknowledgement.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Section A (page 4) eliminates the first 19 fields of the Tenant Header record in the MAT guide. Such discrepancies only cause confusion when the reader goes to the MAT for the latest guidance. If fields from the MAT guide are retained in the handbook, it is essential that they match exactly the names and numbers given in the MAT.

☐ Legislative ☐ Policy ☒ TRACS: Activate Property ID.

☐ Legislative ☐ Policy ☒ TRACS: Drop Project Number.

☐ Legislative ☐ Policy ☒ TRACS: Use Contract Number to include Rent Supplement, RAP, Section 236 and BMIR.

☐ Legislative ☐ Policy ☒ TRACS: Add in Section 202 indicator and a Section 231 indicator so that it is possible to determine when these apply to Section 8 and other deep subsidy contracts.

☐ Legislative ☐ Policy ☒ TRACS: Add an additional field for software vendor use. Possible uses include a code that would identify the specific site using the software.

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Handbook

Note: See Chapter 5, pp 5.7-5.22 of the MAT User Guide for the data fields to be submitted as part of a Basic Record.

Note: See Handbook Appendix 7, Section B, pages 6-24 for the handbook content.

Note: Fields 1-2 from the MAT Guide are missing below.

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Field #	Field Name	Comments
B1.	Owner Generated Tenant ID Number (Optional)	
B2.	Previous Head ID	<p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: The rules for submission of this information are driven by TRACS procedures not by handbook requirements. Guidance should be added to that in the MAT Guide after Field 3 telling how to handle transactions retroactive to a change in head (Do not fill the previous head fields) and how to handle retroactive changes of the head.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Consider the implementation of a household identifier to which certifications are related. This would eliminate the need for previous head information to enable the linking of certifications when there has been a change in the head of household or a change in the SSN of the head.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Consider eliminating fields B2 through B7. Perform the analysis to look at consequences of doing so after a household identifier is implemented. Consider the use of baseline and delete transactions as a mechanism to correct errors in the database.</p>
B3.	Previous MAT10 Effective Date	
B4.	Previous Head Last Name	
B5.	Previous Head First Name	
B6.	Previous Head Middle Initial	
B7.	Previous Head Birth Date	
B8.	FIPS County Code	<input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Drop this field. This has been a future field for at least the past 12 years.

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Field #	Field Name	Comments
B9.	Transaction Effective Date	<p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Make it a formal requirement for annual recertifications that the effective date be the first of the month.</p> <p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Clarification needed: For interim recertifications indicate whether there are any circumstances where the subsidy would change on a date other than the first of the month. One possible exception might be a mid-month unit transfer.</p> <p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Make it clear that a termination of assistance is treated like a move out -- that this date is the last full day of subsidy for the household.</p> <p>For corrections, the guidance should be that both fields B.12 and B.13 are completed.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: There is currently no way to indicate to TRACS the effective date of the TTP as distinct from the effective date of the assistance. Consider adding TTP effective date field.</p>
B10	Project Move-In Date	
B11.	Transaction Type (Formerly Certification Type)	<input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Consider eliminating the CR and CS certification types. These should be done as a termination and initial certification pair of transactions.
B12.	Action Processed Code	

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Field #	Field Name	Comments
B13.	Correction Type Code	<p>Clarification needed: Should the Administrative Resubmission code be used when a full certification is corrected as a result of a Gross rent change effective earlier than the full certification?</p> <p>The Administrative Readmission was intended for certification corrections when the reasons weren't associated with data that affects TTP or AP or their effective dates.</p> <p>A gross rent change can't be effective earlier than any of the certifications in TRACS. That certification may not be in TRACS, but it needs to be somewhere. If an earlier certification is not in the TRACS database, TRACS can't handle the gross rent change.</p>
B14.	Effective Date of Certification Being Corrected	<p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: This is a future field but is not labeled as such. The purpose for which it was proposed was never implemented. Change the name of the field to "Tenant Rent Effective Date." This field would then hold the rent effective date for situations when the assistance and rent are effective on different dates.</p>
B15.	Previous Subsidy (Former Subsidy Change Indicator)	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Clarification needed: Should this Field be filled only for an initial certification? Should anything be filled here when a tenant moves from Section 236 or BMIR market rent to a rent less than market? What is the interest in this information? Is it used for reporting purposes? If there is no need, consider eliminating the field.</p>
B16.	Conversion Date Code	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Clarification needed: Are fields B16 through B18 needed for any current purpose? If they are related to the use of worksheets other than the E worksheet, then they can be dropped. These fields were not part of Change 27 Appendix 10</p>
B17.	Age 62 at Conversion Indicator	
B18.	Continuous Section 8 Indicator	

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Field #	Field Name	Comments
B19.	Race NOTE: TRACS changes are pending on the revised racial categories.	<p>Recommendation: A new implementation is required that conforms to the need to collect race and ethnicity for all household members on form HUD-27061-H. Presumably, when this is done, these two fields can be eliminated. Current guidance is that the information on these fields is related associated with the head of household only. See recommendations for the household (family) record below.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: TRACS has proposed moving the race and ethnicity codes to the member records.</p> <p>With respect to form 27061-H, the form guidance does not match the actual form. An additional Other category has been added to the original five. The instructions only mention the five categories. Add Form 27061-H to the Handbook as an appendix or figure.</p>
B20.	Ethnicity NOTE: TRACS changes are pending on the revised ethnicity category.	See comments for B19.
B21.	Previous Housing Code	
B22.	Displacement Status Code	
B23.	Number of Family Members	<p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: The advice here should be updated to deal with the need to include the number of pending adoptees and the number of children expected from pregnancy on the certification.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Do not have member records added for these people. Rather, ask that the number of children expected from pregnancy and the number of pending adoptions be reported in the future fields already set aside in the basic record. The definition for B23 should remain the same and any software that needs to determine the income limits applicable to a household should add B23 to the number of pending adoptees and children expected from pregnancy to determine the household size for that purpose. Alternatively, add an Income Limit Members field to the Basic Record that would hold that total.</p>

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Field #	Field Name	Comments
B24.	Number of Non-Family Members	
B25.	Number of Dependents	
B26.	Total Assets	
B27.	Total Income from Assets	
B28.	Reported Passbook Rate Percent	<p>Clarification needed: Has any decision been made about changing the passbook rate? Last year, indications from HUD were that a rate change to 1% was going to be announced any day. Should the rate be changed some detailed implementation guidance will be required relative to the effective date of the change.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Given that rates have changed historically, TRACS should consider storing the applicable values in a table with effective and obsolete dates.</p>
B29.	Imputed Income from Assets	
B30.	Total Employment Income	
B31.	Total Pension Income	
B32.	Total Public Assistance Income	
B33.	Total Other Income	
B34.	Non-Asset Income	
	Asset Income	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Recommendation: This field from the basic record is missing from Appendix 7 and should appear immediately after Non-Asset Income. This omission affects the numbering scheme for the remaining fields in this section and is illustrative of the problems inherent in having a handbook copy of sections of the MAT Guide as opposed to referencing the guide directly..</p>
B35.	Annual Income Amount	

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Field #	Field Name	Comments
B36.	Low-Income Limit Amount	<p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: This field is used to enter the BMIR moderate income limit when applicable. It would be better to have a separate Field for that purpose.</p> <p>Clarification needed: The text here refers to the BMIR market rent. However, elsewhere in the handbook the reference is to the tenant paying 110% of the BMIR rent. Are these two numbers the same?</p>
B37.	Very Low-Income Limit Amount	
B38.	Extremely Low-Income Limit Amount	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Clarification needed: The last statement says "Less than 30% of median income." In all other areas a person is considered to meet the income limit test if their income is less then or equal to the stated amount. The definition should be changed here to be consistent with the tests for other income limits.</p>
B39.	Eligibility Universe Code	
B40.	Current Income Status Code	
B41.	Section 8 Assistance 1984 Indicator	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Some key language appears to have dropped out of the handbook over the years. Current language simply says to fill this field if B39 is Post and B40 is Lower. However the reader is not told how to fill this field. Appendix 1 in 4350.3 Change 1 shows this field as Item 35a. The question to be answered is "Did Tenant begin receiving Section 8 assistance on or after July 1, 1984?"</p> <p>If the answer is Yes, then Item 35b (the current B42) should be filled.</p>
B42.	Income Exception Code	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Clarification needed: The current MAT guide lists two additional codes-ET and VL. Is the MAT guide incorrect or may these codes be used under certain circumstances?</p>
B43.	Dependent Allowance	

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Field #	Field Name	Comments
B44.	Market Rent	<input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Clarification needed: The existing MAT guide requests this information only when Section 236 is the primary or secondary subsidy. It is currently used for the noncitizen rule proration calculation when applicable. The guidance given here in the handbook is different. Is this a change in policy? Consider collecting market rent unconditionally for both Section 236 and BMIR properties.
B45.	3% of Income	
B46.	Disability Expense	Recommendation: The name of this field has been changed from what is in the MAT guide to be consistent with the new handbook. The MAT guide should be updated.
B47.	Disability Allowance	<p>Recommendation: The name of this field has been changed from what is in the MAT guide to be consistent with the new handbook. The MAT guide should be updated.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: The existing methodology for capping the allowance at the amount of income earned can result in a larger allowance being given than the regulations would allow. The issue relates to the fact that care codes are assigned to household members not to specific incomes. Therefore, it is possible for a member's earned income to be greater than the specific income that is enabled by an expense. The care codes should be attached to the specific income rather than to the member whose income is enabled. To be even more accurate, collect individual items of expense and attach those expenses to the incomes enabled. A similar recommendation applies to the calculation of the childcare allowance related to work. Should this recommendation be followed, a detailed algorithm for calculating both disability and childcare allowances should be provided so that all software vendors can implement the calculations in a similar way.</p> <p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Because of the interrelationships between the allowance categories, childcare allowance should always be calculated before the disability allowance. This should be stated explicitly.</p>
B48.	Medical Expense	
B49.	Medical Allowance	
B50.	Elderly Allowance	
B51.	Total Allowance	

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Field #	Field Name	Comments
B52.	Adjusted Income Amount	
B53.	Contract Rent Amount	<p>TRACS does not currently audit these amounts against those stored in HUD databases for the certification effective date.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: TRACS should audit these amounts. To do so properly, the concept of a unique unit number identifier must be implemented along with the concept of a floor plan that is tied to the rent for all units having the same floor plan. The HUD database(s) containing contract rents needs to use same floor plan code as the ones submitted with the certification; otherwise, TRACS still will not be able to audit these amounts. The HUD database(s) containing contract rent will need to maintain history for editing retroactive certifications.</p>
B54.	Utility Allowance Amount	<p>TRACS does not currently audit these amounts against those stored in HUD databases for the certification effective date.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: TRACS should audit these amounts. To do so properly, the concept of a unique unit number identifier must be implemented along with the concept of a floor plan that is tied to the rent for all units having the same floor plan. The HUD database(s) containing utility allowances needs to use same floor plan code as the ones submitted with the certification; otherwise, TRACS still will not be able to audit these amounts. The HUD database(s) containing utility allowances will need to maintain history for editing retroactive certifications.</p>
B55.	Gross Rent	
B56.	Welfare Rent	<input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: List the subsidy types for which this value is applicable. Also lists the states that are considered to be "as paid."
B57.	HCDA %	<p>Clarification needed: Nowhere in the handbook or the MAT guide is there any information on which value to use for which subsidy types. Is this field needed any more since the E worksheet is all that remains from the old set of worksheets?</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Eliminate this field. If not, state that the value should be 00 for BMIR and 30 for all other subsidy types.</p>

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Field #	Field Name	Comments
B58.	Worksheet Code	<p>Recommendation: The Handbook has eliminated references to the D, F, and G worksheets. The definition here can be modified accordingly.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Modify the existing TRACS edit check. E is the only currently allowed value. D, F, and G would be allowed for legacy and retroactive certifications only.</p>
B59.	Minimum Rent Hardship Exemption Code	
B60.	Total Tenant Payment	<p>“59 Field B60 (Total Tenant Payment) Section 8, RAP, and Section 202 PAC tenants. If TTP (59 Field B60) is greater than Gross Rent (59 Field B55), the family is not eligible for assistance under these programs. Reduce the TTP to the Gross Rent.”</p> <p>“59 Field B60 Rent Supplement Projects. If TTP (59 Field B60) is greater than the Gross Rent (59 Field B55), reduce the TTP to the Gross Rent.”</p> <p>Clarification needed: The guidance to reduce the TTP to the gross rent would have the tenant receiving zero subsidy and still showing up as Section 8, Rent Supplement, RAP, and PAC. By definition such a tenant is no longer assisted, however. There is industry software that does not deal with gross rent changes for 0 subsidy tenants gracefully—it incorrectly adds the amount of the change to the \$0 subsidy.</p> <p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Recommendation: In this circumstance, advise the owner not to complete the certification but rather to issue a termination from the current subsidy. If either Section 236 or BMIR is the underlying subsidy, the next step would be to do an initial certification to either of those subsidy types. For properties where there is no underlying subsidy there are two possible policies. First, an initial certification to subsidy type 0 (market) could be done. Second, an initial certification to the current subsidy type could be done showing subsidy as 0.</p> <p>The above is required by the current guidance not to submit market certifications to TRACS. The termination is needed to alert TRACS or the CA that the tenant is no longer assisted and not to expect any more certifications unless the tenant requalifies for subsidy. If policy were changed to submit market</p>

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Field #	Field Name	Comments
		<p>certifications, TRACS could see both sides of the transaction. In any event, an initial certification would be required at such time as the tenant requalified for subsidy.</p> <p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Require owners to submit market certifications to TRACS. This would allow TRACS and CAs to exercise more positive control over a property's tenant profile. The minimum requirement would be for move-ins, move-outs, unit transfers, and gross rent changes to be submitted. Terminations and initial certifications would probably be needed as well. The ability to maintain market rent tenants would be enhanced by reorganizing TRACS tenant data by the unique unit identifier within a property. The properties would need a unique unit identifier assigned to residential space in the property, even those units that aren't currently covered by a subsidy contract. With unique unit identifiers and property ids, TRACS would be able to maintain the address and accessibility codes for each unit whether it is occupied by a subsidized tenant or not.</p>
B61.	Tenant Rent	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: remove the detailed guidance for this field. The reader should be referred to the appropriate handbook chapters and figures. Otherwise, correct the following error: "Greater than 110% of the Section 221(d)(3) BMIR limit, charge the tenant the BMIR rent. (59 Field B56)" This should say "110% of the BMIR rent"</p>
B62.	Utility Reimbursement	
B63.	Assistance Payment Amount	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Clarification needed: Is a value of zero legal? See the discussion and recommendations for total tenant payment above.</p>
B64.	% Actually Charged	<p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: The algorithm given for calculation in the MAT guide results in undefined values when monthly adjusted income is zero. Also, the version given in B64 does not say to divide one number by another. This section needs revision.</p> <p>Is this number actually needed for anything? Given that it can not be calculated in some circumstances, it would be better to eliminate it. If desired, the value can be calculated from submitted data.</p>

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Field #	Field Name	Comments
B65.	Police or Security Tenant	<p>Clarification needed: The body of the handbook does not say that TTP must be at least 50% of contract rent. Is the guidance here correct or that the body of the handbook?</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Modify TRACS edits if necessary.</p>
B66.	Next Recertification Date	
B67.	Bedroom Count	
B68.	Building ID	<p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Implement this field and populate it with the REAC building identifier.</p>
B69.	Unit Number	<p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: The current implementation of unit numbers has two problems. The unit number in this field is not guaranteed to be the unit number in use at the property for the specific apartment. Also, the unit number is allowed to change from time to time causing historical data not to relate to current data in the TRACS database at least with respect to unit numbers. A simple way to avoid this issue would be to add an additional field containing a unique unit identifier that would not change over time.</p> <p>Another major problem in the current implementation relates to group homes. Certifications for group homes are done on a per tenant basis not on a per-unit basis. Current advice is to assign a pseudo unit number to each tenant to preserve the unique unit number requirement for a property in TRACS. In addition, the number of certifications in a group home will normally exceed the number of units allocated to the contract. This causes unit counts on vouchers to exceed the number of allocated units.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: the contracts database should be updated to reflect the number of residential spaces rather than the number of units assigned to a group home contract. This would greatly simplify the auditing of vouchers and allow for an implementation of the 85% rule for these contracts.</p>

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Field #	Field Name	Comments
B70.	Security Deposit	<input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Clarification needed: Some plan of action properties claim that they have permission from HUD not to collect the security deposit but rather to collect the last month's rent. Is this true? If so there needs to be a way to indicate to TRACS that this is being done to avoid discrepancy messages.
B71.	Region Code	<input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Is there a need for this information or should this future field be dropped? Recommendation: drop this field. This has been a future field since the beginning of TRACS. TRACS Tenant has always gotten this information from contract data.
B72.	Field Office Code	<input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Is there a need for this information or should this future field be dropped? Recommendation: drop this field. This has been a future field since the beginning of TRACS. TRACS Tenant has always gotten this information from contract data.
B73.	Tenant Signed Date	<input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Recommendation: Update this guidance to reflect the current handbook rules requiring all adult members to sign.
B74.	Owner Signed Date	
B75.	Household Assistance Status Codes	TRACS does not currently enforce time frames for allowing a code of F (full assistance pending verification) or a code of T (temporary deferral of termination) to remain attached to a household. It is not clear if TRACS enforces the rule that a family who qualified for continuation of full assistance loses that full assistance if a new member is added to the household. <input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: As part of the Industry Specification and TRACS FRD, eliminate the F code and provide for an implementation congruent with the new rules relating to prorated assistance on admission when at least one family member is pending verification.
B76.	Family Addition Adoption	<input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: This field needs to be activated to deal with current handbook guidance.
B77.	Family Addition Pregnancy	<input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: This field needs to be activated to deal with current handbook guidance.

