

HUD Housing & FHA Monthly Review



ANNOUNCEMENTS

Biniam Gebre assumes role as Acting Assistant Secretary - FHA Commissioner



On Monday October 27th Biniam Gebre took over as the Acting Assistant Secretary for Housing - FHA Commissioner. Biniam joined HUD as the General Deputy Assistant Secretary for Housing and has been co-leading several major priorities for the Department including efforts to transform how HUD delivers rental assistance, policies to modernize and preserve FHA's 80-year history of providing access to affordable mortgage credit, and initiatives to improve the operations of the Office of Housing.

Prior to joining HUD, Biniam was a Principal at McKinsey & Company, where he led many engagements on housing finance, risk management, leadership development, and organizational effectiveness. Biniam Co-founded the McKinsey Center for Government, McKinsey's global hub for research, collaboration and innovation in government performance. Biniam was also the founding leader of the Development Agencies and International Aid Practice and before that the founding leader of the Real Estate Finance Practice.

Biniam Received a B.A. from Williams College in Chemistry and an MBA in Finance and Economics from Northwestern University.

IN THE NEWS

Op-Ed: Private Money Successfully Fixing Public Housing

By Biniam Gebre and Jemine Bryon

http://rooflines.org/3934/private-money-successfully-fixing-public-housing/?utm_source=November+4+Weekly&utm_campaign=Nov+4+Weekly&utm_medium=email

Op-Ed: Finding Common Ground on HUD's Distressed Asset Sales Program

By Biniam Gebre

<http://thehill.com/blogs/congress-blog/economy-budget/220042-finding-common-ground-on-huds-distressed-asset-sales>

POLICY DEVELOPMENTS

SINGLE FAMILY HOUSING

Publication of New Section of the Single Family Housing Policy Handbook (SF Handbook)

On Tuesday, September 30, the Office of Single Family Housing published the Origination through Endorsement section of the SF Handbook. Originally posted for stakeholder feedback in October 2013 as *Application through Endorsement for Title II Forward Mortgages*, this is the first completed section of FHA's larger SF Handbook effort. This section covers Single Family Housing loan origination and underwriting policies, as well as the requirements for post-closing & endorsement for Title II Forward Mortgages. The policies in this section become effective for FHA Case Numbers assigned on and after **June 15, 2015*** This lead time allows mortgagees and other stakeholders time to make any necessary systems and process changes. Other SF Handbook sections and sub-sections are, or have been, posted for feedback on FHA's SF Drafting Table web page. These sections and sub-sections will be published in the future and incorporated into the overall SF Handbook (HUD Handbook 4000.1) to achieve a single, authoritative source of Single Family Housing policy.

- Link to the Handbook:

<http://portal.hud.gov/hudportal/documents/huddoc?id=40001HSGH.pdf>

**The Origination through Endorsement section of this Single Family Handbook is effective for all Case Numbers assigned on or after June 15, 2015, except as follows. FHA will be publishing a Federal Register notice soliciting comment relating to Paragraph (4)(j) of IIA.8.d.vi.(C) "Streamline Refinances." Following consideration of comments received in response to this Federal Register notice, FHA will announce any changes to these provisions and the effective date of those paragraphs.*

FHA Short Refinance Program Extension

On Wednesday, October 1, the Federal Housing Administration announced its intent to extend the FHA short refinance program for underwater borrowers. This program is part of the making home affordable program. FHA plans to issue additional program details by December 2014.

HUD Qualified Mortgage (QM)

On Monday November 3, the Office Single Family Housing published a Federal Register Notice announcing HUD's adoption of changes made by the CFPB to certain transactions that are exempt from QM. This notice also announces that HUD will not be adopting the cure provisions for points and fees contained in the CFPB's rule, as such cure provisions may violate the statutory requirement FHA's minimum cash investment. The Notice will announce that HUD is seeking to implement a separate cure provision.

<https://www.federalregister.gov/articles/2014/11/03/2014-25492/huds-qualified-mortgage-rule-announcement-of-intention-to-adopt-changes-pertaining-to-exempted>

MULTIFAMILY HOUSING

OCAFs

On Thursday, October 2, Multifamily Housing published the FY2015 OCAFs. This new Federal Register Notice contains the Operating Cost Adjustment Factors (OCAFs) for Fiscal Year (FY) 2015. OCAFs are required by Section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA). The OCAFs will be used in calculating rent adjustments upon renewal of Housing Assistance Payments contracts under MAHRA, and calculating annual rent adjustments under both MAHRA and the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA). HUD used the same methodology for calculating the FY 2015 OCAFs as was used in FY 2014. The Office of Policy Development and Research (PD&R) provided the OCAFs to the Office of Multifamily Housing. The OCAFs are slightly higher than FY14 OCAFs.

