



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

MEMORANDUM FOR: All Regional Directors, All Multifamily Hub and Program Center Directors, All Owners and Management Agents of Multifamily Assisted Properties, All Owners and Management Agents of Section 8 Project-Based Properties, All Contract Administrators

FROM: Stillman D. Knight, Jr., Deputy Assistant Secretary for Multifamily Housing Programs,
HT

SUBJECT: Implementation of HUD Handbook 4350.3 REV-1, Occupancy Requirements of Subsidized Multifamily Housing Programs

The purpose of this memorandum is to discuss the implementation of Handbook 4350.3 REV-1, the effective date and any exceptions to the effective date of implementation. The Handbook was issued on June 12, 2003 and all policies in the Handbook are in effect as of that date. The only exceptions would be the matters set forth below.

Most of the information in HUD Handbook 4350.3 REV-1 is information that was included in HUD Handbook 4350.3 and its Changes 1 through 29. Many of the changes to this Handbook are changes to the organization of the Handbook and clarification of information or direction based on input received from owners, management agents, tenants and other interested individuals. A crosswalk between where information was located in the old Handbook and where it is located in the new Handbook is attached as Exhibit A to this memorandum. Additional information was incorporated from existing statutes, regulations, notices and policy guides that were issued subsequent to the issuance of the last updated Handbook. This information includes:

- Quality Housing and Work Responsibility Act (QHWRA)
- Screening and Eviction Rule
- Non-Citizen Rule
- Additional information 202, 202/8, 202PAC and 202/811 PRAC
- Information on Subsidized cooperatives
- Current information about Tenant Rental Assistance Certification System (TRACS) certifications and billings.
- The use of the terms disability and persons with disabilities is used when appropriate rather than the use of the terms handicap and individual with a handicap used in prior Handbook and some key regulations.

- Explanation of the two definitions of “Persons with Disabilities”
- Additional guidance on who is eligible to live in certain properties designed for elderly and or persons with disabilities. (Title VID of the Housing and Community Development Act of 1992)

Most policy is unchanged from guidance in the prior version of this Handbook. Many of the decisions to change policy were brought about by suggestions from users of the Handbook. These policy changes are listed in attached Exhibit B to this memo.

Guidance regarding implementation of the following policies is set forth below:

Recertification timeline

The revised Handbook requires owners to start the recertification process 120 days prior to the anniversary date rather than 90 days prior to the anniversary date as set forth in the previous Handbook. Owners have until January 1, 2004 to implement this requirement. This means that all tenants whose anniversary date is May 1, 2004 and thereafter will be provided the 120-day notice.

Special claims submission deadline

The revised Handbook requires owners to submit Special Claims for unpaid rent and tenant damages and Special Claims for vacancy losses during rent –up within 180 days of the event which gives rise to the claim. The old Handbook allowed one year to file such claims. Implementation of this new policy will be effective for all claims where the action that caused the claim occurred after August 31, 2003. If the action occurred prior to August 31, 2003, owners will have up to one year to file those Special Claims.

Handbook 4350.3 REV-1 may be obtained on HUDCLIPS or by calling 800-767-7468.

Questions on HUD Handbook 4350.3 REV-1 should be submitted to the mailbox at Occupancy_Handbook_Comments@hud.gov

Attachments

Internal HUD Distribution						
Piacesi, HMIP, rm 6154		Kimbrough, HMIP, rm 6141		Reading file, HMIP		
Identification Lines: J :HMIP\ :HTHS \ OccHandbook\Implementation.doc:						
Corresponde nce Code	Originator	Concurrenc e	Concurrenc e	Concurrenc e	Concurrence	Concurrenc e
Name	Piacesi, HTHS	Kimbrough, HTHS	Spearmon/ Evans HTH	Cook HT		
Date						

Exhibit A

Crosswalk Between Old Handbook and Revised Handbook

Subject	Old Handbook 4350.3	Handbook 4350.3 Rev-1
Introduction	Chapter 1	Chapter 1
Eligibility for Assistance	Chapter 2, Section 1	Chapter 3, Section 1
Eligibility for Admission – Household Characteristics and Income	Chapter 2, Section 2	Chapter 3, Sections 1 and 2
Occupancy Standards	Chapter 2, Section 3	Chapter 3, Section 2
Marketing and Outreach	Chapter 2, Section 4	Chapter 4, Section 2
Taking Applications	Chapter 2, Section 5	Chapter 4, Section 3
Tenant Selection	Chapter 2, Section 6	Chapter 4, Sections 1, 3, and 4
Accessibility for Persons with Disabilities	Chapter 2, Section 7	Chapter 2
Determining Tenant Rents	Chapter 3, Section 1	Chapter 5, Section 4
Annual Income	Chapter 3, Section 2	Chapter 5, Section 1
Adjusted Income	Chapter 3, Section 3	Chapter 5, Section 2
Verification Requirements and Procedures	Chapter 3, Section 4	Chapter 5, Section 3
Leases and House Rules	Chapter 4, Section 1	Chapter 6, Section 1
Security Deposits	Chapter 4, Section 2	Chapter 6, Section 2
Charges in Addition to Rent	Chapter 4, Section 3	Chapter 6, Section 3
Unit Inspections	Chapter 4, Section 4	Chapter 6, Section 4
Termination of Tenancy	Chapter 4, Section 5	Chapter 8, Section 3
Recertifications/Terminations - General	Chapter 5, Section 1	Chapter 7, Introduction; Glossary
Annual Recertification Procedures	Chapter 5, Section 2	Chapter 7, Section 1
Interim Adjustments of Tenant Rent and/or Assistance Payments	Chapter 5, Section 3	Chapter 7, Section 2
Removal of Subsidy	Chapter 5, Section 4	Chapter 8, Section 1
Fraud and Termination of Tenancy	Chapter 5, Section 5	Chapter 8, Section 3
Billing for Assistance Payments - General	Chapter 6, Section 1	Chapter 9, Sections 1 and 2
Definition of Forms and Guidance for Completion	Chapter 6, Section 2	Chapter 9, Sections 1 and 2
Section 8 Special Claims for	Chapter 6, Section 3	