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Field #	Field Name	Comments
B78.	Family Addition Foster Children	<input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: This field needs to be activated to deal with current handbook guidance.
B79.	Child Care Expense A (Expenses that enable a family member to work)	
B80.	Child Care Expenses B (Expenses that enable a family member to look for work or to attend school)	
B81.	Voucher Date	<p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Clarification needed: The description for this field contradicts that in the MAT guide. Here the language says the field does not apply for section 236 or BMIR and certifications. The mat guide says to use the month and year of the certification effective date as the voucher date.</p> <p>NOTE: Voucher Date is designated a mandatory field in the MAT edits. A date is needed for Section 236 and BMIR transactions so they will not be rejected by this mandatory field edit.</p> <p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Remove the words “and address loads” from the Definition. Address loads have already been implemented.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: For the Industry Specification, work up guidance on expectations for this field. Values submitted by the industry are often incorrect.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Make this an “optional” field, but use logic to require it to be populated for all subsidy types other than Section 236 and BMIR.</p>
B82.	Secondary Subsidy Type	<p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Allow the filling of this Field for any certification in a Section 236 property. This would make vendor software logic simpler.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Expand the definition of this field so that it can be populated for any Section 236 or BMIR project.</p>

Chapter 10: Required 50059 & Subsidy Data Reporting
 REP-011.02: n12345789: MAT10 Basic Record (Tenant Certification)

Field #	Field Name	Comments
B83.	Survivor Indicator	<input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Recommendation: Reference the applicable paragraphs in the handbook that provide instructions related to the situations covered by this field.
B84.	Waiver Type Code	<input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Implement this field as part of the Industry Specification.
B85.	Move-Into Unit Date (Family)	<p>Clarification needed: The definition given here differs from that in the MAT Guide. What is wanted? The date the household moved into the project or the specific unit? What is the purpose of wanting this information? If there is a need, consider activating the field.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: This has been a future field in the MAT for years. Delete the field.</p>
B86.	Owner Preference Code	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Clarification needed: Both the name and definition of this field differ from that in the MAT Guide. Which is correct? The definition given here excludes only Federal Preferences that no longer are applicable. What about statutory and regulatory preferences and preferences due to state and local law? What is the implementation priority? If implemented, decide what is wanted. A single field to hold information on multiple preferences may not be sufficient.</p>
B87.	Baseline Certification Indicator	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Recommendation: TRACS has changed the requirements for the transaction effective date for a baseline certification. The 13-month limit is no longer applicable. The certification will be accepted as long as it's effective date is not less than that of another full certification in the TRACS database.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Add to the MAT Guide guidance on the use of and rules for generating baseline records and files.</p>
B88.	Plan of Action Indicator	<input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Clarification needed: If this field is still needed to cover phase-in situations it should be retained and guidance for its use clarified. If it is not needed the field can be dropped.
B89.	HUD-Owned Indicator	<input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Clarification needed: Under what circumstances may HUD-Owned properties send certifications to TRACS?

Field #	Field Name	Comments
B90.	Unit Transfer Code	<input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: update the guidance about transfers between contracts or properties. The fair housing regulations provide for transfers between properties to address a need for an accessible unit. Consider changes to the MAT to facilitate such transactions. See also Rule # REP-010.04.
B91.	Previous Unit Number	
B92.	Mobility Impaired	
B93.	Hearing Impaired	
B94.	Visually Impaired	
B95.	Tenant Unable to Sign Indicator	<input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Clarification needed: TRACS currently allows for a certification to be transmitted when the tenant is unable to sign the form. Guidance would be helpful for when this may be done. For example might this be done to transmit a certification prior to the 15-month termination time for a tenant for whom extenuating circumstances apply? <input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Change the field name to Extenuating Circumstances and allow for the submission of other reasons for a late certification.

TRACS

TRACS uses the data in the Basic record together with the data in the associated Family (Household) records, Income records and Asset records to perform eligibility edits, calculate the total tenant payment and assistance payment, and create an occurrence of the certification in the TRACS Tenant database.

Recommendations

Consider adding optional unique certification identifiers (one for site use and one for CA use) that would be passed back with error messages. It is often difficult for CA software to match up responses to certs that they have on file based on information in messages. A certification identifier would aid in the matching process.

REP-011.03: n12345789: MAT10 Household Record

Handbook

Note: See Chapter 5, pp 5.23-5.25 of the MAT User Guide for the data fields to be submitted as part of a Basic Record.

Note: See Handbook Appendix 7, Section C, pages 25-28 for the handbook content.

Note: Fields 1 and 2 in the MAT Guide are not presented here.

Field #	Field Name	Comments
C1.	Member Number	
C2.	Last Name	
C3.	First Name	
C4.	Middle Initial	
C5.	Relationship Code	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Clarification needed: The advice, for the head of household, says to list the same person as head on each recertification as long as that person resides in the household. This is new advice in the handbook and is not mentioned elsewhere. Such a rule does not allow for a head to become incapacitated and for the spouse or co-head to become head. In other areas handbook guidance leaves it to the household to designate the head. What would happen if a single head of household married and wanted to designate the spouse as the head? Would this not be permitted?</p> <p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Clarification needed: The advice given for emancipated minors under Co-heads says that heads, spouses, and co-heads under the 202 and PRAC programs may not be under the age of 18. However, the reader is referred to paragraph 5-6.A for guidance on how to treat such people. In 5-6.A emancipated minors are explicitly allowed to be head, spouse, or co-head and their earned income is counted. These two handbook sections appear to be contradictory.</p> <p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: The Dependent code is the only one that can change based on a status code. If an Other adult becomes a full-time student or disabled, the code changes to Dependent. If an adult dependent stops being a full-time student or disabled they become an Other. It would be better to reserve the Dependent code for those family members</p>

Chapter 10: Required 50059 & Subsidy Data Reporting
 REP-011.03: n12345789: MAT10 Household Record

Field #	Field Name	Comments
		under 18. Allowances and number of dependents could still be calculated correctly as was the case prior to Change 27 to the old handbook. At the minimum publish the TRACS logic surrounding this field so that vendor software can comply with the existing implementation.
C6.	Sex Code	<p>Clarification needed: The guidance is to leave blank for unborn children and minors being pursued for adoption or legal custody who are not yet residents of the unit. There is currently no mechanism in the MAT to allow for transmission of member records for unborn children etc.</p> <p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Eliminate the requirement to list as members unborn children and those under the age of 18 being pursued for custody or adoption who do not yet live in the unit. Instead allow the total numbers of these people to be submitted to TRACS as part of the 50059 data requirements using the future fields already allocated for this purpose. When the child becomes a resident of the unit, an Interim Recertification can be used to submit the member data for the child.</p>
C7.	Birth Date	<p>Clarification needed: The advice is not to complete for unborn children or persons under the age of 18 who are being pursued for custody or adoption who do not yet live in the unit. However this field is mandatory for TRACS so this advice cannot currently be followed.</p> <p>NOTE: The problem goes away if member records are not submitted for members who are only anticipated, but not yet physically resident in the unit.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: See C6 above.</p>

Chapter 10: Required 50059 & Subsidy Data Reporting
 REP-011.03: n12345789: MAT10 Household Record

Field #	Field Name	Comments
C8.	Special Status Code	<p>Clarification needed: The language in paragraph two of the definition implies that, in addition to eligibility, allowances are determined by subsidy-specific definitions of elderly and disabled. This means that a person receiving subsidy under one program might receive an allowance but would not receive an allowance if they were receiving subsidy under another program. Is this a correct interpretation?</p> <p>Status codes only apply to the following relationships: head, spouse, co-head, dependent, and other. The elderly code applies only to heads, spouses, or co-heads. The full-time student code applies only to adult dependents. The disabled code applies to heads, spouses, co-heads, and dependents. The joint custody code applies to dependents whose custody is jointly shared by more than one family.</p> <p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Explore the consequences of allowing status codes to be filled for all members no matter what the relationship code. Leave it to software to determine applicable allowances based on relationships and codes.</p>
C9.	Identification Code	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Recommendation: The definition says “Do not include Social Security numbers for persons who are not family members: those with relationship codes F and L. TRACS will assign a tenant ID number for these individuals.” This is not the advice given in the MAT guide and serves no purpose. Delete this paragraph.</p>

Chapter 10: Required 50059 & Subsidy Data Reporting
 REP-011.03: n12345789: MAT10 Household Record

Field #	Field Name	Comments
C10.	Member Eligibility Code	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Recommendation: There are two notes that say the same thing--that a co-head does not qualify for continued assistance. Eliminate one of the notes.</p> <p>Clarification needed: There is some confusion in the industry as to the meaning of the IC (ineligible noncitizen child of a family head or spouse) and IP (ineligible parent of a head of household or spouse) codes. Would an adult child of the head or spouse be eligible to receive the IC code? Or does this code only apply to those under 18 years of age? What if the adult child is listed as a dependent? A co-head does not qualify for continued assistance but would a child of a co-head qualify for the IC code or the parent of the co-head qualify for the IP code?</p> <p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Is there a limit to the amount of time that a member may receive the PV (pending verification) code?</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Document the fact that TRACS expects spaces for BMIRs, PACs and PRACs.</p>
C11.	Alien Registration Number	
C12.	Occupation Description	<p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: If there is a need for this information, implement the field. Otherwise drop it from the MAT.</p>
C13.	Able to Work Care Code	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Recommendation: The example in C14 says that the code should be entered next to the income. However this is not possible as the current implementation allows the code to be entered only next to the member.</p> <p><input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Attaching Care Codes to the member rather than to the incomes enabled by expenses does not allow TRACS to adequately audit allowance calculations. Consider attaching the care codes to the incomes and collecting detailed expense data rather than the summary fields that are now part of the Basic record.</p> <p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Move the definitions from field C14 into this field.</p>

Field #	Field Name	Comments
C14.	Care Codes	<p><input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: Recommendation: The description for this field belongs with the prior field. The name for this Field in the MAT guide is Care Received Care Code and is a future field. If it is needed, consider implementing.</p> <p>Note: At one time there were plans to try to identify the family members that were receiving the care enabling an adult member to work. It never reached implementation for reasons that are no longer clear.</p>

TRACS

TRACS uses the data in the Basic record together with the data in the associated Family (Household) records, Income records and Asset records to perform eligibility edits, calculate the total tenant payment and assistance payment, and create an occurrence of the certification in the TRACS Tenant database.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Provide guidance related to the submission of data for anticipated family members as part of the Industry Specification.

REP-011.04: n12345789: MAT10 Income Record

Handbook

Note: See Chapter 5, pp 5.26-5.27 of the MAT User Guide for the data fields to be submitted as part of an Income Record.

Note: See Handbook Appendix 7, Section D, pages 29-30 for the handbook content.

Note: Fields 1 and 2 in the MAT Guide are not presented here.

Field #	Field Name	Comments
D1.	Member Number	
D2.	Code (Income Type)	
D3.	Amount (Income)	
D4.	New Household Member Income Indicator	<input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Clarification needed: what is the priority for implementing this future field? What is the intent for its use? Recommendation: Drop this field.
D5.	Newly Employed Income Indicator	<input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Clarification needed: what is the priority for implementing this future field? What is the intent for its use? Recommendation: Drop this field.
D6.	SSN Benefits Claim Number	<input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Implement this field.

TRACS

TRACS uses the data in the Basic record together with the data in the associated Family (Household) records, Income records and Asset records to perform eligibility edits, calculate the total tenant payment and assistance payment, and create an occurrence of the certification in the TRACS Tenant database.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Add the Able to Work Care Code (C-13) to the applicable income record.

REP-011.05: n12345789: MAT10 Asset Record

Handbook

Note: See Chapter 5, p 5.28 of the MAT User Guide for the data fields to be submitted as part of an Asset Record.

Note: See Handbook Appendix 7, Section E, page 30 for the handbook content.

Note: Fields 1 and 2 in the MAT Guide are not presented here.

Field #	Field Name	Comments
E1.	Member Number	<input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Member Number is listed as a future field in the MAT guide. TRACS should implement the field. <input type="checkbox"/> Legislative <input checked="" type="checkbox"/> Policy <input type="checkbox"/> TRACS: If this is done, give guidance on how to report jointly owned assets. The choices would be to submit multiple asset records, splitting the assets and asset income as appropriate. Alternatively, a single record could be submitted allocating all asset value and income to a single member.
E2.	Description	
E3.	Status	
E4.	Cash Value Amount	
E5.	Actual Yearly Income Amount	
E6.	Date Divested	<input type="checkbox"/> Legislative <input type="checkbox"/> Policy <input checked="" type="checkbox"/> TRACS: Recommendation: Date Divested is a future field in the MAT. TRACS should implement the field to allow auditing for the condition where a divested asset is being included on a certification longer than required by the Handbook.

TRACS

TRACS uses the data in the Basic record together with the data in the associated Family (Household) records, Income records and Asset records to perform eligibility edits, calculate the total tenant payment and assistance payment, and create an occurrence of the certification in the TRACS Tenant database.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Modify the TRACS data model to accommodate accepting and storing assets by member.

Rule # REP-012.00: n12345789: 50059 Data Entry Rules

Handbook

HANDBOOK (Appendix 8, p 1): Appendix 8 provides:

- Data entry rules for the 50059 data requirements;
 - Examples of rounding; and
 - Data entry rules for TRACS transmissions.
1. Data Entry Rules for the 50059 Data Requirements
 - A. Round up at \$0.50. This procedure is consistent with the data entry instructions for TRACS.
 - B. Carry decimals from one step to another on calculations made before a TRACS entry is made.
- Each calculation in the following examples is performed prior to the TRACS submission. Therefore, actual numbers are used in each calculation.

2. Examples of Rounding

- A. In computing an individual tenant's income, an hourly wage should be computed as follows:

\$5.11/hour x 33.25 hours per week x 52 weeks

\$5.11 x 33.25 = \$169.9075 = \$169.91

\$169.91 x 52 = \$8,835.32

Note that the owner carried the decimals from one step to the next because these are pre-TRACS calculations. The owner will go on to enter \$8,835 as the income for this individual into the 50059 data requirements, which will then be transmitted to TRACS. See the discussion below on TRACS data-entry requirements.

COMMENT: Clarification needed: Paragraph 5-5.B.1 conflicts with this guidance. It says to multiply the hourly rate by the number of hours worked per year. Is either method correct as long as the owner is consistent or is one or the other correct?

The industry has asked for guidance on the rounding of negative numbers. For example: -32.50. Recommendation: specify that the absolute value of the number should be rounded per the usual rules and then converted back into a negative number. In the example -32.50 would become -33.

HANDBOOK (Appendix 8.2.B, p 2): A family has the following assets: \$1,331.49 (Savings); \$4,322.50 (IRA); \$3,255.50 (cash value of life insurance). The owner will round each asset to the nearest dollar and enter the rounded amounts into the 50059 data requirements, which will then be transmitted to TRACS.

\$ 1,331 Savings

\$ 4,323 IRAs

\$ 3,256 Life Insurance

\$ 8,910 Total Cash Value of All Assets

- C. In calculating amounts for adjustments such as Total Medical

Expenses, each expense should be calculated and rounded to the nearest \$0.01. The expenses to the \$0.01 are added together to produce a total that is then rounded to the nearest dollar.

\$33.66 Prescription

\$236.00 Doctor's visit

\$269.66 Total

Enter \$270 in the 50059 data requirements.

3. Data Entry Rules for TRACS Transmissions

Owners and software vendors must follow the instructions included in the MAT Guide regarding data entry for TRACS transmissions (e.g., right/left justifications, number of fields, field length, etc.).

- Only whole numbers may be transmitted to TRACS.

COMMENT: Clarification needed: This is not strictly speaking true—there are some exceptions. Better language would be: Generally, only whole numbers may be transmitted to TRACS. Follow the instructions in the MAT guide to determine whether or not to submit a whole number.

HANDBOOK (Appendix 8.3, p 2):• When rounding, dollar amounts must be rounded down at \$0.49 and up at \$0.50.

- Do not carry decimals through several transactions once a TRACS entry has been made.

TRACS

N/a

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Under Work Request 112, Amendment 10 a technical appendix will be added to the MAT guide giving algorithms to be used in certification and voucher calculations. Handbook Appendix 8 should then refer to the MAT appendix as a reference for software developers and those wishing to check calculations manually.

☐ Legislative ☐ Policy ☒ TRACS: Make it explicit that intermediate calculations should be rounded to the nearest penny. This is what is done in the examples but the rule is not stated.

Chapter 11. HAP Vouchers (HAP)

Scope of Analysis

This section covers HUD Handbook 4350.3, Chapter 9, Section 2 (Required 50059 and Subsidy Data Reporting: Section 2-Payments, paragraphs 9-10 through 9-13. Included are supporting Appendices 9 (Form HUD-52670, Housing Owner's Certification and Application for Housing Assistance Payments) and 10 (Form HUD-52670-A Part 1, Schedule of Tenant Assistance Payments Due).

Note: Housing's Voucher Working Group is currently analyzing the voucher form and will be recommending changes to the handbook guidance and possibly to the forms themselves. Comments in this Matrix are confined to the latest published forms.

Rule # HAP-001.00: n123nn789: Assistance Payments Requirements

Handbook

HANDBOOK (9-12, pp 9.19-9.20): Assistance Payments

A. Applicability

Assistance payments are available to all properties under the programs listed in Figure 1-1 except:

1. Section 236 properties without assistance; and
2. Section 221(d)(3) BMIR properties without assistance.

B. Key Requirements

1. To obtain assistance payments, the owner must submit a monthly subsidy billing to HUD or the property's Contract Administrator. The submission is required even when the owner is not requesting any assistance for the billing month. (See Section 1 of this chapter for information on required electronic transmissions to HUD through the Tenant Rental Assistance Certification System – TRACS.)

NOTE: When a voucher is submitted that does not request assistance or that pertains to a contract administered by a non-performance based Contract Administrator paid through HUDCAPS, the voucher information is stored in TRACS and is not transmitted to the Line of Credit Control System (LOCCS).

2. A form HUD-52670, Housing Owner's Certification and Application for Housing Assistance Payments, or a facsimile of form HUD-52670 bearing an original signature and consistent with the corresponding electronic transmission, must be kept on file by the owner for each monthly subsidy period that the owner receives assistance payments. The file must also include the signed form HUD-52670-A part 1, Schedule of Tenant Assistance Payments Due

or a facsimile of form HUD-52670-A part 1 and forms HUD-52671-A through D, Special Claims Worksheets (if applicable), as supporting documentation.

3. A facsimile of the 50059 data requirements effective in the voucher month, with the original signature of the head, spouse, co-head, and all adult family members and consistent with the forms HUD-52670 and HUD-52670-A must be on file at the project for each tenant listed on the form HUD-52670-A.

4. The owner's application for assistance payments must be limited to the number and type of units under contract as of the given subsidy month according to the identification of contract units and rents in the project-based assistance payments contract. Assistance for any particular unit cannot be claimed under more than one assistance contract for the same voucher period except for partial-month occupancy when a move-in and move-out is processed in the same month.

COMMENT: Clarification needed: The situation where a contract combination (or contract split) occurs mid-month should be mentioned as another exception to the unit being claimed under more than one contract for the same voucher period. Perhaps a better way to state the rule is that no unit may be billed for subsidy more than once for the same day and that no tenant may be billed for subsidy in more than one unit for the same day. The issue is not really voucher periods but overlapping days.

HANDBOOK (9-12.B.5, p 9.20): The owner must comply with the assistance contract in order to continue receiving assistance payments from HUD.

TRACS

TRACS does not receive the paper forms. An electronic transaction, called a MAT30, is transmitted to TRACS with a summary of the data on the forms mentioned above. The TRACS data requirements for voucher submission is detailed in the MAT User's Guide.

Recommendations

N/A

Rule # HAP-002.00: n123nn789: Assistance Payments Procedures

Handbook

HANDBOOK (9-12.C, pp 9.20-9.22): Procedures for Obtaining Assistance Payments from HUD

To obtain monthly assistance payments for all eligible units, the owner must submit a request for payment to HUD or the property's Contractor Administrator.