- Link to Fed. Register:

<https://www.federalregister.gov/articles/2014/10/02/2014-23475/certain-operating-cost-adjustment-factors-for-2015>

Supportive Housing Proposed Rule

On Tuesday, October 7, the Office of Multifamily Housing Programs published a Proposed Rule regarding Supportive Housing and Services for the Elderly and Persons with Disabilities Implementing Statutory Reforms. The proposed rule establishes the requirements and procedures for the use of new project rental assistance for supportive housing for persons with disabilities; the implementation of an enhanced project rental assistance contract; allowance of a set-aside for a number of units for elderly individuals with functional limitations or other category of elderly persons as defined in the notice of funding availability (NOFA); make significant changes for the prepayment of certain loans for supportive housing for the elderly; implement a new form of rental assistance called Senior Preservation Rental Assistance Contracts (SPRACs); modernize the capital advance for supportive housing for persons with disabilities; and provide grant assistance for applicants without sufficient capital to prepare a site for a funding competition. This rule also proposes to establish the regulations for the Service Coordinators in Multifamily Housing program and the Assisted Living Conversion program.

Public comments are due to HUD by December 8.

- Link to Fed. Register:

<http://www.gpo.gov/fdsys/pkg/FR-2014-10-07/pdf/2014-23276.pdf>

Section 8bb Housing Notice

On Tuesday, October 7, The Office of Multifamily Housing Programs published a Housing Notice about Transferring Budget Authority of a Project-Based Section 8 Housing Assistance Payments Contract under Section 8(bb)(1) of the United States Housing Act of 1937 (8bb). This Notice will set forth the Department's policies and procedures for transferring all or a portion of any remaining budget authority of a project-based Section 8 Housing Assistance Payments (HAP) contract to one or more contracts where the existing HAP is terminated by mutual agreement. This Notice is a preservation tool for Multifamily Housing.

- Link:

<http://portal.hud.gov/hudportal/documents/huddoc?id=14-14hsgn.pdf>

RAD Quick Reference Guide

On Wednesday, October 15, HUD issued a Quick Reference Guide for Public Housing Projects converting to Project-Based Voucher (PBV) Assistance. This guide is the companion to the Quick Reference Guide for PBRA conversions.

- Link to guide:

http://portal.hud.gov/hudportal/documents/huddoc?id=RAD_PBV_Conversion.pdf

RAD Lender Riders

On Tuesday, October 15, new RAD lender riders were released through RAD Eblast. The riders help to align Multifamily programs with the needs of the market. The riders are available on the RAD website.

- Lender PBRA Rider to HAP:

http://portal.hud.gov/hudportal/documents/huddoc?id=Lender_HAPRider_PBRA.docx

- Lender PBV Rider to HAP:

http://portal.hud.gov/hudportal/documents/huddoc?id=Lender_HAPRider_PBV.docx

- Lender Rider to Use Agreement:

http://portal.hud.gov/hudportal/documents/huddoc?id=Lender_Rider_UA.docx

Housing Notice on Passbook Savings Rate

On Friday, October 31, the Office of Multifamily Housing Programs published a notice on the passbook savings rate. Multifamily Housing has analyzed their policy with respect to the interest rate that should be used by owners and management agents of HUD assisted properties to impute income from tenant assets over \$5,000. Currently, for assets over \$5,000, regulations require HUD to use the greater of current income earned or income earned based on a current passbook savings rate, as determined by HUD. This policy seeks to update the rate to more accurately reflect interest currently being earned on assets.

- Link:

<http://portal.hud.gov/hudportal/documents/huddoc?id=14-15hsgn.pdf>

HEALTHCARE PROGRAMS

Section 232 Healthcare Facility Insurance Program-Submission of Operator Financial Reports

On Friday, October 3, the Office of Healthcare Programs issued Federal Notice No. FR-57945N-02-Submission of Operator Financial Reports in Accordance With HUD's Uniform Financial Reporting Standards: Commencement of Compliance. On September 16, 2014, HUD published an interim rule that revised the financial reporting deadlines for operators participating in FHA's program for insurance of health care facilities under section 232 of the National Housing Act (Section 232 program) to bring the operators in-line with the reporting periods prescribed in HUD's Uniform Financial Reporting Standards. In accordance with HUD's regulations implementing its Uniform Financial Reporting Standards, HUD is providing notice that it has issued guidance on the manner in which the reports by operators are to be submitted to HUD. Accordingly, operators must submit their financial reports to the lender that services the section 232 FHA insured mortgage for the project for fiscal years commencing on or after December 2, 2014.

- Link to Fed. Register: <http://www.gpo.gov/fdsys/pkg/FR-2014-10-03/pdf/2014-23484.pdf>

The OMHP will commence enforcing its 1988 standard for measurement to ensure that units over 400 square feet meet HUD's building standards for manufactured homes that enter the first stage of production on or after April 1, 2015.

Whether this standard should be revised will be raised before the Manufactured Housing Consensus Committee (MHCC) for discussion.

- Link:

<http://portal.hud.gov/hudportal/documents/huddoc?id=rvmemo.pdf>

MANUFACTURED HOUSING PROGRAMS

Discretionary Enforcement Bulletin – Recreational Vehicle Exemption

On Wednesday, October 1, 2014 the Office of Manufactured Housing Programs is issuing a discretionary enforcement bulletin to reiterate its longstanding interpretation of its Recreational Vehicle Exemption, 24 CFR Section 3282.8(g) and Interpretative Bulletin A-1-88, from the requirements of the National Manufactured Housing Construction and Safety Standards Act. OMHP has recently received information that several manufacturers have produced units marketed as "Park Model RVs" believing these units to fall under HUD's Recreational Vehicle exemption from HUD's code and regulations relying on an erroneous interpretation of HUD's exemption issued by the Recreation Vehicle Industry Association.

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