



To: All Owners and Managers
From: Bob Conroy, Director of Asset Management

In this issue:

- I. RHIIP Listserv Posting #256: Clarification “Are Social Security ‘cents’ included as income?”**
- II. Revision of Internal Revenue Service (IRS) Form 8703 – Low-Income Housing Tax Credit (LIHTC) Properties with Tax Exempt Bonds**
- III. MaineHousing Staff and Summer Work Schedules**
- IV. Clarification Regarding Utility Allowance Regulations – HUD Memorandum Dated June 20, 2011**
- V. PUBLIC Law, Chapter 199, LD 1067, 125th Maine State Legislature: An Act To Improve Awareness of Smoking Policies in Maine Rental Housing**
- VI. PUBLIC Law, Chapter 405, LD 1198, 125th Maine State Legislature: An Act To Reduce Regulations for Residential Rental Property Owners**
- VII. Second Reminder: Maine Real Estate Managers Association Sponsors Two-Day Advanced Training August 9-10 in South Portland**
- VIII. Internal Revenue Service (IRS) Increases Mileage Rate**

I. RHIIP Listserv Posting #256: Clarification “Are Social Security ‘cents’ included as income?”

The US Department of Housing and Urban Development (HUD) has received requests for further clarification to RHIIP Listserv messages #229 and #231 on how to calculate Social Security income and/or Medicare when the amounts in the EIV system differ from the amounts represented on the SSA Award Letter. Specifically, which document is used when the Social Security Award Letter indicates a “cents” amount being received and the EIV Income Report does not.

HUD Notice H 2010-10 states the Income Report identifying the Social Security benefit information in the Enterprise Income Verification System (EIV) must be used as third party verification of the tenant’s income and will be used to calculate the tenant’s income. Additionally, the owner/agent (OA) must confirm with the tenant that the current benefit amount in EIV is correct. If the tenant agrees that the Social Security benefit information reported in EIV is correct, the OA must use the gross benefit amount reported in EIV for calculating the tenant’s income by annualizing the gross benefit amount projected forward for the next 12 months. This requirement allows the OA to use the amount represented in EIV (even if no cents are included) to calculate income. Social Security Award Letters are not required to be viewed or included in the tenant’s file if the EIV Income Report is being used to verify and calculate benefits.

The SSA award letter should be used to calculate income and included in the tenant's file only if the tenant disputes the amount(s) on the EIV Income Report. Having the SSA Award Letter in the file is not in itself an indication that the tenant disputes the amount(s) on the EIV Income Report. The OA should make a note on the EIV Income Report that the tenant disputes the amount and then use the Social Security Award Letter to calculate income. The award letter must not be older than 120 days. Please refer to Notice H 2010-10 for instructions when the tenant does not have his/her Social Security Award Letter or when the letter is older than 120 days.

REMINDER: OAs can view the RHIIP Tips Archives, under "Listserv-Multifamily RHIIP Tips" at <http://www.hud.gov/offices/hsg/mfh/rhiip/mfhrhiip.cfm>. OAs are encouraged to sign-up for the Listserv, so they too can receive current RHIIP related information from HUD <http://www.hud.gov/subscribe/maillinglist.cfm>.

II. Revision of Internal Revenue Service (IRS) Form 8703 – Low-Income Housing Tax Credit (LIHTC) Properties with Tax Exempt Bonds

The IRS announced on June 15, 2011, the release of a revised Form 8703, Annual Certification of a Residential Project. This form must be filed annually by the operator of a residential rental project for which an election was made under section 142(d) of the Internal Revenue Code of 1986, as amended, for the duration of the qualified project period. A separate Form 8703 must be filed for each property by March 31 after the close of the calendar year for which the certification is made. The revised form has a revision date in the upper left corner of April 2011 a copy is attached to this Notice.

The following is a summary of the changes:

Part I: General Information

Line 4 provides a box to be checked if no residential units were occupied by a new non-low-income resident during the calendar year.

Part II: Annual Terminations

Lines 11-13 required the operator to provide (1) the total number of low-income units vacated during the calendar year, (ii) the number of such units occupied by new residents who were low-income residents at the time of occupancy, and (iii) the number of such units held available for low-income residents as of the end of the calendar year.

Part III: Issuer and Description of Bonds

Lines 14-20 require the operator to provide (1) the name of the issuer, (ii) the EIN of the issuer, (iii) the name of the issue, (iv) the date of the issue, (v) the CUSIP number of the issue, (vi) the issue price, and (vii) the final maturity date, with respect to the bonds financing the project.

Questions regarding the filing of Form 8703 may be directed to the IRS. Specific questions may be sent via email to the IRS at TaxExemptBondQuestions@irs.gov. Please put "Form 8703 Question" in the subject line of the email. In the body of the email, include a description of the specific question(s), a return email address, the name of a contact person, and a telephone number.