1. To secure payment, owners must complete forms HUD-52670 and HUD-52670-A part 1 on a monthly basis. The owner must submit form HUD-52670-A part 2 as applicable only after special claims have been approved by the HUD Field Office or Contract Administrator. The owner must prepare a separate form HUD-52670 for each of the property's assistance contracts to report the following:

- a. Regular tenant assistance payments and adjustments; and
 - b. Approved special claims.
2. The owner must submit all of the information requested on these forms electronically to TRACS, as described in Section 1 of this chapter.
3. The owner must supply the following information from form HUD-52670:
- a. Contract information.
 - (1) The property name as it appears on the assistance contract;
 - (2) FHA/EH number. For all Section 202 and Section 811 projects use the 8-digit project number;

COMMENT: Clarification needed: Shouldn't RAP, Rent Supplement subsidy types be added to this list? See Appendix 9, Part 1, Item 2. Also, if Section 236 or BMIR exists along with Section 8, the project number should be filled.

HANDBOOK (9-12.C.3.a.(3), pp 9.21-9.22): Section 8, PAC, or PRAC contract number. For properties with any type of Section 8 assistance, a PAC contract, or a PRAC contract, the owner should include the 11-digit contract number;

- (4) Type of subsidy;
 - (5) Managing agent's name;
 - (6) Employer Identification Number (EIN); and
 - (7) Payee's name and address.
- b. Occupancy information.
- (1) Total units covered under the assistance contract;
 - (2) Number of units currently receiving tenant-based subsidy;
 - (3) Number of vacant units; and
 - (4) Number of units that are occupied by market-rate tenants.
- c. Information requirements for pre-1981 universe properties. Owners of properties with Section 8 contracts that became effective before October 1, 1981, must provide the information requested on

form HUD-52670-A.

d. Information requirements for post-1981 universe properties. Owners of properties with Section 8 contracts that became effective on or after October 1, 1981, must provide, in addition to the information requested on form HUD-52670-A, the following information:

- (1) Project-based exceptions in use;
- (2) Project-based exceptions allocated; and
- (3) Tenant-based exceptions in use.

e. Other information.

- (1) Voucher month for which the owner is requesting the assistance;
- (2) The number of units for which each type of payment is requested; and
- (3) The total amount the owner is requesting from HUD.

TRACS

TRACS accepts vouchers for Section 8, Rent Supplement, RAP, 202/162 PAC, and 202 and 811 PRAC assistance programs. Section 236 and BMIR units do not receive assistance payments.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Paragraph 9-12.C.3 should eliminate all of its subsections and instead refer the interested reader to Appendix 9 for information on what information should appear on the form and to the MAT guide for the information required to be transmitted electronically. Doing so makes it easier to incorporate forms revisions into the handbook. If this paragraph is retained as is then 9-12.C.3.a.(7) should be eliminated. It is no longer on the form. Also 9-12.C.3.b should add a reference to Number of Abated Units as this field is on the new form.

Rule # HAP-003.00: n123nn789: Assistance Payments Calculations

Handbook

HANDBOOK (9-12.D, p 9.22): Assistance Payment Calculations

1. For Section 8, Section 202 PAC, RAP, and Rent Supplement properties, the assistance payment is the gross rent minus the TTP. If applicable, the assistance payment may include a utility reimbursement that the owner must provide to the tenant. For a discussion of utility reimbursements, refer to paragraph 9-13.
2. For Section 811 PRAC and Section 202 PRAC units, the assistance payment is the difference between the unit operating rent and the TTP.
 - a. The difference between the unit operating rent and the TTP may be a negative amount. If so, the owner must record this amount on the voucher.
 - b. If the difference between the monthly operating rent potential and TTP for all units covered by the assistance payment contract is a negative amount, then the owner must deposit this amount into the property's Residual Receipts account on a monthly basis.

TRACS

TRACS calculates the assistance payment for each tenant at the time the tenant certification is submitted to the TRACS Tenant system.

TRACS Voucher system deals only with summary data from the HUD-52670.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Since Housing has decided to move from the concept of units to residential spaces, guidance on billing for group homes would be appropriate to add to this paragraph.

Current guidance is to divide the rent equally between the households. A problem arises when the contract rent is not evenly divisible by the number of households. Suppose that a contract rent of \$405 is to be divided between two households in a single physical unit in a group home. The individual rents come out to \$202.50. Since rents transmitted to TRACS are defined as whole numbers, the property has two choices: arbitrarily charge one tenant \$203 and the other \$202 or charge both \$202 or both \$203. Charging different rents is a violation of equity and charging the same rents either causes the owner to receive more or less subsidy than appropriate.

☐ Legislative ☒ Policy ☐ TRACS: Recommended solution: Assign contract rents by "living spaces." Until then, provide guidance on the situation above. Either allow the

Chapter 11: HAP Vouchers (HAP)
Rule # HAP-003.00: n123nn789: Assistance Payments Calculations

rents to be raised to the next highest dollar when division results in a fractional dollar or issue contract rents that will be evenly divisible by the number of households living in the unit. These alternatives amount to the same thing.

Rule # HAP-004.00: n123nn789: Payments for Partial-Month Occupancies

Handbook

HANDBOOK (9-12.E, p 9.22): Payments for Partial-Month Occupancies

Owners are entitled to assistance payment only for the actual number of days during the month that the tenant occupied the unit. If the move-out date is unknown because the tenant failed to notify the owner prior to moving out, the move-out date is the day the vacancy is discovered.

1. Exception for deceased tenants. The owner must prorate the assistance payment for a tenant who died during the month to the earlier of
 - a. 14 days after the tenant's death; or
 - b. The day the unit was vacated.

COMMENT: Clarification needed: The industry is divided about how to handle this case. The handbook allows, as a move-out reason, the death of the sole member and requires that the MO date not be later than 14 days after the date of death. Since, in practice, tenant effects often remain in the apartment beyond the 14 days related either to religious or logistical reasons, sites will sometimes terminate on the 14th day rather than performing a move-out. The estate of the deceased person then pays rent until the apartment is cleared. Is this an acceptable practice? Or must a move-out be done and the property enter into some sort of market lease with the estate to cover continued use of the apartment? This is one of those situations where the physical facts in the unit conflict with handbook language.

HANDBOOK (9-12.E.2, pp 9.22-9.23): Calculating assistance for units vacated and re-occupied on the same day. For a unit that is vacated and re-occupied on the same day, the owner is only entitled to request assistance for the former tenant through the last full day of occupancy. The owner will request assistance for the new tenant beginning with the move-in day. The owner must never request assistance for both tenants on the same day.

3. Calculating partial-month occupancies.
 - a. The owner must calculate partial-month occupancies by:
 - (1) Dividing the monthly assistance amount by the actual number of days in the month;
 - (2) Rounding the result to the nearest \$0.01 (i.e., round up at \$0.005) (e.g., \$1.645 becomes \$1.65); and
 - (3) Multiplying the result by the actual number of days the tenant lived in the unit.
 - b. The owner must round the result of the multiplication above to the nearest whole dollar. The owner will round up starting at \$0.50.
 - c. When a tenant moves or transfers out of a unit or tenancy is

terminated, owners must calculate assistance for these partial-month occupancies using the calculation method shown in Example – Move-Out below.

Example – Move-Out

A tenant moved out on February 17, 2000 (a leap year). The assistance payment is \$343 at the time of move-out. This example calculates the amount of money the owner must reimburse HUD for February.

Monthly assistance:	\$343.00
Divided by 29 days:	29
Daily assistance payment:	\$11.8275 = \$11.83 (daily assistance is rounded to the nearest \$0.01)
Multiply by the number of days the tenant actually lived in the unit:	17
Assistance earned by the owner:	\$201.11
Round to the nearest dollar:	\$201.00

This equals the amount of assistance the owner is entitled to keep. Because the assistance was billed for in advance, the owner must reimburse HUD the difference between the monthly assistance and the amount the owner is entitled to keep.

Monthly assistance:	\$343.00
Less eligible assistance:	<u>-\$201.00</u>
Amount reimbursed to HUD:	\$142.00

HANDBOOK (9-12.E.3.d, p9.23) When a tenant moves or transfers into a unit, converts from RAP or Rent Supplement, or undergoes initial certification, owners must calculate assistance for these partial-month occupancies using the calculation method shown in the Example – Move-In below.

Example – Move-In

A new tenant moved in on December 16. The assistance payment is \$350. This example calculates the amount of money the owner/agent must bill HUD for December.

Monthly assistance:	\$350.00
Divided by 31 days:	31
Daily assistance:	\$11.2903 = \$11.29
Multiplied by the number of days the tenant actually lived in the unit:	16
Assistance earned:	\$180.64
Round:	\$181.00

The owner/agent will bill HUD for this amount.

HANDBOOK (9-12.E.4, p 9.24): Guidelines for adjustments.

- a. A Unit Transfer may involve two adjustment calculations. The end of subsidy in the old unit (Unit Transfer-Out) has an effective date one day earlier than the effective date of the unit transfer. The start of subsidy in the new unit (Unit Transfer-In) is as of the effective date of the unit transfer.
- b. All adjustments are done from the effective date of the certification action forward to the earlier of the following:
 - (1) The date of the voucher on which the adjustment is being reported; or
 - (2) The effective date of the next certification in the historical chain of certifications.
- c. If the action causing the adjustment affects a subsequent certification or certifications in the chain of certifications, then the owner must correct the subsequent certification(s) and calculate the adjustment(s) related to that certification(s).
- d. On the voucher, report each adjustment calculated. Do not simply report a grand total adjustment related to the action causing the adjustment. Reporting each adjustment calculated will result in a detailed audit trail for Contract Administrators and HUD.

COMMENT: Clarification needed: There is a difference of opinion in the industry concerning how to report adjustments. Take as an example an annual certification effective 9/1/2003 where assistance is \$200. On November 16, 2003 a retroactive gross rent change is approved and reported on the March 2004 voucher raising the subsidy to \$220. We have a partial month adjustment for November 2003 of \$10 and full month adjustments for December through February in the amount of \$20 for a total of \$70. The March voucher bills for the new assistance. One school of thought is to generate an adjustment entry on the voucher for each month affected—in this case 4 adjustments would be listed. The other school of thought is to report a single adjustment covering the period from November 16 through February 29 with the accompanying explanation indicating the partial month calculation and a multiplier times the full month adjustment amount for a total of \$70. Which method should be used? Some people argue that one method is easier to audit and some argue that the other is easier. The first method will generate many more pages for the adjustment section of the voucher. Contract administrators seem to prefer the summary method.

HANDBOOK (9-12.E.4.e, pp 9.24-9.25): Calculate daily subsidy by dividing by the number of days in a month.

- f. Round the daily subsidy to the nearest \$0.01.
- g. If an action generates an adjustment involving two partial months, each partial month adjustment would use the daily subsidy calculated using the number of days in that month. An adjustment could use two different daily rates.

TRACS

TRACS does not currently calculate adjustments.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: TRACS is not compliant with this requirement in 9-12.E (the paragraph stating that the move-out date is when the fact of the move-out is discovered by the owner). TRACS currently issues an HQ move-out to the former property if the tenant moves in to another subsidized property. There is no way for the old property to get a move-out date into TRACS effective after the HQ move-out as TRACS will generate a fatal error. Either stop issuing HQ move-outs in favor of blocking subsequent move-ins or allow for a move-out transaction to indicate that it is in response to a tenant's vacating without proper notice.

☐ Legislative ☐ Policy ☒ TRACS: Under Work Request 112, Amendment 10 a technical appendix will be added to the MAT guide giving algorithms to be used in certification and voucher calculations. Examples will be added for Gross rent changes, Corrections and other changes including correcting a certification when partial certifications exist in the chain of certifications. The handbook should then refer to this appendix as a reference for software developers and those wishing to check calculations manually.

Rule # HAP-005.00: n12345789: Utility Reimbursements

Handbook

HANDBOOK (9-13, p 9.26): Utility Reimbursements

A. Overview

In properties with individually metered units, tenants pay their own utility bills. However, HUD has established a means to help ensure that tenants can pay their utility bills; as part of the assistance payment, tenants may receive either a utility allowance or utility reimbursement.

COMMENT: Clarification needed: Do utility allowances ever apply to BMIR units? It is unclear, from the handbook, whether or not this is the case.

HANDBOOK (9-13.B, p 9.26): Key Requirements

1. Funds covering the utility reimbursement will be paid to the owner in trust, solely for the purpose of making utility reimbursements.

2. The owner must provide the utility reimbursement to the tenant or utility provider within 5 business days of receipt of the assistance payment from HUD.

C. Reimbursement Options

Rather than paying the utility reimbursement directly to the household, if the household and utility consent, the owner may:

1. Make the utility reimbursement payable jointly to the household and the utility company; or

2. Pay the reimbursement directly to the utility company.

TRACS

TRACS Tenant system uses the utility allowance to compute gross rent and the utility reimbursement, if any, when the tenant's certification is processed by TRACS. TRACS Voucher system does not deal with utility allowances or reimbursements.

Recommendations

N/a

Rule # HAP-006.00: n123nn789: HUD-52670

Handbook

HANDBOOK (Appendix 9, p 2): Housing Owner's Certification and Application For Housing Assistance Payments and Instructions for Preparing form HUD-52670

GENERAL:

- A. Prepare a separate form HUD-52670 for each subsidy contract for each of the following:
 - 1. Regular tenant assistance payments, adjustments, and approved special claims: unpaid rents, damages and other charges, and vacancies.
 - 2. Approved debt service claims.

COMMENT: Clarification needed: The wording to prepare a separate form "for each subsidy contract for each of the following" should read "for each subsidy contract. The form should include amounts for each of the following situations applicable for the billing period." Otherwise the implication is that more than one voucher form can be submitted for each voucher month. This is not possible to do with the current TRACS implementation.

HANDBOOK (Appendix 9.B, p 2): Request payment of special claims after forms HUD-52670-A part 2, and HUD-52671-A through D, as applicable, are approved by the HUD Field Office or Contract Administrator. More complete instructions on special claims processing and payment are in HUD's Special Claims Processing Guide.

- C. Neither HUD nor the Contract Administrator will pay special claims unless approval numbers are included.

NOTE: Do not submit Special Claims forms HUD-52671-A through D and supporting documentation to HUD or Contract Administrator when requesting payment for unpaid rent, damages and other charges, vacancies, or debt service. THESE FORMS AND DOCUMENTATION ARE REVIEWED AND APPROVED PRIOR TO REQUESTING PAYMENT.

TIMING OF BILLINGS:

- A. RENT SUPPLEMENT AND RAP TENANTS: Submit billing forms by the 10th day of the month for which payments are requested.
- B. SECTION 8, PAC AND PRAC TENANTS: Submit billing forms by the 10th day of the month before the month for which they are requested.

EXAMPLE: To request assistance for June, owners must submit vouchers by June 10 for PRAC, Rent Supplement, and RAP tenants, or May 10 for Section 8 and PAC tenants.

COMMENT: Clarification needed: The example does not agree with the instructions. In the example, June 10 should be the date for Rent supplement and RAP while May 10 should be the date for Section 8, PAC and PRAC.

HANDBOOK (Appendix 9, Part 1, pp 2-3): Contract Information

ITEM 1. PROJECT NAME. Enter the name as it appears on the subsidy contract. (Abbreviated project name resulting from the use of software is acceptable.)

ITEM 2. FHA/EH/NONINSURED PROJECT NUMBER. Mandatory for Section 236, Section 221(d)(3) BMIR, Rent Supplement, RAP, PAC, and PRAC subsidy types. Requested for those Section 8 contracts for which a FHA project number applies.

NOTE: Do not use "0000FMHA" as a project number in RHS Section 515 projects. Do not enter a project number for RHS Section 515 projects.

Sample entries are provided below.

FHA Insured Projects	Elderly Housing Projects	Other Non-Insured
12144026	121EH001	121001NI

ITEM 3. SECTION 8/PAC/PRAC CONTRACT NUMBER. Mandatory for Section 8, Section 202 PAC, Section 202 PRAC, and Section 811 PRAC subsidy types.

ITEM 4. TYPE OF SUBSIDY. If you are using software, enter "1" for Section 8, enter "2" for Rent Supplement, enter "3" for Rental Assistance, enter "7" for Section 202 PRAC, enter "8" for Section 811 PRAC, or enter "9" for Section 202 PAC. CHECK ONLY ONE BOX.

COMMENT: Clarification needed: ALL vouchers are required to be generated using software. The checkboxes should be eliminated and guidance given to fill the space with either Section 8, Rent Supp, RAP, 202 PRAC, 811 PRAC, or PAC, or 1-Section 8, 2-Rent Supp, 3-RAP, 7-202 PRAC, 8-811 PRAC, or 9-PAC.

HANDBOOK (Appendix 9, Item 5a, p 3): ITEM 5a. MANAGEMENT AGENT NAME. Enter the agent's company name.

ITEM 5b. EMPLOYER IDENTIFICATION NUMBER (EIN).

Part II. Occupancy and Income Eligibility Information

ITEM 6. GENERAL OCCUPANCY INFORMATION. Consider only those units under this subsidy contract when completing ITEMS 6a through 6e.

- A. Complete this item if you are requesting regular tenant assistance payments for Section 8, RAP, Rent Supplement, and PAC tenants (see B below for PRAC instructions). Do not complete for debt service claims.

COMMENT: Clarification needed: The instructions say not to complete this item for debt service claims. Presumably this advice is for the case when the billing is for nothing other than debt service claims--not the case when debt service claims are included with other kinds of billing. This sentence could be deleted.

HANDBOOK (Appendix 9, Item 6.A.1, p 3): TOTAL UNITS IN CONTRACT. Do not include HUD-approved, nonrevenue producing units.

COMMENT: Clarification needed: Are nonrevenue producing units counted in the units assisted on the contract? Since contracted units are validated against the contract in TRACS it is important that nonrevenue producing units be counted (or not counted) in a consistent matter on all assistance contracts, and the "Total Units in Contract" entered in the HUD-52670 should be counted following the same procedure. This total should always match the contract.

HANDBOOK (Appendix 9, Item 6.A.2, pp 3-4): NUMBER OF UNITS RECEIVING SUBSIDY.

- a. Include tenants who are receiving Section 8, Rent Supplement, RAP, or PAC assistance.

- b. Do not include tenants who are terminated from assistance.

3. NUMBER OF TIMES ABATED. Indicate the number of units in 6a for which assistance cannot be paid due to natural disaster or health and safety reasons.

4. NUMBER OF UNITS VACANT. Indicate how many units in 6a are vacant.

5. NUMBER OF UNITS IN 6A THAT ARE OCCUPIED BY MARKET-RATE TENANTS. Include tenants being charged market rent.

CHECKPOINT: 6a must equal the sum of 6b + 6c + 6d + 6e.

- B. Section 202 PRAC and Section 811 PRAC Contracts. Complete only:

- 6a. TOTAL UNITS IN CONTRACT. Do not include HUD-approved, nonrevenue producing units; and

- 6c. NUMBER OF UNITS VACANT. Indicate how many units in 6a are vacant.

COMMENT: Clarification needed: Item 6 guidance differs for PRACS vs other subsidies. Is there a real need for the difference? PRAC contracts could have abated units, so that field should be allowed as well. A statement to the effect that the Number of Market Rate Tenants field should always be reported as 0 for a PRAC contract would

allow the form to be the same for all subsidy types. Number of Units Receiving Subsidy would then be defined as the total number of occupied units for a PRAC.