Crosswalk Between Old Handbook and Revised Handbook

Subject	Old Handbook 4350.3	Handbook 4350.3 Rev-1
Unpaid Rent, Tenant Damages, and Other Charges		Chapter 9, Section 2
Section 8 Vacancy Claims During Rent-up	Chapter 6, Section 4	Chapter 9, Section 2
Section 8 Special Claims for Vacancy Losses After Rent-up	Chapter 6, Section 5	Chapter 9, Section 2
Section 8 Special Claims – Debt Service Vacancy Payments	Chapter 6, Section 6	Chapter 9, Section 2
Monthly Report of Excess Income	Chapter 7, Section 1	Chapter 9, Section 2
Section 8 Occupancy Reporting Requirements	Chapter 7, Section 2	Chapter 9, Sections 1 and 2

Exhibit B

NEW POLICIES
INTRODUCED IN
HANDBOOK
4350.3 REV-1,
OCCUPANCY
REQUIRMENTS
OF SUBSIDIZED
MULTIFAMILY
HOUSING
PROGRAMS

1. Estimating medical expenses

- **New Handbook:** 1) Owner may use expenses the family anticipates to be paid during the 12 months after recertification. 2) Owner may use unreimbursed medical expenses paid during the past 12 months to estimate medical expenses. 3) Past “one-time” nonrecurring medical expenses that have been paid in full may be used in the calculation of the medical expense deduction if the one-time expense was not used for an interim recertification in the prior year. (Paragraph 5-10.D)
- **Old Handbook:** Expenses anticipated to be paid by the family in the 12 months after recertification.

2. Increases the threshold that triggers an interim recertification.

- **New Handbook:** \$200 (Paragraph 7-11)
- **Old Handbook:** \$40

3. Revises recertification timeline for starting the process of notifying tenants.

- **New Handbook:** 120 days prior to tenant’s recertification anniversary date (Paragraph 7-7)
- **Old Handbook:** 90 days prior to tenant’s recertification anniversary date

4. Tenant Selection Plans

- **New Handbook:** Requires owners to develop, and make public, a tenant selection plan that includes certain required contents. (Paragraph 4-4.A)
- **Old Handbook:** Stated that owners should develop a written tenant selection plan

5. Affirmative Fair Housing Marketing Plan

- **New Handbook:** Requires owners to update AFHMP every 5 years as needed to ensure compliance. (Paragraph 4-12 F)
- **Old Handbook:** No requirement for frequency of update

6. FAMILY SIZE FOR INCOME LIMITS

- **New Handbook:** Owners must include unborn children and children who are in the process of being adopted for determining family size for income limits. (Paragraph 3-6.E.3)
- **Old Handbook:** Owners must count all children anticipated to reside in a unit for determining how many bedrooms a family may occupy. A note at the bottom of Figure 3-6 indicated that unborn children and children who are in the process of being adopted are considered household members for determining income limits, however guidance was given to disregard this note.

7. House Rules

- **New Handbook:** House rules are established at the discretion of the owner. Provides extensive discussion for establishing house rules and suggested “reasonable” and “unreasonable” house rules. (Paragraph 6-9)
- **Old Handbook:** House rules are established at the discretion of the owner. Provided limited examples of house rules.

8. Remaining Family Member

- **New Handbook:** Provides extensive guidance for defining remaining family member and defines under what circumstances assistance may, or may not, be provided that person. (Paragraph 3-15)
- **Old Handbook:** Defines “surviving family member.” Offers no guidance on when assistance may, or may not, be provided that person.

9. **59 Data Requirements** (a form with a description of certain tenant data that the owner is required to collect from tenants that's used to calculate tenant's eligibility and tenant's rent).

- **New Handbook:** Form must be signed by all adult members of the household. (Paragraph 9-5.A.4.b)
- **Old Handbook:** Form must be signed only by head of household.

10. **Special Claims for Unpaid Rent and Tenant Damages and Vacancy Losses During Rent-Up**

- **New Handbook:** Owner must submit claim within 180 days after the unit becomes available for occupancy. (Paragraph 9-14.B.4.a and 9-14.C.
- **Old Handbook:** Owner must submit claim within one year after the unit becomes available for occupancy for special claims for unpaid rent and tenant damages. There was no stated time limit for vacancy losses during rent-up.

11. **Calculating Partial Month Occupancy**

- **New Handbook:** Calculate subsidy by dividing the actual number of days in a month.
- **Old Handbook:** Calculate subsidy by dividing by 30 days.