III. Maine Housing Staff and Summer Work Schedules

Now that summer is upon us, many of us are looking forward to recreating in this wonderful weather and the beautiful state. Some Asset Management Department staff will be taking vacations this summer. When out of the office, staff members are required to set their voice mail and email accounts with messages indicating the duration of their time away from the office and to whom questions or emergency situations may be directed.

We are asking our partners to let the Asset Management staff with whom they work know of any special projects that will require their attention during the summer. This will allow our staff to brief their co-workers who are covering for them. Also, if emergencies do arise and immediate responses are required, please follow the directions from the emails and voice mail messages referring the caller to another staff person. If you have any questions, please be sure to contact the Asset Manager assigned to your property or management company.

Enjoy the summer!

IV. Clarification Regarding Utility Allowance Regulations – HUD Memorandum Dated June 20, 2011

On June 20, 2011, HUD released a memorandum from Carol J. Galante, Deputy Assistant Secretary for Multifamily Housing Programs (a copy of which is attached) regarding clarification of utility allowance regulations. All owners and managers of HUD multifamily properties that have utility allowances as part of the subsidy calculations must review this notice and comply with the requirements for annual utility allowance analyses and submission requirements. As stated in the first paragraph of the memorandum, “additional guidance regarding analysis methodologies and energy efficiency goals will be addressed in the future and may result in regulatory clarification and changes.”

It is particularly important to note the provisions of paragraph 3 of the attached memorandum which states:

“Owners of multifamily housing properties that receive subsidy assistance, and for which HUD provides a utility allowance, are required to adjust their properties’ utility allowances every year at the time of the annual and special adjustments of contract rents. This is true regardless of the percentage or amount of the adjustment and includes Operating Cost Adjustment Factor (OCAF), Annual Adjustment Factor (AAF), and Budget Based adjustments. The adjustment, which may result in an increase or decrease (or no change) from the current utility allowance, must be supported by an analysis of the project’s utility allowances and must be submitted to the PM/CA (HUD Project Manager or Contract Administrator) at the time of the annual or special adjustment of contract rents. If the owner does not submit the utility analysis with the rent adjustment submission, the PM/CA must withhold the rent adjustment until receipt of the utility analysis and all other required submissions. Once the required documents are received, the PM/CA retroactively implements the rent adjustment in accordance with Section 524(c) of MAHRA. HUD does not permit submission of a certification by an owner indicating that a utility analysis has been conducted with no resulting change in the current utility allowances in lieu of submitting an actual utility analysis.”

IMPORTANT NOTE: In order to comply with the provisions of this HUD Memorandum, all rental subsidy adjustment submissions (e.g. initial renewals, subsequent renewals, multi-year rental adjustments to renewed HAP contracts, and special rent increases) for properties with utility allowances, **MUST** be accompanied by a utility allowance analysis. Rental adjustment submissions for properties with utility allowances that do not submit the analysis will be considered incomplete and cannot be processed until the utility allowance analysis is provided to MaineHousing staff. Even in instances where contract renewal submissions do not warrant a change in the subsidy, processing of the renewal will be suspended until a complete submission is received. Incomplete submissions could cause a temporary suspension of monthly HAP subsidy payments.

Questions regarding HUD’s memorandum may be referred to Yvette Viviani at (202) 402-2366 or Michael Sharkey at (202) 402-6788. Questions regarding HAP contract renewals or rental adjustments for HUD subsidized properties, please contact Mary Young at MaineHousing at myoung@mainehousing.org or by telephone at (207) 626-4636, toll free at 1-800-452-4603 ext. 636 or TTY 1-800-452-4603.

V. PUBLIC Law, Chapter 199, LD 1067, 125th Maine State Legislature: An Act To Improve Awareness of Smoking Policies in Maine Rental Housing

The Maine State Legislature passed and Gov. Paul LePage signed into law, LD 1067, An Act to Improve Awareness of Smoking Policies in Maine Rental Housing. A copy of this legislation is attached to this notice and becomes effective 90 days following adjournment of the 125th Legislature, First Regular Session, unless otherwise indicated.

REMINDER: For project-based Section 8 properties must use the HUD Model lease and lease amendment provisions as specified in HUD Handbook 4350.3, Chapter 5 “Leases and Lease Attachments”. Section 6-12 provides guidance regarding the process to modify lease provisions.

VI. PUBLIC Law, Chapter 405, LD 1198, 125th Maine State Legislature: An Act To Reduce Regulations for Residential Rental Property Owners

The Maine State Legislature passed and Gov. Paul LePage signed into law, LD 1198, An Act to Reduce Regulations for Residential Rental Property Owners. A copy of this legislation is attached to this notice and becomes effective 90 days following adjournment of the 125th Legislature, First Regular Session, unless otherwise indicated.