Are Abated Units valid for a PRAC?

HANDBOOK (Appendix 9, Part II, Item 7, p 4): ITEM 7. EXCEPTIONS TO LIMITATIONS ON ADMISSION OF LOW-INCOME FAMILIES.

Complete if the contract is Section 8 and was effective on or after 10/1/81, and if regular tenant assistance payments are being requested.

A. PROJECT-BASED EXCEPTIONS IN USE. Obtain from column 12 of form HUD-52670-A part 1, Schedule of Tenant Assistance Payments Due, by counting all EP codes.

B. PROJECT-BASED EXCEPTIONS ALLOCATED. Enter the number of exceptions the HUD Field Office has:

1. Approved for situations 2 through 6 of 4350.3, Exhibit 3-1; and

2. NOT taken back.

C. TENANT-BASED EXCEPTIONS IN USE. Obtain from column 12 of form HUD-52670-A part 1, Schedule of Tenant Assistance Payments Due, by counting all codes that begin with an "E" and end with "T".

D. TOTAL EXCEPTIONS. Add 7b and 7c.

E. PROJECT-BASED EXCEPTIONS – DATE LAST CHANGED. Enter the date of the last HUD letter that increased or decreased the number of exceptions allocated to this project. Leave space blank if HUD has never given this contract any project-based exceptions.

Part III. Breakdown of Assistance Payment Requested

ITEM 8a. MONTH/YEAR. Enter the month and year for which the assistance is requested.

COMMENT: Clarification needed: This item asks for a date for the regular tenant assistance payments. This is the only date requested for this form. The implication is that only regular tenant assistance payments are associated with the voucher date and that, if there are no regular tenant assistance payments, multiple billings can be made in a single month. However, TRACS requires, as a mandatory field, a voucher date in a voucher submission even if regular tenant assistance is not being requested. This field should be mandatory for this form and it should be made clear that only a single voucher can be submitted to TRACS in any month. It is not possible to submit assistance requests one month and adjustments or other billing items in a subsequent month for the same month. Also, LOCCS will not accept more than one voucher for a given voucher month.

HANDBOOK (Appendix 9, Part II, Item 9, pp 4-5): ITEM 9. NUMBER OF UNITS INCLUDED IN BILLING. Enter the number of contract units for which each type of payment is requested.

ITEM 10. AMOUNT REQUESTED. These amounts are from form

Chapter 11: HAP Vouchers (HAP)

Rule # HAP-006.00: n123nn789: HUD-52670

HUD-52670-A part 1, Schedule of Tenant Assistance Payments Due, and the approved form HUD-52670-A part 2, Schedule of Special Claims.

If a schedule has more than one page, enter the total of all pages on the schedule.

TYPE OF ASSISTANCE	ADD	ALL
AMOUNTS IN:		

1 a. Regular Tenant Assistance Payments Item 17a of Part

b. Adjustments to Regular Tenant Assistance Payments

c. Special Claims

i. Unpaid Rent Column 3 of Part 2

ii. Tenant Damages

iii. Vacancies

1) Rent-Up Vacancies Column 5 of Part 2

2) Regular Vacancies Column 6 of Part 2

iv. Debt Service Column 7 of Part 2

e. Total Subsidy Authorized Under amounts in Part Rules in Handbook 4350.3 (form)	(Total of all III, Column 10, of this
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ITEM 11. AMOUNT APPROVED. This column is for HUD/Contract Administrator use only. LEAVE BLANK.

Part IV. Distribution of Subsidy Earned

The total amount approved for payment by HUD or the Contract Administrator is reflected on line 11e. Monthly assistance payment amounts are electronically transferred to the project account authorized on the owner's submission of Form 1199. Owners wishing to change deposit instructions must send a new Form 1199 to HUD prior to making the account change.

Part V. Owner's Certification

Printed name of owner/agent, signature of owner/agent, and telephone number including area code.

Submission Requirements.

The form HUD-52670 must be electronically submitted to TRACS monthly using MAT 30 to receive payment. Owners who have a Contract Administrator are required to electronically submit the form HUD-52670 to the Contract Administrator for approval and payment.

The Contract Administrator is responsible for transmitting a correct form HUD-52670 to TRACS.

HUD or the Contract Administrator will review the form HUD-52670 and may request submission of the form HUD-52670-A part 1, Schedule of Tenant Assistance Payments Due, to verify the requested assistance payment amounts against tenant data submitted to TRACS for the project.

Form HUD-52670 submissions that include requests for Special Claims must be accompanied by form HUD-52670-A part 2, Schedule of Special Claims, containing approved amounts of special claims with their assigned numbers.

COMMENT: Clarification needed: Item 10 (Amount Requested) omits sub-field d. Miscellaneous Accounting Requests. A detailed discussion of the purposes of these requests would be desirable.

TRACS

TRACS accepts and LOCCS will pay only one voucher for an assistance payment for a contract for a voucher month. The original voucher submitted to TRACS may be corrected or deleted and resubmitted before payment, but only one active voucher for a voucher month can be resident in TRACS and LOCCS at a time.

TRACS will notify the user when the submitted “Number of Units Receiving Subsidy” is greater than the total contracted units in the TRACS Contract system.

TRACS will notify the user when the submitted “Number of Units Included in Billing” is greater than the total contracted units in the TRACS Contract system.

TRACS will notify the user when the submitted “Total Units in Contract” is greater than the total contracted units in the TRACS Contract system.

TRACS will notify the user when the submitted “Number of Units Receiving Subsidy” is greater than the submitted “Total Units in Contract”.

TRACS will notify the user when the submitted “Number of Units Vacant” is greater than the submitted “Total Units in Contract”.

TRACS will notify the user when the submitted “Number of Units Occupied by Market-Rate Tenants” is greater than the submitted “Total Units in Contract”.

TRACS will notify the user when the submitted “Number of Units Included in Billing” is greater than the submitted “Total Units in Contract”.

TRACS will notify the user when the submitted “Number of Units Included in Billing” is greater than the submitted “Number of Units Receiving Subsidy”.

TRACS will notify the user when the submitted “Number of Units Included in Billing” is greater than the submitted “Total Units in Contract”.

TRACS will notify the user when the sum of submitted “Number of Units Receiving Subsidy” plus “Number of Units Vacant” plus “Number of Units Occupied by Market-Rate Tenants” does not equal the submitted “Total Units in Contract”.

TRACS will notify the user when the sum of submitted “Project-Based Exceptions in Use” plus “Project-Based Exceptions Allocated” plus “Tenant-Based Exceptions in Use” does not equal the submitted “Total Exceptions”.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Revise the language for Item 6 to comport with Housing’s decision to move away from “units” to “residential spaces.”

☐ Legislative ☒ Policy ☐ TRACS: Number of Units Vacant for a PRAC is defined as item 6c. It should be 6d. It would be confusing to use the same field for two different purposes.

☐ Legislative ☒ Policy ☐ TRACS: Item 10. The instructions for subitems a. and b. refer to the wrong item on the schedule of tenant assistance payments due. For regular tenant assistance payments you should add all amounts in item 16a not 17a. For adjustments to regular tenant assistance payments you should also add up the applicable items in 16a. Item 16 b. on the schedule is for HUD and contract administrator use only. There is no 17.b.

☐ Legislative ☐ Policy ☒ TRACS: Consider adding miscellaneous accounting request sub-types to the main types to aid in categorizing such requests. For example, an OARQ sub-type might be REPAY to indicate an accounting for a repayment agreement. Add a new main type—ADMN—to denote a contract administrator request for an admin fee.

☐ Legislative ☐ Policy ☒ TRACS: As part of the Industry Specification due under this work order, consider whether a second set of Item 6 fields should be added to the MAT30 record to reflect contract administrator totals.

☐ Legislative ☒ Policy ☐ TRACS: Until the MAT30 is updated to accommodate the Abated Unit count, the Industry should be given a standard approach for reporting these units. Should they be combined with Vacant Units until the MAT30 is changed?

☐ Legislative ☒ Policy ☐ TRACS: For consistency, present the information in this handbook appendix and following ones in a way similar to what is done for fields submitted on a certification. Ideally the detailed field level guidance should be incorporated in the MAT Guide and only referenced in the handbook.

Rule # HAP-007.00: n123nn789: HUD-52670-A Part 1, Payments Due

Handbook

HANDBOOK (Appendix 10, p 2): Schedule of Tenant Assistance Payments Due and Instructions for Preparing form HUD-52670-A, Part 1

[These instructions apply to the 2003 updated version of this form.]

GENERAL:

- A. Prepare a separate schedule for each subsidy contract.
- B. Fill in information requested in Items 1 through 5 on the first page. If more than one schedule is needed, complete Items 1 through 5 on subsequent pages.

Step I. Contract Information

ITEM 1. MONTH/YEAR. Enter the month/year for which the regular tenant-assistance payments are due. **COMPLETE THIS ITEM ONLY IF YOU ARE REQUESTING REGULAR TENANT-ASSISTANCE PAYMENTS.**

COMMENT: Clarification needed: As stated in earlier comments (Item 8a in the rule just prior to this one), this item should be filled in for all 52670-A, Part 1's—even if the only thing on the schedule is adjustments.

HANDBOOK (Appendix 10, Item 2, p 2): ITEM 2. PROJECT NAME. Enter the name as it appears on the subsidy contract.
(Abbreviated project name resulting from the use of software is acceptable.)

ITEM 3. FHA/EH/NONINSURED PROJECT NUMBER. Mandatory for Section 236, Section 221(d)(3) BMIR, Rent Supplement, RAP, PAC, and PRAC subsidy types. Required for those Section 8 contracts for which a FHA project number applies.

NOTE: Do not use "0000FMHA" as a project number in RHS Section 515 projects. Do not enter a project number for RHS Section 515 projects.

Sample entries are provided below.

FHA Insured Projects	Elderly Housing Projects	Other Projects
12144026	121EH001	121001NI

ITEM 4. SECTION 8/PAC/PRAC CONTRACT NUMBER. Mandatory for Section 8, Section 202 PAC, Section 202 PRAC, and Section 811 PRAC subsidy types. HUD TRACS will use this contract number for all transactions under the Tenant HeaderRecord.

ITEM 5. TYPE OF SUBSIDY. If you are using software, enter "1" for Section 8, enter "2" for Rent Supplement, enter "3" for Rental Assistance, enter "7" for Section 202 PRAC, enter "8" for Section 811 PRAC, or enter "9" for Section 202 PRAC. CHECK ONLY ONE BOX.

COMMENT: Clarification needed: ALL vouchers are required to be generated using software. The checkboxes should be eliminated and guidance given to fill the space with either Section 8, Rent Supp, RAP, 202 PRAC, 811 PRAC, or PAC, or 1-Section 8, 2-Rent Supp, 3-RAP, 7-202 PRAC, 8-811 PRAC, or 9-PAC,

HANDBOOK (Appendix 10, Item 6, p 3): Step II. Itemize Assistance Payments Requested

ITEM 6. HEAD OF HOUSEHOLD NAME, SOCIAL SECURITY NUMBER, AND DATE OF BIRTH. Enter "last name, first initial", social security number, and date of birth.

ITEM 7. UNIT NUMBER. Enter unit numbers (i.e., 201, 402). When multiple households share a unit, add an alpha ending to the unit number to identify the unit number by household (i.e., 201A, 402B).

ITEM 8. UNIT SIZE. Enter the number of bedrooms in the unit.

COMMENT: Clarification needed: With the move to "residential spaces" guidance is needed on how to complete this item for a certification in a group home. Would you always enter 0 or 1 for such a certification?

HANDBOOK (Appendix 10, Item 9, p 3): ITEM 9. CONTRACT RENT. Enter the rent that HUD or the Contract Administrator has approved for this unit. The Contract Rent Amount is the Section 8/RAP/PAC contract rent, the Section 236 basic rent, the Section 221(d)(3) BMIR rent, or the Rent Supplement unit rent, as applicable. Obtain this amount from the project's signed rental schedule (form HUD-92458) or subsidy contract. When multiple households share a unit, calculate the contract rent amount as explained in Chapter 5, Paragraph 5-28.

COMMENT: Clarification needed: The language above includes Section 236 and BMIR. Shouldn't these references be deleted as neither of these subsidies submits a voucher?

HANDBOOK (Appendix 10, Item 9, p 3): For Section 202 PRAC and Section 811 PRAC projects, if the tenant pays utilities separately, enter the operating rent (operating cost) minus the HUD-approved utility allowances. If all utilities are included in the rent, enter the operating rent.

ITEM 10. UTILITY ALLOWANCE. If all utilities are included in the rent, enter 0. Otherwise, enter the amount HUD or the Contract Administrator has approved for this unit type. This amount can be obtained from the project's Rental Schedule (form HUD-2458) or subsidy contract.

COMMENT: Clarification needed: Shouldn't the reference above be to HUD-92458?

HANDBOOK (Appendix 10, Item 11, pp 3-4): ITEM 11. GROSS RENT. Enter the total of Item 9, Contract Rent, and Item 10, Utility Allowance. When multiple households share a unit, calculate the gross rent amount as explained in Chapter 5, Paragraph 5-28.

ITEM 12. INCOME CODE. Follow these instructions ONLY for Section 8 contracts. Complete this item only in the regular tenant assistance part of the Schedule. Follow the instructions in EITHER paragraph A or paragraph B below.

A. HAP CONTRACT EFFECTIVE BEFORE 10/1/81

1. If the tenant was not very low-income at the time he/she began to receive Section 8, enter "LI" in Column 12. Enter this code every month for as long as the tenant continuously receives Section 8 at this project. Enter this code even if the tenant becomes very low-income.

2. Otherwise, leave Column 12 blank.

B. HAP CONTRACTS EFFECTIVE ON OR AFTER 10/1/81

1. Move-Ins and Initial Certifications. If the instructions for 59 Field B42, Income Exception Code, of the 50059 data requirements required you to enter a code that starts with an "E", enter that code in Column 12. Otherwise, leave Column 12 blank.

2. Other Actions. If the tenant was admitted under an exception listed in Chapter 3, paragraph 3-7, and Exhibit 3-1's very low-income requirements, enter one of the following codes. The same code shall be entered every month for as long as the tenant receives Section 8 at this project. Enter this code even if the tenant becomes very low-income.

EDT HUD approved an exception under Situation 1 of 4350.3, Exhibit 3-1.

EP Tenant was admitted under exceptions HUD approved for Situations 3 through 6 of 4350.3, Exhibit 3-1.

EAT The tenant or applicant was admitted to the Section 8 program before the project received HUD's 6/29/84 memorandum AND the tenant started receiving assistance on or after 8/1/84.

ET None of these codes apply. Tenant's admission violated the income eligibility rules of 4350.3, paragraph 3-6.

COMMENT: Clarification needed: The list of codes here differs from that in Chapter 3 of the handbook and from that in the MAT guide. Please harmonize the various lists of codes.

HANDBOOK (Appendix 10, Item 13, pp 4-5): ITEM 13. TURNOVER DATA. Follow these instructions ONLY if you are implementing an initial certification or reporting a move-in, move-out, or termination of assistance.

IMPORTANT: Report move-ins and move-outs only after they have actually happened. THIS MEANS THAT SINCE SECTION 8 IS REQUESTED A MONTH IN ADVANCE, TURNOVER DATA FOR MOVE-INS AND MOVE-OUTS WILL BE REPORTED A MONTH LATER....

ITEM 14. RECERTIFICATION DATE. Applies only to annual recertification. Use these instructions only for the regular tenant assistance part of the schedule.

COMMENT: Clarification needed: It is unclear what "Applies only to annual recertification" means.

HANDBOOK (Appendix 10, Item 14.A, pp 5-6): A. NEXT RECERTIFICATION DATE. Enter the month and year HUD procedures require the tenant's next annual recertification to be effective. Effective dates are explained in Chapter 7, Section 1: Annual Recertification, of HUD Handbook 4350.3. SHOW THIS DATE EVERY MONTH.

B. DATE FIRST REMINDER NOTICE SENT. Enter the month/day on which you first asked the tenant to submit this recertification data.

1. Complete this column for the month in which the recertification notice was issued and each month thereafter, until the recertification becomes effective or assistance is terminated.

2. DO NOT enter dates follow-up notices were sent.

ITEM 15. CHANGE CODE. Complete for the regular tenant assistance or adjustments part of the schedule.

A. Fill in this item ONLY if this schedule requests an amount of assistance different than that requested last month.

B. Explain the reason for the change by entering the appropriate code from the chart below. Enter only ONE code. Enter the first code that applies.

CODE	ACTION
_____	_____
IC	Initial Certification
AR	Annual Recertification
IR	Interim Recertification

UT	Unit Transfer
GR	Gross Rent Change

Assistance Terminated Because Tenant:

TI	TTP Equals/Exceeds Gross Rent
TC	Did not supply Citizenship or Eligible-Alien Documentation
TR	Did not recertify on time
TF	Submitted false information

Assistance Terminated Because HUD:

CE	Contract expired
EN	Contract under the Enforcement Center
HQ	Automatic termination because:

An annual certification was not completed within 15 months or a move-out is not processed at a property before a move-in is processed at a new property.

ITEM 16. TENANT ASSISTANCE PAYMENTS: Enter the amount of assistance requested for each tenant in 16a.

- A. Regular tenant assistance payments
1. For Section 8 contracts, enter the monthly assistance payments shown on 59 Field B63 of the 50059 date requirements.

COMMENT: Clarification needed: This Item mentions only Section 8. It should also mention PAC and PRACs. Also the word "date" should be "data."

HANDBOOK (Appendix 10, Item 16.2, pp 6-7): 2. For RAP and Rent Supplement contracts:

If the tenant received RAP or Rent Supplement for an entire month for the same unit, enter the assistance payment shown on 59 Field B63 of the 50059 data requirements.

If the tenant received assistance for that unit for only part of the month, prorate the assistance payment as follows:

- a. Divide 59 Field B63, assistance payment, by the number of days in the month.
- b. Multiply the answer above by the number of days the tenant received RAP or Rent Supplement for that unit.

B. ADJUSTMENTS

1. MOVE-INS AND MOVE-OUTS. Prorate the assistance payments as described in paragraph 9-12 of HUD Handbook 4350.3.
2. CORRECTIONS TO PRIOR BILLINGS. Briefly explain the reason for any adjustment and enter the full adjustment required. Explain the reason for the adjustment.
3. IF YOU ARE RETURNING SUBSIDY. Put parentheses around these requests (i.e., correcting for an overpayment).

ITEM 17. TOTALS. Compute separate totals for each of the

assistance payment types. Enter those totals under Column 16a. Leave Column 16b totals blank.

Step III. Sign and Distribute the Schedule

CERTIFICATION: In the LAST box of the Schedule, print the name of owner/agent and sign. Enter the date that you signed the form and your telephone number.

IMPORTANT: In signing, you certify that you have complied with HUD Handbook 4350.3 procedures. HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. Sections 1001, 1012; 31 U.S.C. Sections 3729, 3802)

TRACS

TRACS Voucher system does not receive voucher detail transactions based upon the HUD-52670-A Part 1. However, each HUD-52670-A Part 1 entry with a Change Code should be associated with a transaction submitted to TRACS Tenant.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: In the old handbook there was guidance pertaining to the order in which entries for regular tenant assistance should be presented—unit number order or ordered by tenant name. There is no such guidance in the new handbook. The old handbook left it to the individual contract administrator or HUD office to dictate which to do. It would be better if a single standard were mandated in the handbook. The recommendation is that unit number order should be used as easiest to follow for audit purposes. The same should apply to adjustments .

☐ Legislative ☒ Policy ☐ TRACS: Item 4. Delete the last sentence of this paragraph. It refers to TRACS rules for tenant submissions.

☐ Legislative ☒ Policy ☐ TRACS: Item 7. The advice given here requires that unit numbers in group home situations add an alpha ending to the unit number to identify the unit number by household. This is not yet standard industry practice. Without a unique unit number identifier in TRACS, changing unit numbers at the site level can cause all sorts of problems both for contract administrator software and TRACS. Do we really want to insist on this language at this point or wait for the TRACS unique unit identifier?

☐ Legislative ☐ Policy ☒ TRACS: Item 15. The last three termination codes CE, EN, and HQ are described elsewhere as being for HUD use only. In order to have these codes appear on a voucher, the site software needs to do a termination using one of these codes. However, if it does so, that transaction will be sent to TRACS unless software vendors

take special steps not to pass them on. Are sites expected to submit a CE code after contract expiration or is this generated by HUD and applied to the database?

☐ Legislative ☐ Policy ☒ TRACS: Should the CA's be given a "CA" termination? If the CA's were doing the terminating, the HQ termination wouldn't be used for the CA's tenants. They should be terminated before the three-month grace period.

☐ Legislative ☒ Policy ☐ TRACS: Item 16: There are different requirements for RAP and Rent Supp as compared to the other subsidy types. It would reduce software complexity if the same rules applied to all subsidy types. Consider requiring that no events occurring after the first of the voucher month be reported on the regular tenant assistance portion of the voucher. Only full month billings should appear there. Any activity after the first should be reported on the next voucher.

☐ Legislative ☒ Policy ☐ TRACS: Step III. Page 7. The instructions leave out the signer's Title which is an item on the actual form.

Chapter 12. Special Claims (CLM)

Scope of Analysis

This section covers HUD Handbook 4350.3, Chapter 9, Section 2 (Required 50059 and Subsidy Data Reporting: Payments-Special Claims). Included is supporting Appendix 12.

Note: Housing's Voucher Working Group is currently analyzing the special claims forms and will be recommending changes to the handbook guidance and possibly to the forms themselves. Comments in this Matrix are confined to the latest published forms.

Rule # CLM-001.00: n1nnnn789: Special Claims

Handbook

HANDBOOK (9-14.A, p 9.27): A. General Guidelines for Processing Special Claims

HUD or the Contract Administrator will review and process special claims following the guidelines herein.

1. HUD or the Contract Administrator will review and process a submitted claim within 45 business days of receipt of that claim. All required documentation and materials must be submitted with the claim to ensure the timely processing of the claim.
2. Acceptable claims will be approved, and a copy of the appropriate signed and dated claim forms will be sent to the owner.

NOTE: The owner is not entitled to vacancy payments for the period following occupancy by a police officer or security personnel.

3. Unacceptable claims (e.g., not allowed, or unsupported) will be marked as denied, along with a brief explanation in writing, and returned to the owners. If a claim is denied or reduced, the owner will be notified in writing of the reason(s) for denial, and of the right to appeal the decision. This letter will include the name and address of the person to whom the appeal should be made. The owner may appeal a denied or reduced claim within 30 days of the receipt of the denied or reduced claim. The appeal should include a brief explanation as to why the claim should be paid, along with any new or additional supporting documentation. HUD will process the appeal within 30 days of receipt of the appeal.

4. HUD or the Contract Administrator must assign the HUD-specified special claims ID to the submission and include this ID on documentation returned to the owner.

COMMENT: Clarification needed: Past practice was that a batch of claims of all types would be assigned a single Claim ID. The HUD online claims application apparently

does not allow this. However, may Contract Administrators continue to assign an ID to a batch of claims as they are the ones monitoring payment?

HANDBOOK (9-14.A.5, p 9.27): 5. HUD or the Contract Administrator may pay the claim directly upon approval. Otherwise, the owner should follow instructions from HUD or the Contract Administrator for receiving payment of special claims.

6. If HUD is not paying assistance for a household, the owner is not eligible for special claims.

COMMENT: Clarification needed: Presumably this rule would not apply to the case of a tenant terminated for one of the reasons specified in the handbook and who subsequently moves out.

TRACS

TRACS can accept more than one section 5 with the same claim id if the claim id was not generated from the Special Claim Approval web application. If the claim id is from the application, then TRACS will generate a fatal error.

Summarized and approved special claims are submitted to TRACS with the monthly voucher as MAT30, Section 5 Approved Special Claim records. TRACS special claim processing includes the following characteristics:

- Each MAT 30, Section 5 record may represent one or more special claims of the same claim type.
- Each MAT30, Section 5 record must have a Claim ID assigned by the CA approving the special claim or a unique HUD generated Claim ID for claims approved by HUD field offices. TRACS can accept more than one section 5 with the same claim id if the claim id was not generated from the Special Claim Approval web application. If the claim id is from the application, then TRACS will generate a fatal error. See the Note below.
- The sum of the special claims reported using MAT 30, Section 5 records must equal the special claim totals, by claim type, submitted in the MAT30, Section 2 Assistance Payment Summary Record.
- HUD field offices obtain the HUD issued Claim Ids through a browser-based Special Claim Approval process. The approved amount for a claim type is entered into this system and the claim id is returned. When the MAT30, Section 5 records are submitted to TRACS requesting payment, TRACS verifies that the requested amount agrees with the amount approved by the field office.

Note: Starting July 1, 2004, 9-digit claim ids will be rejected. Until that time the following reflects TRACS edits:

At the time that TRACS implemented the 14-digit claim id using the web application, not all the pieces were in place to eliminate the 9-digit id, so TRACS still accepts the 9-digit

Chapter 12: Special Claims (CLM)
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id. A 14-digit id with five zeros at the end is interpreted as a 9-digit id. There are different rules for the voucher to pass or be rejected based on who administers the contract for the voucher:

Special Claim Id	Traditional CA	HUD Administered	PBCA
9-digit id starting with 1299	Pass	Fatal error (VF030)	Pass
9-digit id starting with office code/region code	Fatal error (VF067)	Pass	Fatal error (VF058)
9-digit id starting with CA id	Fatal error (VF067)	Fatal error (VF030)	Pass
14-digit id from web application	Fatal error (VF067)	Pass	Fatal error (VF058)
14-digit id starting with 1299	Pass	Fatal error (VF068)	Pass
14-digit id starting with office code/region code not from web application	Fatal error (VF067)	Fatal error (VF068)	Fatal error (VF058)
14-digit id starting with CA id	Fatal error (VF067)	Fatal error (VF068)	Pass

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: Have TRACS generate an error message if a claim is submitted for a Rent Supplement or RAP voucher.

☐ Legislative ☒ Policy ☒ TRACS: The current model is cumbersome and intensely paper driven. Paper claims are submitted to HUD or the Contract Administrator. After processing, they are returned to the site. The site then adds the claims to the next voucher and attaches the claims schedule to the paper form. Consider completing the automation job. Allow all claims, including those processed by Contract Administrators, to be entered into the online system. After approval, automatically pay the claims, either as a separate payment or as part of the next voucher submitted by the site. The data entry burden could even be pushed back to sites. Detailed claims could be submitted as part of a voucher (but not included on the voucher). TRACS could load the claims into the online application's database for review and approval. Owners would be responsible for submitting the appropriate documentation to HUD or the Contract Administrator.

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☐ Legislative ☐ Policy ☒ TRACS: Expand the TRACS Special Claim Approval application to accept the special claim detail instead of the summary by claim type that it accepts now. This would further reduce the paperwork burden, and it would make the data available for management reviews and audits.

Rule # CLM-002.00: n1nnnn789: Claims for Unpaid Rent and Damages

Handbook

HANDBOOK (9-14.B, pp 9.27-9.29): B. Claims for Unpaid Rent and Tenant Damages

1. Who may bill HUD for unpaid rent and tenant damages? Owners may file a claim for unpaid rent and tenant damage claims for Section 8, Section 202 PAC/PRAC, and Section 811 PRAC units.

2. Key requirements.

a. The owner must have collected from the tenant the maximum allowable security deposit in order to file a claim. If the owner has agreed to accept the security deposit on an installment basis and the tenant moves out before the entire security deposit is collected, the unit is not eligible for special claims payment.

b. HUD's liability is limited to the contract rent in effect when the tenant vacated the unit minus (1) the security deposit plus accrued interest and (2) any money collected from the tenant to cover the unpaid rent and damages.

c. State and local law must permit claim amounts to be deducted from the tenant's security deposit.

d. Damages must be due to tenant negligence or abuse. The owner may not request a special claim for routine maintenance and normal wear and tear.

e. Owners must provide evidence that the tenant was billed for unpaid rent and/or damages and that reasonable steps were taken to collect the debt.

3. Calculating the claim amount.

a. The owner must use form HUD-52671-A to calculate the claim amount.

b. The total claim for unpaid rent and tenant damages may not exceed the contract rent in effect when the tenant vacated the unit minus the security deposit plus interest earned and amounts collected from the tenant or other sources to cover the unpaid rent and damages.

NOTE: Although the claim form HUD-52671-A does not appear to accommodate it, amounts claimed for "other charges due under the lease" may be grouped with unpaid rent on this form.

4. Processing claims for unpaid rent and tenant damages.

a. The owner must submit a claim for approval within 180 days from the date the vacated unit is available for occupancy. HUD or the Contract Administrator must approve the claim prior to payment. Claims should be submitted only after the claim period has ended. Owners may not submit both a request for special claim and a request for reimbursement from the Reserve for Replacement account for the same item.

b. The owner must submit the documentation to HUD or the Contract Administrator. The submission must include:

(1) Form HUD-52671-A, showing the calculation of the claim

amount; and

(2) Evidence that reasonable steps were taken to collect the debt from the tenant:

Certified letter to tenant detailing the unpaid rent and other charges, the disposition of the security deposit, a demand for payment, and notice to the tenant that failure to pay the sums due will result in the owner/agent hiring a collection agency to collect the debt.

Documentation that the appropriate security deposit was collected from the tenant. A copy of the original lease will show the amount of the security deposit collected at move-in. To document that the correct amount was collected, the owner must submit a copy of the signed 50059 facsimile completed at move-in.

Documentation that the matter was turned over to a collection agency for collection and that the collection agency has attempted to collect the debt (i.e., a copy of the agency's first demand letter).

c. HUD or the Contract Administrator will:

(1) Confirm that the owner submitted the required documents with the claim;

(2) Confirm that tenant data exists in TRACS;

COMMENT: Clarification needed: Situations do arise where, due to problems with TRACS, or site or CA software, data either can not be made to appear in TRACS or submitted to TRACS. Procedures should be outlined for reviewers to follow when such is the case. In particular, if TRACS is the culprit, the owner should not have a claim denied.

HANDBOOK (9-14.B.4.c.(2), pp 9.29-9.30): (3) Review the calculation; and

(4) Confirm that the appropriate security deposit was collected from the tenant.

d. If the review results in a reduction or denial of the claim, HUD or the Contract Administrator will notify the owner and give the owner the opportunity to submit additional documentation to support the claim.

e. If the claim is approved, it will be assigned a processing number and a claim ID number, marked as approved, and returned to the owner. HUD or the Contract Administrator will maintain a copy of the approved form with supporting documentation.

f. HUD or the Contract Administrator may pay the claim directly upon approval. Otherwise, the owner should follow instructions from HUD or the Contract Administrator for receiving payment of special claims.

TRACS

TRACS does not collect the special claim detail data that would be needed to confirm that the business rules were being followed.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: For situations where it has not been possible to get evidence of a move-out into TRACS, consider allowing the reviewer to use the adjustment pages on the voucher, along with the regular tenant assistance reporting, to determine whether a move-out or move-in has occurred. Also consider accepting a signed statement from the owner/agent. Such a policy would be compatible with the advice given with respect to verifications. Third party verifications are best, but when they are unavailable a review of documents or certification from the tenant is acceptable.

Rule # CLM-003.00: n1nnnn789: Claims for Vacancy Losses During Rent-Up

Handbook

HANDBOOK (9-14.C, pp 9.30-9.32): C. Special Claims for Vacancy Losses During Rent-Up

1. Who may bill HUD for vacancy losses during rent-up? Only owners of Section 8, Section 202 PAC/PRAC, and Section 811 PRAC units may submit a claim for vacancy losses during rent-up.

ELIGIBILITY EXCEPTION: Loan Management Set-Aside, Part 886, Subpart A – Additional Assistance Program for Projects with HUD-insured and HUD-held mortgages are not eligible for vacancy loss recovery during rent-up.

2. Key requirements.

a. Units must be in decent, safe, and sanitary condition, and available for occupancy during the vacancy period for which the payments are claimed.

b. Owners must comply with the assistance payment agreement or assistance contract and implement diligent marketing not fewer than 90 days prior to the anticipated date of initial occupancy. Exceptions are as follows:

(1) Part 883, State Housing Agencies. In the case of substantial rehabilitation, owners must commence marketing 60 days prior to the anticipated date of initial occupancy.

(2) Part 884, 515 Rural Housing Projects. The owner must notify HUD of any units that may be vacant on the effective date of the contract 30 days prior to the established completion date and periodically thereafter.

c. Owners must comply with the requirements of the HUD-approved Affirmative Fair Housing Marketing Plan (AFHMP) and all Fair Housing and Equal Opportunity (FHEO) requirements.

d. The owner must take all feasible actions to fill the vacancy, including contacting any applicants on the waiting list and advertising the availability of the unit in accordance with FHEO requirements.

e. Applicants may not be rejected, except for good cause acceptable to HUD or the Contract Administrator.

f. The owner must submit a list of units leased and unleased as of the effective date of the assistance payment agreement or assistance contract, with justification for the unleased units.

3. Calculating the claim amount. Owners must use form HUD-52671-B to calculate the claim amount.

a. The claim period begins on the earlier of the effective date of the contract or the date of permission to occupy.

b. The claim period cannot exceed 60 days.

c. Claims for Section 8 and PAC properties may not exceed 80% of the contract rent for up to 60 days for each vacancy.

d. Claims for Section 811 PRAC and Section 202 PRAC may not exceed 50% of operating rent for up to 60 days for each vacancy.

4. Processing claims for vacancy losses during rent-up.
 - a. The owner must submit a claim for approval within 180 days of the date the unit was available for occupancy (date the property received permission to occupy). Claims should be submitted only after the claim period has ended.
 - b. The owner must submit the documentation to HUD. The submission must include:
 - (1) Signed and completed claim form HUD-52671-B;
 - (2) A list of all units leased, and available for lease as of the effective date of the contract, including justification for the available units;
 - (3) Evidence that marketing began not less than 90 days prior to initial occupancy including:
Copies of advertisements or invoices for advertising expenses substantiating that date; and
Copy of the waiting list.
 - (4) Documentation that explains the status of the waiting list and the outcome of applicant contacts (i.e., date applicant was contacted, response of applicant, status of applicant's move-in); and
 - (5) Copies of letters to rejected applicants demonstrating rejection for good cause.
 - NOTE: Owners need not submit, but must retain in the project's file, evidence of all feasible outreach methods used to establish and maintain the waiting list, such as newspaper advertisements, and fliers.
 - c. HUD will:
 - (1) Confirm that all required documents are submitted with the claim and are signed appropriately;
 - (2) Review all calculations on form HUD-52671-B for accuracy;
 - (3) Review the documentation describing the status of the waiting list and the outcome of applicant contacts to determine whether or not the owner is maintaining the waiting list and is processing applicants in a timely fashion, including following up on initial contacts and applicant responses;
 - (4) Confirm from copies of advertising and invoices that marketing began not less than 90 days prior to the anticipated date of initial occupancy;
 - (5) Review copies of letters to rejected applicants to confirm that rejection was for good cause;
 - (6) Review the list of units leased and unleased and the justification for the unleased units to determine the reasonableness of the justification;
 - (6) Return approved or unapproved claims to owners; and
 - (7) File a copy of the approved form along with supporting documentation.

TRACS

TRACS does not check for an Eligibility Exception.

Recommendations

☐ Legislative ☐ Policy ☒ TRACS: TRACS should check to be sure that Loan Management Set-Aside contracts do not submit claims for vacancy losses during rent-up.

Rule # CLM-004.00: n1nnnn789: Vacancy Losses

Handbook

HANDBOOK (9-14.D, pp 9.32-9.33): D. Claims for Vacancy Losses After Rent-Up

1. Who may bill HUD for vacancy losses? Owners may file a vacancy loss claim for Section 8, Section 202 PAC/PRAC, and Section 811 PRAC units.
2. Key requirements. These requirements pertain to vacancy losses that occur after rent-up. Subparagraphs C and E address vacancy loss during rent-up and debt service losses.
 - a. The maximum vacancy period for each vacancy claimed is 60 days, beginning with the day the unit was ready for occupancy.
 - b. HUD will only pay claims if the units are in decent, safe, and sanitary condition and available for occupancy during the vacancy period. HUD will not pay for vacancy loss for the days in which unit repairs were being made and the unit was being prepared for occupancy.
 - c. Claims must be submitted after the move-out/move-in dates have been submitted to TRACS. Viewing this data in TRACS will serve as notification to the Reviewing Office of the vacancy. (The move-in date will not apply if the unit is still vacant when the claim is filed.)

COMMENT: Clarification needed: If a tenant is terminated for failure to recertify (or other reason) in accordance with handbook guidance and they move-out shortly thereafter, TRACS will not ever receive the move-out record as the tenant is now considered a market rate tenant and market certifications are not supposed to be submitted to TRACS. TRACS would reject the move-out certification and site-level software is generally programmed not to send it. Either reconsider the guidance not to submit data for market tenants or provide for alternative proof of move-out in these cases.

COMMENT: Clarification needed: Situations do arise where, due to problems with TRACS, or site or CA software, data either can not be made to appear in TRACS or submitted to TRACS. Procedures should be outlined for reviewers to follow when such is the case. In particular, if TRACS is the culprit, the owner should not have a claim denied.

HANDBOOK (9-14.D.2.d, pp 9.33-9.35): d. The owner must comply with the requirements of the HUD-approved Affirmative Fair Housing Marketing Plan (AFHMP) and all Fair Housing and Equal Opportunity requirements. (See Chapter 2 and paragraphs 4-11 and 4-12.)