REMINDER: For project-based Section 8 properties must use the HUD Model lease and lease amendment provisions as specified in HUD Handbook 4350.3, Chapter 5 “Leases and Lease Attachments”. Section 6-12 provides guidance regarding the process to modify lease provisions.

VII. PUBLIC Law, Chapter 369, LD 744, 125th Maine State Legislature: An Act to Amend the Definition of “Service Animal” To Conform With Federal Law

The Maine State Legislature pass the and Gov. Paul LePage signed into law, LD 744, An Act To Amend the Definition of “Service Animal” To Conform with Federal Law. A copy of this legislation is attached to this notice and becomes effective 90 days following adjournment of the 125th Legislature, First Regular Session, unless otherwise indicated.

REMINDER: Properties that are project-based Section 8 with elderly residents and/or residents with disabilities are to follow HUD regulations published October 27, 2008, 24 CFR 5 – “Pet Ownership for the Elderly and Persons with Disability; Final Rule”, a copy of which is attached to this Notice.

Also project-based Section 8 properties must use the HUD Model lease and lease amendment provisions as specified in HUD Handbook 4350.3, Chapter 5 “Leases and Lease Attachments”. Section 6-12 provides guidance regarding the process to modify lease provisions. Section 6-10 also discusses in detail Pet Rules, lease provision for Pet Rules and procedures when Pet Rules are violated.

VIII. Second Reminder: Maine Real Estate Managers Association Sponsors Two-Day Advanced Training August 9-10 in South Portland

The Maine Real Estate Managers Association (MREMA) is sponsoring a two-day training event with A.J. Johnson. The two-day advanced training event will focus on HUD Section 8 4350.3/RD 515 management requirements, how to handle the mixture of the two programs, and Low-Income Housing Tax Credit (LIHTC) management requirements. The two days topics are listed below:

Day One: August 9, 2011: Section 8 / Rural Development Management Requirements

This full day course outlines the more complex requirements of the HUD Project-Based Section 8 and Rural Development 515 Programs. The training provides an overview of HUD Section 8 / RD 515 Program regulations, including rent rules, resident eligibility, income restrictions, and recertification requirements with an expanded discussion on AFMPH, civil rights and nondiscrimination requirements, waiting list and tenant selection, occupancy and lease requirements. The session goes into detail with regard to the changes created by Change 3 to HUD Handbook 4350.3 with explanations when HUD and RD requirements differ. The training is designed primarily for those involved in the site management of Section 8 and Rural Development 515 properties.

Day Two: August 10, 2011: LIHTC Management Requirements

Designed for more experienced managers, supervisory personnel, investment asset managers, and compliance specialists, this program provides an in-depth discussion of income and asset verification issues as well as a discussion of minimum set-aside requirements, optional fees and use of common areas. The Available Unit Rule is covered in great detail, as are the requirements for units occupied by students. Attendees will also learn the requirements relating to setting rents at a tax credit property.

For additional information about the training, please see the attached training announcement and registration information. Registration and payment must be received **no later than August 2, 2011.**

IX. Internal Revenue Service (IRS) Increases Mileage Rate

On June 23, 2011, the IRS issued Announcement 2011-40, a copy of which is attached to this notice, announcing the modification of Notice 2010-88 regarding standard mileage rates us to calculate the deductible costs of operating an automobile for business, charitable, and medical purposes. These newly revised **rates become effective on July 1, 2011.**

- 55.5 cents per mile for business miles drive
- 23.5 cents per mile for medical or moving purposes
- 14 cents per mile for charitable organizations (this amount did not change from the earlier notice)

Owners/managers of project-based Section 8 properties should refer to HUD Handbook 4350.3, Chapter 5, Section 2, D. Medical Expense Deductions and Exhibit 5-3 for information regarding the use of transportation costs for treatment for the elderly and disabled.

Attachments:

- **IRS Form 8703 – Annual Certification of Residential Rental Project**
- **HUD Memorandum Dated June 20, 2011: Clarification Regarding Utility Allowance Regulations**
- **PUBLIC Law, Chapter 199, LD 1067: An Act to Improve Awareness of Smoking Policies in Maine Rental Housing**
- **PUBLIC Law, Chapter 405, LD 1198: An Act To Reduce Regulations for Residential Rental Property Owners**
- **MREMA Training Announcement and Training Forms – August 9-10, 2011**
- **IRS Announcement 2011-40: Increases in Mileage Rates**
- **24 CFR Part 5: Pet Ownership for the Elderly and Persons with Disabilities: Final Rule**

Maine State Housing Authority (“MaineHousing”) does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, age, physical or mental disability, or familial status in the admission or access to, or treatment or employment in, its programs, and activities. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances: Louise Patenaude, Maine State Housing Authority, 353 Water Street, Augusta, Maine 04330-4633, Telephone Number 1-800-452-4668 (voice in state only), (207) 626-4600-(voice), 1-800-452-4603 (TTY in state only), or (207) 623-2985 (TTY).