- e. The owner must take all feasible actions to fill the vacancy, including contacting any applicants on the waiting list and advertising the availability of the unit in accordance with Fair Housing and Equal

Opportunity requirements.

f. The owner may not reject applicants, except for good cause acceptable to the Reviewing Office.

g. The owner may not cause the vacancy by violating the lease, the contract, or any applicable law.

h. The owner must comply with all HUD requirements on termination of tenancy listed in paragraph 8-5, if the vacancy was caused by an eviction.

i. Owners must not submit vacancy loss claims for amounts that have been paid by other sources, (e.g., forfeited security deposit or Title I payments for vacancy loss incurred while holding units vacant for relocatee).

3. Calculating the claim amount. Use form HUD-52671-C to calculate the claim amount.

a. The claim period begins the day the unit is available for occupancy by another tenant.

For example, if a unit was vacated May 5 and cleaned May 5 through May 8, the claim period would begin on May 9.

b. The claim period cannot exceed 60 days.

c. Claims for Section 8 and PAC properties may not exceed 80% of the contract rent for up to 60 days for each vacancy.

d. Claims for Section 202 PRAC and Section 811 PRAC properties may not exceed 50% of operating rent for up to 60 days for each vacancy.

e. Claims for Property Disposition Set-Aside units may not exceed the housing assistance payment for the number of days elapsed between the date the tenant vacated the unit and the last day of that month plus 80% of the contract rent for any days the unit remains vacant in the following month.

f. Security deposits are applied only if the tenant failed to give proper notice as required under the lease.

g. Total claims must be reduced by any amounts the owner has collected from other sources.

4. Processing claims for vacancy losses.

a. An owner must submit a vacancy-loss claim within 180 days of the date the unit was available for occupancy. Claims should be submitted only after the claim period has ended.

b. The owner must submit the documentation to HUD or the Contract Administrator. The submission must include:

(1) Forms HUD-52670-A part 2, and HUD-52671-C, showing the calculation of the claim amount;

(2) Documentation of the status of the waiting list and the outcome of applicant contacts (i.e., date applicant was contacted, response of applicant, status of applicant's move-in);

(3) Copy of the reconditioning unit log or other maintenance record showing the move-out date, start and finish of each process, date the unit was ready for occupancy, and date the unit was rerented; and

(4) If either the move-out or move-in is a tenant transferring from another unit, the claim period is limited to 60 days for all units involved in the transfer. The owner must submit the following

information relating to the tenant transfer:

Documentation stating the reason for the transfer to another unit;
and

Evidence the security deposit was transferred, or a new security deposit was secured.

c. HUD or the Contract Administrator will:

(1) Confirm that all required documents are submitted with the claim and are signed appropriately;

(2) Confirm that tenant and move-in and move-out data exist in TRACS;

COMMENT: Clarification needed: See notes above under 9-14.D.2.c.

HANDBOOK (9-14.D.4.c.(3), p 9.35): (3) Review all calculations on form HUD-52671-C for accuracy;

(4) Review the documentation describing the status of the waiting list and the outcome of applicant contacts to determine whether or not the owner is maintaining the waiting list and is processing applicants in a timely fashion, including following up on initial contacts and applicant responses;

(5) Return approved or unapproved claims to owners; and

(6) File a copy of the approved form along with supporting documentation.

NOTE: If the waiting list is closed, it is not necessary to review the owner marketing and outreach methods.

TRACS

TRACS does not collect special claim detail.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Clarification needed: Some owners resubmit vacancy claims if they receive a retroactive gross rent increase subsequent to filing the claim on the theory that they are entitled to claim the amount of the rent increase. Is this practice acceptable or, once a claim is paid, is that it?

Rule # CLM-005.00: n1nnnnnn9: Claims for Debt Service Losses

Handbook

HANDBOOK (9-14.E, pp 9.35-9.37): E. Special Claims for Debt Service Losses

1. Who must approve claims? Performance-Based Contract Administrators (PBCAs) will not review or approve special claims for debt service payments. PBCAs do not have oversight responsibility for the financial integrity of the projects that they monitor and are not in a position to evaluate these claims. Therefore, the appropriate HUD office will have responsibility for the review and approval of any debt service special claims from properties assigned to a PBCA. HUD will, in turn, forward the results of its review to the owner, who will forward the results to the PBCA for information and further processing as necessary.

2. Who may bill HUD for debt service claims? Only owners of Section 8 units (except Section 8 LMSA) and Section 202 PAC units may bill HUD for debt service claims. Section 202 PRAC and Section 811 PRAC properties are not eligible for debt service claims.

3. Key requirements.

a. Units must have been vacant for over 60 days. Owners may not receive both vacancy and debt service payments for a unit at the same time. Therefore, a unit is not eligible for debt service payments until the 60-day vacancy period has passed.

b. Claims are limited to 12 months.

c. Payments may not exceed the amortized principal and interest payments due for that unit on the property's first mortgage, or the net operating loss on an unaudited financial statement.

d. Units must be in decent, safe, and sanitary condition and available for occupancy during the vacancy period for which the payments are claimed.

e. Owners must certify that all appropriate actions are being taken to market and fill the vacant units.

f. Projects must show a net operating loss on an unaudited financial statement.

NOTE: Depreciation and owner expenses cannot be included in this statement.

g. The Reviewing Office must determine if the project can achieve financial soundness within a reasonable period of time.

4. Calculating the claim amount. The owner may request a claim for the lesser of the following:

a. The amount of the amortized principal and interest payments attributable to the vacant unit(s). Form HUD-52671-D must be used to calculate this amount.

NOTE: Daily debt service is found on Exhibit 2 of the HAP Contract.

b. The amount of the operating loss attributable to the unit, exclusive of depreciation and any owner expenses. This amount is

calculated on an unaudited financial statement.

5. Processing claims for debt service losses.

a. The owner must submit the claims on a semi-annual calendar basis beginning 6 months after the initial 60-day vacancy period.

b. The owner must submit the documentation to HUD. The submission must include:

(1) Form HUD-52671-D, showing the calculation of the claim amount;

(2) Unaudited financial statement, covering a six-month period for which claims are made; and

(3) Written narratives detailing the items below:

Causes of the vacancies;

Causes of the financial problems;

Actions taken to correct the financial condition and to prevent recurrence; and

Sources of funds and timeframes for paying off delinquent mortgage and excessive accounts.

c. HUD will:

(1) Confirm that all required documents are submitted with the claim and are signed appropriately;

(2) Confirm that tenant and move-in and move-out data exist in TRACS;

COMMENT: Clarification needed: If a tenant is terminated for failure to recertify (or other reason) in accordance with handbook guidance and they move-out shortly thereafter, TRACS will not ever receive the move-out record as the tenant is now considered a market rate tenant and market certifications are not supposed to be submitted to TRACS. TRACS would reject the move-out certification and site-level software is generally programmed not to send it. Either reconsider the guidance not to submit data for market tenants or provide for alternative proof of move-out in these cases.

COMMENT: Clarification needed: Situations do arise where, due to problems with TRACS, or site or CA software, data either can not be made to appear in TRACS or submitted to TRACS. Procedures should be outlined for reviewers to follow when such is the case. In particular, if TRACS is the culprit, the owner should not have a claim denied.

HANDBOOK (9-14.E.5.b.c.(3), p 9.37): (3) Review all calculations on form HUD-52671-D for accuracy;

(4) Confirm that the owner will not receive both vacancy and debt service payments for the same period for the unit(s) in question;

(5) Review the property's audited or unaudited financial statement to confirm that the property has not provided the owner with sufficient revenue to cover expenses less depreciation, (i.e., the property must show a net operating loss);

(6) Review the narratives provided and available financial information to determine whether the property is likely to achieve financial soundness in a reasonable period of time;

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Rule # CLM-005.00: n1nnnnnn9: Claims for Debt Service Losses

- (7) Return approved or unapproved claims to owners; and
- (8) File a copy of the approved form along with supporting documentation.

TRACS

TRACS does not collect the special claim detail.

Recommendations

N/a

Rule # CLM-006.00: n1nnnn789: Special Claims Schedule (52670-A Part 2)

Handbook

The form is contained in Appendix 11 of the 4350.3.

COMMENT: Clarification needed: The form says to follow guidelines in handbook Chapter 9. However there are no instructions, in the handbook, on how to fill out the form including such things as whether numbers on the form should be whole dollar amounts or amounts to the penny. Also, if there are more claims than will fit on a page, should the claims be submitted as separate batches each with its own schedule or should multiple schedule pages be printed and attached to the single large batch?

TRACS

The special claim type column totals are submitted to TRACS. Each claim type should have a unique claim id.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: In the "I certify..." section of the form the word "PRC" should be "PAC."

☐ Legislative ☒ Policy ☐ TRACS: Specify the order in which claims should appear on the form. Doing so reduces software complexity and makes for more efficient auditing.

Rule # CLM-007.00: n1nnnn789: Special Claims Worksheets (526701A - D)

Handbook

The forms are contained in Appendix 12 of the 4350.3.

COMMENT: Clarification needed: If there are more Debt Service claims than can fit on a single form and multiple forms are used, should a separate total be done for each form and each form total be entered on a separate line on the 52670-A Part 2?

TRACS

TRACS does not support special claim worksheets.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: There is no guidance on any of these forms concerning which numbers should be rounded to the nearest penny and which numbers should be rounded to the nearest dollar. This sounds like a minor thing but, in practice, if different software vendors implement these calculations differently, disputes will arise between contract administrators, HUD staff, and sites on differences of \$1 in the final amount of a claim.

Recommendations for rounding on Special Claims forms:

☐ Legislative ☒ Policy ☐ TRACS: The logic here is to follow the handbook guidance to keep intermediate calculations to the penny and round only numbers that are submitted to TRACS. Even though individual claims are not necessarily submitted to TRACS, the logical place to do a final rounding to the dollar is at the end of the individual claims calculation.

HUD-52670-A Part 2. Special Claims Schedule.

All Claim Amounts on this form should be whole dollar amounts as they are numbers being transferred from other forms and have already been rounded to the nearest dollar.

Presumably if multiple pages are used the totals are done on a per page basis.

HUD-52671-A. Special Claims for Unpaid Rent/Damages.

Fields 2, 3, 4, 11, 12 should be rounded and displayed to the penny (ex. 43.35). All other fields are rounded to the nearest dollar.

If there are more Rent-up vacancies than can fit on a single form and multiple forms are used, should a separate total be done for each form and each form total be entered on a separate line on the 52670-A Part 2?

HUD-52671-B. Special Claims for Vacancies During Rent-up.

The numbers in columns 2 & 3 should be rounded and displayed to the penny. Column 5 should be rounded to the dollar. Column 4 is already covered by the Note.

HUD-52671-C. Special Claims for Regular Vacancies.

Fields 8, 9, 10, 11, 12 on Part A should be rounded and displayed to the penny. On Part B, fields 19, 20, 23, 24, 25, 26, 27 should be rounded and displayed to the penny.

HUD-52671-D. Special Claims for Debt Service.

Columns 2 and 3 should be rounded and displayed to the penny. Fields A and B at the bottom of the form should be rounded and displayed to the penny. Field C should be rounded to the dollar.

Chapter 13. Excess Income Report (EIR)

Scope of Analysis

This section covers HUD Handbook 4350.3, Chapter 9, Section 2 (Required 50059 and Subsidy Data Reporting: Payments-Excess Income). Included is supporting Appendix 13 (Form HUD-93104, Monthly Report of Excess Income).

Rule # EIR-001.00: nnnn4nnnn: Excess Income Report

Handbook

HANDBOOK (9-15, pp 9.37-9.39):

(A) Overview

Excess income in Section 236 properties consists of rent collected from the tenants by the owner, on a unit-by-unit basis, that is in excess of either the HUD-approved unassisted basic rent or the new authorized rent under the Section 8 Mark-Up-To-Market Program. This paragraph discusses the owner's reporting requirements for excess income.

(B) Key Requirements

(1) All Section 236 property owners must report excess income received on a monthly basis to HUD, even in cases where the property does not receive any excess income.

(2) If an owner receives excess rent for a unit, the excess income must be remitted to HUD unless the property meets the criteria established in HUD Handbook 4350.1, Multifamily Asset Management and Project Servicing, as described in subparagraph C below.

(C) Preparing and Submitting Monthly Reports of Excess Income

(1) Owners must prepare and submit form HUD-93104, Monthly Report of Excess Income, by the 10th of the month following the month covered by this report. All owners of Section 236 projects must submit this report even if the property did not generate excess income during the reporting period. Owners must also prepare and submit form HUD-93104 if HUD has approved the property to retain excess income. See Appendix 13 for a copy of form HUD-93104.

(2) The owner must use form HUD-93104, Monthly Report of Excess Income and Accrued Unpaid Excess Income, Section 236 Projects.

(a) On this form, the owner must show total gross rent collections received by the property in excess of the HUD-approved unassisted basic rent or the new authorized rent under the Section 8 Mark-Up-To-Market Program less any amount retained by the property for HUD-approved purposes. The difference is the amount the owner must remit to HUD.

(b) The owner must not include the following in the gross rent amount:

- (1) Late fees;
- (2) Non-sufficient funds check fees;
- (3) Utility surcharges;
- (4) Security deposit damage surcharges;
- (5) Section 8 damage surcharges;
- (6) Section 8 vacancy payments;
- (7) Local tax surcharges;
- (8) Separate parking or cable television charges if these amenities are not included in the basic rent; or
- (9) Tenant accounts receivable collected during the reporting period.

Clarification needed: Item (9) is not mentioned in a similar list in the instructions for the actual form. What amounts are included in the definition of receivables? Does this include rent payments due from prior or future periods? This interpretation would be consistent with the following language from the form instructions: "Amounts received in the current month for rents due in other months are to be applied to sums due the Operating Account and due HUD for those other months."

HANDBOOK (9-15.C.3, p 9.39):

(3) In addition to form HUD-93104, and unless the information may be extracted from the property's rent roll, the owner must create a monthly rent schedule. The schedule must include:

(a) The basic rental charge for each unit and the amount collected in excess of the basic rental charge for each unit; and

(b) For each unit that does not receive Rent Supplement, RAP, or Section 8 Assistance of any type, including units in which the tenants pay market rent, the unit number, tenant name, basic rent, and tenant rental payment.

(4) Prohibited reporting. It is not permissible for the owner to prepare an

Chapter 13: Excess Income Report (EIR)
Rule # EIR-001.00: nnnn4nnnn: Excess Income Report

aggregate calculation of the excess income paid for all occupied rent-paying units and subtract from this figure any unpaid rent from occupied or vacant units before remitting excess income to HUD.

(5) Refer to HUD Handbooks 4350.1, Multifamily Asset Management and Project Servicing and 4350.5, Subsidy Administration for further information about excess income.

HANDBOOK (Appendix 13, Instructions, p 2): Appendix 13. Form HUD-93104, Monthly Report of Excess Income

Instructions for Preparing form HUD-93104, Monthly Report of Excess Income

This form is designed to fit a window envelope.

The following (and similar) items are excluded from the computations: Late fees, NSF Check fees, utility surcharges, security deposit damage surcharges, Section 8 damage surcharges, Section 8 vacancy payments, local tax surcharges, and separate parking or cable television charges if these amenities are not included in the Basic Rent.

All Section 236 project owners (Insured, Non-insured, and HUD-held) must remit each month all rental receipts in excess of each unit's approved Basic Rental Rate.

All Section 236 mortgagors are to:

- (1) Prepare and mail form HUD-93104 by the tenth of each month to report the prior month's collections. A report must be submitted each month, whether or not a remittance is required.
- (2) Forward the original form HUD-93104 to the address shown on the form, with a copy to the local HUD Office that has jurisdiction over the project.
- (3) Keep copies of the completed forms as part of the books and records of the project for at least seven years from the dates the forms are prepared.
- (4) Attach a check for full payment of the total amount shown due, indicating the project number and the month and year of the Excess Income payment on the check.

A prorated amount of Excess Income must be computed and remitted when only a partial month's rent payment is due and paid. Amounts received in the current month for rents due in other months are to be applied to sums due the Operating Account and due HUD for those other months. If the information is not already available or readily extractable from the project's rent rolls or ledger folios, the mortgagor must prepare a

detailed monthly schedule of each unit that did not receive Rent Supplement, RAP, or Section 8 Assistance of any type; this schedule (or the rent roll) must show the basic rental charge for each unit and the amount collected as rent in excess of the basic rental charge for each unit. This schedule (or rent roll) must be prepared each month regardless of whether Excess Income is being remitted for that month. This schedule (or rent roll) must show the following information for each unit that does not receive Rent Supplement, RAP, or Section 8 Assistance of any type, and it must be presented to the independent public accountant performing the annual audit of the mortgagor at the time of the audit:

Unit Number; Tenant Name; Basic Rent; Tenant Rental Payment; Excess Above Basic Rent

Clarification needed: With respect to the language stating that “Amounts received in the current month for rents due in other months are to be applied to sums due the Operating Account and due HUD for those other months” in the paragraph above, language should be added to paragraph 9-15 stating HUD’s policy on how to handle rental payments for prior or future months received in the current month (the month of the report).

Does this mean that such amounts are not to appear on the current month's excess income report? If not, should corrections to prior reports be generated and any difference remitted to HUD?

☐ Legislative ☒ Policy ☐ TRACS: Recommendation: Such amounts are probably small in the overall scheme of things. Allow the prior reports to stand as submitted. Regenerating prior reports would be an accounting burden.

Example: If amounts are collected for future months, should the owner report those amounts when the future month’s report is generated? Or should these amounts be reported on the current month’s report? If they appear on the current report, it should be made clear that only the future amount in excess of the future basic rent amount would be considered excess—not the full amount of the future rent payment.

Example: A tenant pays no rent in August and pays both August and September rent in September. Assume the tenant is at basic rent. Presumably there is no excess reported on the September report. Is this correct?

Example: A tenant pays no rent in August and pays both August and September rent in September. Assume the tenant rent is above basic rent by \$10 per month. Is the excess rent amount for the September report \$10 or \$20.

TRACS

TRACS does not receive electronic versions of the Excess Income Report.

Recommendations

☐ Legislative ☒ Policy ☐ TRACS: Clarify how rents received for past and future periods should be reported.

☐ Legislative ☒ Policy ☐ TRACS: Give instructions and examples concerning how to handle partial month occupancy situations and both current and retroactive gross rent changes and unit transfers.

☐ Legislative ☒ Policy ☐ TRACS: Give instructions on how to deal with retroactive corrections to certifications.

Chapter 13: Excess Income Report (EIR)
Rule # EIR-001.00: nnnn4nnnn: Excess Income Report

Chapter 14. TRACS Tenant Processing Rules (TEN)

(Non-4350.3 Processes)

Scope of Analysis

This section contains TRACS processing rules that are not related to the 4350.3 business rules. They are, however, rules that were established by TRACS to further control Tenant processing and maintain data integrity.

Rule # TEN-001.00: 012345789: Tenant MAT Requirements

The Monthly Activity Transmission (MAT) is the front-end subsystem to TRACS. It accepts data submitted by the Industry to HUD in electronic form, performs limited data formatting and validation edits, and returns error/confirmation messages from HUD Headquarters to the sender sites. Data pre-validated through the MAT is passed to TRACS where further processing is performed

MAT Processing Flow:

TRACS receives MAT transmissions, via TRACSMail, into an electronic mailbox where they are forwarded to the TRACS mainframe and submitted to the MAT subsystem for processing. Upon processing, the MAT subsystem:

Returns a file containing error messages (or a transmission confirmation message if there were no errors) to the sender via their electronic mailbox.

Stores MAT subsystem processed pre-validated data in temporary database tables.
Makes the stored data available to TRACS for Tenant and Voucher processing. TRACS processes these data by applying HUD rules defined in Handbook 4350.3.

MAT and TRACS processing occur overnight. Processing results are returned to the sender's electronic mailbox.

Recommendations:

N/a

TEN-001.01: 012345789: Tenant MAT Transmission Level Requirements

MAT transmission level edits evaluate each transmission for inclusion in the Tenant MAT. Violation of a transmission level rule causes TRACS to reject the MAT transmission.

Transmission level rules are as follows:

TRACS requires the MAT to be transmitted in a fixed format ASCII file with field lengths specified in the MAT User Guide. Each record requires a line feed and carriage return.

The project and/or contract number submitted in the transmission is required to reside in the TRACS database.

PBCA administered contracts require a valid CAID.

Non-PBCA administered contract may not submit a CAID.

Project and/or contract numbers are required based on the subsidy type submitted in the transmission header.

Subsidy type, project and contract number can only be submitted in the transmission header.

Only one header and end record are allowed per MAT transmission. The header must be the first record in the file and contain a valid date, time and Telecom address.

TRACS requires the records in the transmission to be in sequence.

TRACS requires a valid TRACS release/version number.

Tenant and voucher records may not be submitted in the same transmission.

Recommendation:

☐ Legislative ☐ Policy ☒ TRACS: Clarify whether records may be padded at the end to be longer than required.

☐ Legislative ☐ Policy ☒ TRACS: Clarify whether records may be truncated in situations where no data is being reported in the omitted fields.

☐ Legislative ☐ Policy ☒ TRACS: Document TRACS edits surrounding the use of the CA ID.

TEN-001.02: 012345789: Tenant MAT Record Level Requirements

MAT record level edits validate the data formats submitted within the MAT transmission.

MAT Record Description:

The MAT, which contains extensive information, is organized into categories called records as shown in the table below.

MAT Tenant System Record Types	
Record Type	Description
TENHR	Transmission Header (one)
MAT10	HUD Form 50059 Certification (multiple) Section 1 - 50059 header record (one per MAT10) 2 – Basic record (one per MAT10) 3 – Family record (multiple per MAT10) 4 – Income record (multiple per MAT10) 5 – Asset record (multiple per MAT10)
MAT15	Address Record (multiple)
MAT40	Move-out Record (multiple)
MAT65	Termination Record (multiple)
MAT70	Unit Transfer or Gross Rent Change Record (multiple)
TENND	End of Transmission Record (one per transmission)
TENER	Error (multiple)
TENTR	Error Trailer (one per transmission)

Table 1

Record level rules are as follows:

One mandatory “header” record, TENHR, begins each MAT Tenant transmission. The header includes project name and number, contract number, ca id, and subsidy type. It also contains the information required to link the data to a specific sender, data, and time (e.g. transmission information, sender data, and a summary of the number of other MAT records included in the transmission). Data pertaining to all transactions in the transmissions are included between the TENHR and TENND records.

The MAT10 records correspond to the “HUD-50059”. The MAT40 through MAT70 records are for specific actions such as the move-out, termination, unit transfer, or gross rent change.

A MAT transmission may consist of any combination of multiple MAT10, MAT15, MAT40, MAT65, and MAT70 records.

Tenant records for the same project and/or contract and subsidy type are expected to reside between the TENHR and TENND records.

The MAT10 record, which represents a household, is subdivided into *Sections 1 – 5*, of which only sections 1, 2 and 3 are required. The other section may or may not be present in the MAT transmission depending upon the composition and status of the household being depicted.

Violation of a MAT10 record level rule causes TRACS MAT subsystem to reject the MAT10 and all its subdivisions. Some examples of MAT10 level rules are as follows:

One MAT10 header record and one Section 2, basic record, are required.

MAT10 Section records are required to be listed in 1, 2, 3, 4, 5 sequence.

Duplicate.MAT10s are not allowed.

One family member must be designated head of household with a relationship code of “H” and a member number of “01”.

Multiple head of household records are not allowed.

One TENND record ends the MAT transmission.

The TENER and TENTR records are used in the error report returned to the sender for correction.

Recommendation:

N/a

TEN-001.03: 012345789: Tenant MAT Field Level Requirements

At the field level, TRACS verifies the type and format of data transmitted via the MAT.

Field level rules are as follows:

Mandatory fields must contain the specified value and not be space filled or zero value.

Non-valued numeric fields should be zero filled.

Non-valued alpha/alphanumeric fields should be space filled.

Non-valued date and time fields should be zero or space filled.

The date format is MMDDYYYY.

A date and/or time field must contain a valid date/time.

Recommendation:

N/a

TEN-001.04: 012345789: MAT Error Requirements

MAT error messages, returned to the sender via their electronic mailbox, notify the sender of format/validation problems that need to be corrected before the data can be made available to TRACS.

For each failed edit in each record, the MAT generates an error record. The error records are returned to the sender in one transmission. The TENER and TENTR records are used in the error report returned to the sender for correction.

Each MAT error type, description, rejection expectation, and error value is detailed in the table below.

MAT Error Message/Code Description			
Error Type	Error Description	Rejection	Error Message Values
Field	Failed numeric, alpha, alphanumeric, or validation	Field errors in a record type such as a MAT10, MAT40, etc. causes a rejection of that record, only. Field errors in a section of a MAT10 record cause a rejection of the entire MAT10 record (including all sections).	'N' = Numeric Error 'X' = Not Alphanumeric 'A' = Alpha Error 'D' = Date Error
Mandatory	Data contained spaces, zeros, or incorrect values.	A mandatory error in a section of a MAT10 record causes a rejection of the entire MAT10 record (including all sections). For record types without sections (MAT15, MAT40, etc.) the record with error is rejected.	'S' = Space Filled 'Z' = Zero Filled 'V' = Value Error Space = Not mandatory error
Record Count	Record counts in the MAT transmission header or MAT10 header record did not equal the MAT calculated counts, or an error has occurred in the numbering of the records in the	Entire transmission is rejected.	

MAT Error Message/Code Description			
Error Type	Error Description	Rejection	Error Message Values
	file.		
Other	TENHR record missing.	Entire transmission is rejected.	

TRACS forwards data passing MAT edits to the Tenant system for additional processing. The MAT edit acknowledges each transmission with trailer record. If there are errors detected by the MAT, the transactions are rejected with error records sent to the user.

Recommendation:

N/a

TEN-001.05: 012345789: MAT Temporary Tables

Temporary tables created in the TRACS database store data validated by the MAT process.

TRACS tables created to store data pertinent to the Tenant MAT process include:

Tenant MAT Tables	
Name	Validated Data
F87PTMATCERT	Certification
F87PTMATCERTASSET	Asset
F87PTMATERRRECORD	Error
F87PTMATERRTRAILOR	Trailer
F87PTMATFAMILY	Family
F87PTMATINCOME	Income
F87PTMATMOVEOUT	Move-out
F87PTMATTERM	Termination
F87PTMATTRANSHDR	Transmission header
F87PTMATUNITADDR	Unit address

Table 3

Recommendation:

N/a

Rule # TEN-002.00: 012345789: Tenant Batch Processing Requirements

Tenant batch processing validates, stores, and reports household certification information submitted from the Industry and processed according to the rules defined in the Handbook 4350.3.

The extensive information submitted on the MAT necessitates organizing the data into categories, or MAT records, with each category corresponding to a specific certification-related action. Each category and concomitant action is listed below.

Tenant Transaction Categories	
MAT Record	Transaction Description
MAT10	Contains basic, family, income, and asset data pertinent to certifying a household to receive housing assistance. It corresponds to the information previously submitted on the HUD-5509.
MAT15	Contains unit addresses, tenant mailing addresses, and information required to effect a tenant address change.
MAT40	Contains information required to move a household out of a project.
MAT65	Contains information required to terminate a household's assistance
MAT70	Contains information required to: a) transfer a household to a different unit, or 2) process a gross rent change.

Business rules governing Tenant certification processing reside in the HUD Handbook 4350.3. Additional procedures, rules, etc. not explicitly stated in the Handbook, but essential to the processing flow, are employed by TRACS to control Tenant processing.

Data passing Tenant edits are stored in the TRACS database precipitating an informational/acknowledgement message. Tenant data accepted by TRACS but needing correcting generates a discrepancy message. Tenant data rejected by TRACS generates a fatal error message.

Recommendation:

☐ Legislative ☐ Policy ☒ TRACS: The MAT40, MAT65 and MAT70 have been a persistent source of confusion and consternation for the Industry. Proposals have been offered to submit a complete certification coded as a move out, termination, unit transfer or gross rent change. This would enable TRACS to add the certification being moved out, terminated, etc. if it doesn't already exist in the TRACS Tenant database. This proposal deserves serious consideration.

Chapter 14: TRACS Tenant Processing Rules (TEN)
Rule # TEN-002.00: 012345789: Tenant Batch Processing Requirements

☐ Legislative ☐ Policy ☒ TRACS: An alternative for the MAT70 is to split it into two transactions. Currently, the MAT70 serves as the vehicle for two transactions. The unit transfer and the gross rent change have different characteristics, and they should be split into two MAT record types.

☐ Legislative ☐ Policy ☒ TRACS: The unit transfer needs to be processed before the MAT10s (certifications) during the nightly production cycle. The unit transfer transaction both vacates one unit and occupies another. It is important the unit being vacated is available for a move-in when the certifications are processed.

TEN-002.01: 012345789: Tenant Batch Processing Flow:

Transactions passing the MAT are submitted to TRACS for additional processing. The table below defines the sequence in which TRACS transactions are processed. It also explains the rationale for the specified sequence.

Tenant Processing Sequence	
Transaction Type	Justification
Move-outs	Transactions of this type are processed first in the cycle to free specified units for a possible move-in. This allows a move-out/move-in action to occur within the same processing run.
Terminations	Processed second in the sequence, it allows a household's subsidy to be terminated and reinstated under a different contract in the same run.
Unit Addresses	Allows an address to be processed prior to processing any certification(s) submitted for the same unit.
Certifications	Processed following address, move-out, and termination transactions that could prepare the database to accept a certification. Provided that the dates are compatible, a move-out transaction and a move in certification for the vacated unit can be processed in the same Tenant processing cycle.
Gross rent Change and Unit transfers	Processed last in the sequence, allows the GRC and/or UT to be processed against a certification processed in the same run.

Recommendation:

☐ Legislative ☐ Policy ☒ TRACS: Currently TRACS processes transactions in date/timestamp sequence within the transaction processing sequence shown above. The tenant database is keyed using the head of household's social security number and the certification effective date. If the transaction effective date is interpreted as the date that the transaction affects assistance, the database should be keyed by transaction effective date, instead of certification effective date, and the processing sequence should be by transaction effective date, instead of the date/timestamp.

TEN-002.02: 012345789: Baseline Processing Requirements

The baseline HUD-50059s was implemented by TRACS to facilitate coordinating databases maintained by the owner, management agent, CA and TRACS. Baseline certifications can be used to correct an individual tenant's recent history.

A baseline certification must be a full certification, and it must be the current certification.

It should be a certification that already exists in the TRACS database; however, if it doesn't exist, for some reason, the baseline certification will establish it in the TRACS database.

It may be necessary to submit subsequent partial certifications to bring the baseline certification to the desired current status.

A "Y" submitted in the baseline indicator field of the MAT transmission identifies the transaction as a baseline transaction.

Recommendation:

N/a

TEN-002.03: n12345789: Re-baseline Processing Requirements

The TRACS Project Re-baseline is a web-based front-end developed for the Intranet to permit an owner or management agent to simply start over with a clean baseline for the project or contract. It does not physically remove any data from the TRACS database, but it does deactivate every tenant for the designated contract or project. Baseline certifications are required for all current tenants in the project or contract following the re-baseline process.

The requesting party submits the project or contract number to be re-baselined via the Project Re-baseline application.

The re-baseline project or contract will be written to the Automatic Termination DB2 table.

The termination procedure will be executed to terminate all certifications in the specified project or contract.

TRACS rejects any move-out, termination, or unit transfer transaction received for a re-baseline terminated tenant unless the transaction effective date of the UT/GR/MO is earlier than the re-baseline termination effective date

TRACS rejects any certification submitted for a re-baseline terminated tenant unless it is a baseline certification

Recommendation:

N/a

TEN-002.04: n12345789: HQ Move-Out:

TRACS creates a Headquarters' Move-out'' to ensure a household does not appear to occupy two units.

TRACS generates an automatic move-out when it discovers that a tenant trying to move into a new unit is still occupying a unit in the same or different project/contract.

A move-out may be submitted to replace the automatically generated move-out date with the "actual" move-out date and code. The "actual" move-out date must be earlier than the HQ move-out date being replaced.

Recommendation:

☐ Legislative ☐ Policy ☒ TRACS: Reconsider the philosophy behind this transaction and either retain it or block move-in transactions instead.

TEN-002.05: n12345789: Duplicates Scrub:

TRACS has been modified to identify:

- Units that are occupied by multiple active certified households.
- Active families that are apparently occupying multiple assisted units.

TRACS created a browse-able or downloadable report, accessible through both the Internet and the intranet ordered by reference number (project number for Rent Supplement, RAP, Section 236 and BMIR projects; contract number for Section 8, PAC and PRAC contracts) and identifying all units occupied by more than one active or market rent tenant.

The Duplicates Scrub creates messages identifying units occupied by more than one active or market rent tenant and sends the messages via TRACSMail to the most recent TRACSMail address for the reference number.

TRACS created a browse-able or downloadable report, accessible through both the Internet and the intranet ordered by reference number (project number for Rent Supplement, RAP, Section 236 and BMIR projects; contract number for Section 8, PAC and PRAC contracts) and identifying all head of households occupying more than one unit.

The Duplicates Scrub creates messages identifying active heads of households occupying more than one assisted unit, and sends the messages via TRACSMail to the most recent TRACSMail address for the associated reference numbers.

Recommendation:

☐ Legislative ☐ Policy ☒ TRACS: Expand the duplicates report to include all household members.

TEN-002.06: n12345789: Headquarters (HQ) Termination:

TRACS implemented the HQ termination to flag any tenant record for termination that has not been re-certified within three months following the next re-certification date.

1. An “automatic” termination is processed for the flagged record.
2. A message is sent to the last known transmitter to notify them of the termination.
3. HQ terminations are processed before the regular MAT65 termination transactions.
4. An automatic termination is targeted to a specific occurrence of certified household, and is applied to that occurrence only. The program that identifies expired certifications eligible for HQ Termination writes the TRACS keys (head of household social security numbers and the certification effective dates) to the table processed to create the HQ terminations.
5. TRACS searches for the highest change sequence number occurrence in the certified household table matching the flagged transaction’s head of household id and (certification) effective date provided in the automatic termination table.
6. The HQ termination is not processed if the tenant has already moved out of the unit.
7. TRACS allows a termination to be processed against an existing HQ termination in order to update it with the correct termination date. The termination date submitted in the MAT65 must be less than or equal to the HQ termination date.

Recommendation

☐ Legislative ☒ Policy ☐ TRACS: Consider financial penalties for failure to inform TRACS as to the status of a recertification.

TEN-002.07: n12345789: Logical Delete

The “logical delete” enables TRACS to maintain data integrity by flagging specific records. A “future certification” is a transaction submitted to TRACS with a transaction effective date greater than the TRACS processing date. This is a normal occurrence for Section 8, PAC and PRAC certifications. Logical deletes are performed on transactions effective in the future.

- If a move-out is processed prior to the tenant’s future certification becoming active, the future certification is “logically deleted”.
- If a termination is processed prior to the tenant’s future certification becoming active, the future certification is “logically deleted”.

Recommendation:

N/a

TEN-002.08: 012345789: Unit Addresses

TRACS collects and maintains unit addresses and tenant mailing addresses to support the requirements of REAC systems.

Unit addresses and tenant mailing addresses, if different from the unit address, may be added, updated or deleted using the MAT15 Address Record.

TRACS will associate the unit address with the tenant as the tenant transfers from one unit to another if the units are associated with a project (FHA) number. If a tenant mailing address is associated with the tenant, the owner or management agent is responsible for deleting or modifying the tenant address as needed.

TRACS validates addresses submitted using the Group 1 address validation facility. Users are notified when the address submitted is not a valid address.

TRACS accepts unit addresses for unoccupied units provided that the project has a project (FHA) number. TRACS cannot accept or maintain addresses for unoccupied units if there is no project number.

The unit accessibility feature codes are submitted to TRACS in the MAT15 Address Record and maintained in the address table.

The MAT15 Address Record can be used to renumber units. The TRACS process for renumbering units is:

- Match the MAT Transmission Header Project Number or contract number and Previous Unit Number to the Unit address table Project Number or Contract Number and Unit Number.
- TRACS confirms that the new number is available and makes the change.
- If a household id is available TRACS updates database tables pertinent to the most recent certification.

Recommendation:

☐ Legislative ☐ Policy ☒ TRACS: Replace the project number in TRACS with the REMS property id. By associating units with a property, TRACS will be able to maintain unit addresses for all units. Currently, TRACS cannot maintain unit data in those cases where only a contract number is submitted.

TEN-002.09: 012345789: Internet/Intranet Reports

TRACS has made available to HUD and the Industry specific Internet/Intranet reports to view data on line.

Tenant reports include:

- Assistance Payment Query
- Certification Query
- Certifications with Discrepancies Query
- Late Recertification Query
- Move-in/Move-out Query
- Multiple Occupancy Query
- Project Evaluation Query
- Tenant Evaluation Query
- Tenant Unit Address Query
- Verification Query

Recommendation:

N/a

TEN-002.10: n12345789: Future Certifications

TRACS applies the following rules concerning future transactions.

Annual re-certifications (AR) initial certifications (IC), and interim re-certifications (IR) may be submitted with an effective date up to 90 days in advance of the TRACS processing date.

A gross rent change (GRC) may be submitted with a transaction effective date in advance of the TRACS processing date.

TRACS does not accept a change in the head of household with a certification that has a future effective date.

A unit transfer (UT) may not be submitted with a transfer date in advance of the TRACS processing date..

A baseline certification may not be in the future.

Future move-out (MO) transactions were de-implemented with TRACS version 2.0.1.B since the 4350 Handbook states that a move-out must be after-the-fact.

Chapter 15. TRACS Voucher Processing Rules (VCH)

Scope of Analysis

This chapter describes the TRACS rules for Voucher processing that are not addressed by the 4350 Handbook, but are needed to control logical flow and maintain data integrity. TRACS will report any discrepancies or errors that result when incoming MAT30 data does not comply with these rules.

Rule # VCH-001.00: n123nn789: Voucher MAT Requirements

TRACS receives the Voucher Monthly Activity Transmission (MAT) from the Industry via TRACSMail. The MAT30 contains data that TRACS processes daily to send requests to LOCCS for voucher payments. TRACS MAT subsystem performs front-end formatting and data-type validation on the MAT30 and returns any error messages back to the sender.

Voucher MAT Processing Flow:

TRACS requires a MAT30 submission for a voucher to be processed and sent to LOCCS for payment. The MAT30 can also be used to submit a correction to a voucher. A MAT31 is required for a voucher to be deleted from the system. However, once a voucher is paid the MAT30 correction or MAT31 deletion will be rejected. The data from the MAT is processed nightly and stored in temporary database tables. The data from these tables are fed into the TRACS Voucher batch system where HUD business edits are applied. The results are returned to the sender's mailbox via TRACSMail.

Recommendations:

N/a

VCH-001.01: n123nn789: Voucher MAT Transmission Level Requirements

MAT transmission level edits evaluate each voucher transmission. Transmissions that pass the transmission level edits continue in the MAT process. Violation of a transmission level rule causes TRACS to reject the MAT30 or MAT31. The MAT30 contains the voucher data from the HUD-52670 forms. The MAT31 is a deletion for a previously submitted MAT30.

Voucher Transmission level rules are as follows:

A MAT30/MAT31 transmission includes one header record, one end record, and the various MAT records in between. The header must be the first record in the file and contain a valid date, time and Telecom address.

TRACS requires the MAT30 or MAT31 to be transmitted in a fixed format ASCII file with field lengths as specified in the MAT User's Guide. Each record requires a line feed and carriage return.

The project and/or contract number submitted must exist in the TRACS Contract database. A project number and/or contract number is required based on the subsidy type submitted in the transmission header. Subsidy type, project number and contract number fields can only be submitted in the transmission header.

Vouchers for contracts administered following the PBCA model require a valid CA Id. Non-PBCA administered contracts must not submit a CA Id.

TRACS requires the records in the voucher transmission to be in sequence.

TRACS requires a valid TRACS release/version number for the voucher transmission.

Voucher and Tenant records may not be submitted in the same transmission.

Recommendations:

N/a

VCH-001.02: n123nn789: Voucher MAT Record Level Requirements

The MAT30 and MAT31 data are organized into various categories in order to simplify data entry, understanding and processing of the MAT.

Voucher MAT record level rules are as follows:

Each MAT30 or MAT31 transmission requires a header record (VCHHR) to identify the data and specific transmission information. The MAT30 and MAT31 also require a transaction end record (VCHND) to signify the end of the transmission.

Error records (VCHER) are sent back to the user to facilitate correction when TRACS MAT processing identifies an error.

A MAT31 record is required for a voucher deletion.

A MAT30 must include a section 1, Assistance Payment Header Record, and one section 2, Assistance Payment Record. The MAT30 can also include one or more section 5, Approved Special Claims and one or more section 6, Miscellaneous Accounting Request. TRACS will not accept a MAT30 without a section 2, Assistance Payment Summary, but the regular assistance amount may be zero.

Special Claims and Miscellaneous Accounting Requests are submitted in addition to the regular tenant payment.

Recommendations

N/a

VCH-001.03: n123nn789: Voucher MAT Field Level Requirements

The MAT30 consists of fields that contain the data required to process the submitted voucher. The TRACS MAT User Guide contains the field definitions and formatting requirements for the MAT30. TRACS will reject the MAT30 or MAT31 if the field level rules are not applied.

Voucher MAT field level rules are as follows:

The record counts in the MAT30 section 1 must be correct.

Mandatory fields must contain the specified value and not be space filled. Some fields may contain zeros as per the MAT User's Guide.

Non-valued numeric fields should be zero filled.

Non-valued alphanumeric fields should be space filled.

Non-values date and time fields may be zero or space filled.

The date format is MMDDYYYY.

A date and/or time field must contain a valid date/time.

Recommendations:

N/a

VCH-001.04: n123nn789: Voucher MAT Error Requirements

MAT30 error messages, returned to the sender via TRACSMail, notify the sender of format and validation problems that need to be corrected before the data can be made available to TRACS.

For each failed edit in each record, the MAT process generates an error record. The error records are returned to the user in one transmission. The VCHER and VCHTR records are used in the error report returned to the sender for correction.

Each MAT30/MAT31 error type, description, rejection expectation, and error value is detailed in the table below.

MAT Error Message/Code Description			
Error Type	Error Description	Rejection	Error Message Values
Field	Failed numeric, alpha, alphanumeric, or date validation.	MAT30 – whole record including all sections	‘N’ = Numeric Error ‘X’ = Not Alphanumeric ‘A’ = Alpha Error ‘D’ = Date Error space = not field error
Mandatory	Data contained spaces, zeros, or incorrect values	MAT30 – whole record including all sections	‘S’ = Space Filled ‘Z’ = Zero Filled ‘V’ = Value Error space = not mandatory error
Record Count	Record counts in the VCHHR header record did not equal the MAT calculated counts and/or the Record Number sequence field was not in sequence.	Entire transmission	‘E’ = Record count error ‘S’ = Sequence error space = N/A
Other	VCHHR record missing.	Entire transmission	‘V2’ = Voucher Header record is missing.

TRACS forwards vouchers passing the MAT edits to the Voucher batch system for additional processing. The voucher data is stored in the TRACS database precipitating an informational/acknowledgement message. Vouchers accepted by TRACS but needing

corrections generate a discrepancy message. Vouchers rejected by TRACS generate a fatal error message.

Recommendations:

☐ Legislative ☐ Policy ☒ TRACS: Consider redesigning the MAT messaging system to provide a more user-friendly error message format.

VCH-001.05: n123nn789: Voucher MAT Temporary Tables

Temporary tables are created in the TRACS database to store voucher data validated by the MAT process. These tables include:

Voucher MAT Tables	
Name	Validated Data
F87PTMATVCHCTLTRLR	MAT30 section 1
F87PTMATVCHDELREC	MAT31 record data
F87PTMATVCHERREC	Error record
F87PTMATVCHERTRAIL	Voucher transmission trailer record
F87PTMATVCHMSCRQST	Miscellaneous request from MAT30 section 6
F87PTMATVCHSPCLM	Special Claims from MAT30 section 5
F87PTMATVCHSUMMARY	MAT30 section 2
F87PTMATVCHTRNHDR	Voucher transmission header record

Recommendations:

N/a

Rule # VCH-002.00: n123nn789: Voucher Batch Processing Requirements

The Voucher Batch system evaluates the incoming MAT30 and MAT31 data to determine if a voucher is eligible to be sent to LOCCS for payment. The Voucher Batch system also processes LOCCS responses to the TRACS requests for payment and notifies the user of their payment status.

Voucher Batch requirements:

There are no assistance payments made for 236 and BMIR tenants; consequently, no vouchers are submitted for these subsidy types (4 and 5).

Vouchers may be submitted to TRACS with total voucher amounts that are negative or zero. Subsidy types 2 or 3 (Rent Supplement and RAP) vouchers with total voucher amounts that are negative or zero are stored in TRACS, but they are not sent to LOCCS. Vouchers for all other subsidy types that have negative or zero total voucher amounts are sent to LOCCS to account for the voucher month.

TRACS assigns a unique voucher id to each original MAT30 that passes the edits and is stored in TRACS. The voucher id is returned to the sender. The id is made up of the last two digits of the year, followed by the two-digit voucher month, followed by a sequential count for that voucher month and year. MAT30 corrections must be submitted with the voucher id assigned to the voucher being corrected.

The TRACS processed date assigned to a voucher is the current date when the voucher is processed by the Voucher Batch system.

A voucher payable to a PBCA must have an approved payment start date sent from LOCCS, and it must be assigned a role in the TRACS database with a CA id.

TRACS produces control totals for the voucher transactions processed each day.

TRACS sends a confirmation message or error message to the sender's mailbox id submitted with the transmission.

For a non-CA voucher, the total voucher amount is equal to the sum of the total regular payment amount, the total adjusted payment amount, the total approved unpaid rent special claims amount, total approved tenant damages special claims amount, the total approved regular vacancy special claims amount, the total approved rent-up vacancy special claims amount, the total approved debt service special claims amount, and the total amount of miscellaneous accounting requests.

For a CA voucher, the total voucher amount approved by a CA is equal to the sum of the total regular payment amount approved by a CA, the total adjusted payment amount approved by a CA, the total CA approved unpaid rent special claims amount, total CA approved tenant damages special claims amount, the total CA approved regular vacancy special claims amount, the total CA approved rent-up vacancy special claims amount, the total CA approved debt service special claims amount, and the total amount of miscellaneous accounting requests approved by a CA.

Recommendations:

☐ Legislative ☐ Policy ☒ TRACS: Consider retaining MAT30s that have fatal errors in TRACS for a limited time as an aid for troubleshooting and error analysis.

VCH-002.01: n123nn789: Voucher Submission Requirements

In order to properly process the vouchers, TRACS expects the incoming data to follow certain guidelines. TRACS will notify the user if and when these requirements are not met.

Voucher Submission requirements:

Vouchers for HAP, PAC and PRAC contracts can be submitted up to a month in advance, for payment on the first of the voucher month. These vouchers are sent to LOCCS nightly where they are scheduled for transmission to Treasury so that the payment will be in the owner's bank account on the first day of the month. TRACS will reject these vouchers if they are submitted more than a month in advance.

Vouchers for Rent SUP and RAP contracts are usually submitted during the voucher month, for payment on the first of the next month. LOCCS normally pays these vouchers when received. These vouchers cannot be submitted for a future month or TRACS will reject them.

Prior to the time that a contract is assigned to a PBCA in the TRACS database, TRACS will not accept transmissions for that contract from the PBCA. The period between the time the contract is assigned to the PBCA in the TRACS database and the PBCA payment start date is referred to as the "transition period".

During the transition period when contracts are being converted from HUD administered to PBCA administered, the PBCA must submit the vouchers with a CA Id, but the owner or management agent will be paid. If the CA fields are populated, they will be ignored; however, the voucher will be rejected if the total CA Approved Amount field is populated. The voucher will be rejected if the CA Id is not submitted.

After the PBCA payment start date becomes active, current vouchers must have the CA Id and the CA MAT fields populated. The PBCA will be paid using the data from the CA approved fields. If the CA fields in the MAT are not populated, the voucher will be rejected.

Vouchers for periods prior to the PBCA payment start date may be submitted by PBCAs after the payment start date becomes active. The MAT submission must not have the CA Id populated, and the owner or management agent will be paid from the amounts submitted by the owner/agent. The voucher will be rejected if the CA Id is submitted.

Traditional CAs that have been converted to the PBCA model follow the process outlined above.

NOTE: Vouchers that are over a year old and predate the PBCA transition period should be submitted without the CA Id. It will be held for review before being paid to the owner or management agent.

Incoming subsidy type values are validated against the Rental Assistance Contract table in the TRACS database. A subsidy value of 1 (section 8) should have a contract document type of 'HAP', a subsidy type 2 (Rent Supplement) should have a contract document type of 'SUP', subsidy type 3 (RAP) should have a contract document type of 'RAP', a subsidy type of 7 (section 202) or 8 (section 811) should have a contract document type of 'PRAC', and a subsidy type 9 (202/162) should have a contract document type of 'PAC'. If the subsidy type value does not match the contract type in the table, the voucher is rejected. A contract administered by a traditional CA must have a contract document type of 'ACC' or, if the CA has been converted to the PBCA model, a contract document type of 'HAP' with an 'acc end date' valued.

LOCCS sends retroactive vouchers (vouchers submitted after their scheduled payment date) directly to Treasury for payment.

A voucher that has been processed but not paid can be corrected with a MAT30 correction or deleted with a MAT31. TRACS will reject a voucher correction or deletion for a voucher that has already been sent to Treasury by LOCCS for payment.

Non-PBCA vouchers total voucher amount and PBCA vouchers CA approved total voucher amounts are the values forwarded to LOCCS for payment.

Non-PBCA vouchers submitted for a voucher date over a year old will be held for review. PBCA vouchers submitted for a voucher date over a year old will receive a TRACS discrepancy message, but they will be sent to LOCCS for payment.

While a voucher is being held for review, it cannot be corrected or deleted.

PBCA submitted vouchers must have a CA id and CA amount fields or the voucher will be rejected. Vouchers for HUD Administered contracts will be rejected if they do have CA Ids and populated CA amount values.

Vouchers submitted by traditional CAs are stored in TRACS but not sent to LOCCS.

Vouchers submitted by traditional CAs that have been converted to the PBCA model are processed as PBCA vouchers.

A voucher submitted with a compliance percentage below the compliance standard will be held for review. The compliance percentage is calculated using the contract's active

tenant count (stored in the TRACS database) divided by the units in regular billing submitted with the voucher.

A voucher that has a Units In Contract count greater than the units in contract standard stored in the TRACS database will be held for review.

A voucher submitted for an expired contract will be held for review.

A voucher submitted for a contract with insufficient funds will be held for review.

A voucher submitted by a non-CA with an amount more than the threshold for its contract will be held for review. A voucher submitted by a CA with an amount more than the threshold for its contract will receive a TRACS discrepancy message, but it will be sent to LOCCS for payment.

A voucher submitted for a project with exigent health and safety violations will be held for review.

TRACS will notify the user of a voucher discrepancy when the sum of the number of units receiving subsidy, the number of vacant units, and the number of units with market rent is not equal to the total number of units in the voucher's contract or project.

When a MAT30 includes Special Claims, TRACS expects the amount of the unpaid rent requested, the amount of the tenant damages requested, the amount of the regular vacancies requested, the amount of the rent-up vacancies requested, and the amount of the debt service requested to be the total special claims requested for that voucher.

The voucher will be rejected if the sum of the assistance, special claims and miscellaneous accounting amounts does not add up to the total voucher amount.

The Contract and /or Project number submitted for the voucher needs to be active or the voucher will be rejected. The contract status cannot be "suspended" or "cancelled" during the period covered by the voucher.

Each Special Claim (section 5) record is for one Special Claim Type. Multiple Special Claim records can be submitted with a voucher. The sum of the special claim records for a type must equal the total approved amount submitted for that claim type, or the voucher will be rejected. The claim types are: unpaid rent, damages, regular vacancy, rent-up vacancy, and debt service.

Multiple Miscellaneous Accounting Request (section 6) records may be submitted. The sum of the Miscellaneous Accounting Request amounts must equal the Total Amount of

Miscellaneous Accounting Requests submitted with the voucher, or the voucher will be rejected.

Recommendations:

☐ Legislative ☐ Policy ☒ TRACS: Establish a rule that TRACS will not accept a voucher header (VCHHR) with the CA data populated until the contract has been assigned to the CA in TRACS. The voucher (MAT30) will be rejected if the VCHHR is rejected. The transition period starts when the contract is assigned to the CA in TRACS.

☐ Legislative ☐ Policy ☒ TRACS: Establish the rule that TRACS will not accept a VCHHR without the CA data populated after the contract has been assigned to the CA in TRACS. The agency defined data in the VCHHR will be stored in TRACS and returned with messages.

☐ Legislative ☐ Policy ☒ TRACS: Establish the rule that TRACS will accept MAT30s from CAs for periods prior to the payment start date, but the CA approved amount fields will be ignored and the owner will be paid.

☐ Legislative ☐ Policy ☒ TRACS: Establish the rule that MAT30s for contracts assigned to a CA must have the CA approved amount fields populated if the voucher is for a period on or after the payment start date.

☐ Legislative ☐ Policy ☒ TRACS: Return the compliance percentage as part of the voucher acknowledgement message.

VCH-002.02: n123nn789: LOCCS Response Requirements

TRACS sends payment requests for vouchers to LOCCS for processing. LOCCS responds nightly to these requests, and it also responds identifying interface control violations. Depending on the response, TRACS notifies the sender of the status of their payment request based upon LOCCS response. An interface control violation requires TRACS to modify the file submitted to LOCCS and resubmit it.

LOCCS Response requirements:

Vouchers that pass TRACS edits are sent to LOCCS nightly. A status is returned by LOCCS for each voucher sent by TRACS. LOCCS may reject some vouchers, but those not rejected are scheduled for payment based upon subsidy type and the age of the voucher.

LOCCS transmission controls may reject TRACS voucher payments requests due to header format problems, record count mismatches, record numbers out of sequence, sum of amounts mismatch, or invalid confirmation codes. These batches are resent to LOCCS as a whole for processing after a correction is made.

LOCCS will notify TRACS when it rejects a voucher correction or deletion received after the original voucher was transmitted to Treasury for payment.

LOCCS will notify TRACS when a voucher has insufficient funds in LOCCS. Rent Supplement and RAP payments with insufficient funds are rejected by LOCCS, but TRACS warehouses the vouchers and resubmits them to LOCCS weekly until they are paid or manually cancelled. Section 8, PAC, and PRAC payments with insufficient funds are warehoused by LOCCS and automatically released for payment when the funds have been added to the contract in LOCCS. When LOCCS sends a rejection due to insufficient funds, TRACS updates the voucher's threshold amount field to the balance remaining sent by LOCCS.

LOCCS will notify TRACS of a rejection to a voucher that has already been transmitted to LOCCS (a second original voucher for the same voucher month). This normally occurs when the original voucher was submitted to LOCCS from the National Accounting Center (NAC) and was not processed by TRACS.

LOCCS will notify TRACS when a voucher has an expired contract or project in LOCCS. Rent Supplement and RAP vouchers are rejected by LOCCS, but TRACS warehouses the vouchers until the contracts are renewed. Section 8, PAC, and PRAC payments are warehoused by LOCCS and automatically released for payment when the contracts are renewed in LOCCS.

LOCCS will notify TRACS of a rejection to a voucher for a contract that is suspended by LOCCS.

LOCCS will notify TRACS of a rejection to a voucher that is returned by the Treasury.

LOCCS will notify TRACS when a voucher is sent to the Treasury for payment. The notification includes any set-aside amount and the amount actually paid.

TRACS receives payment start dates for PBCA administered contracts from LOCCS. TRACS uses this date to control processing vouchers as administered by a PBCA or HUD.

Recommendations:

N/a

Rule # VCH-003.00: n123nn789: Voucher Web Applications Requirements

TRACS provides web applications to HUD staff and users to view voucher data, voucher status, submit vouchers, mark vouchers for review, release or reject held vouchers, alter contract threshold amounts, or create special claims.

Voucher Web Applications:

The threshold amount for the contract can be manually altered by HUD through TRACS intranet web application Maximum Voucher Amount Auto Review available on Secure Systems. Non-CA submitted vouchers with an amount more than the threshold for its contract will be held from payment for review.

TRACS allows vouchers to be submitted by HUD through the web application available on the intranet through Secure Systems. Vouchers submitted manually through the TRACS web application will be held for review.

A submitted voucher for a contract with exigent health and safety violations will be held from payment for review. The contract can be marked as having these violations using the TRACS intranet web application, Maximum Voucher Amount and Auto Review.

HUD Field office personnel approve special claims through the TRACS web application. The application generates a 14-digit claim id that is submitted with the MAT30 or a manual voucher through the web application.

Recommendations:

N/a