

Table of Contents

1	A Guide to This Guidebook	3	Key Concepts and Framework Behind the Occupancy Handbook
1.1	Terminology	3.1	What are the key concepts involved in managing HUD-assisted multifamily housing? Where are they covered in this book?
1.2	Who can benefit from this book?	3.2	What are “income limits” and “income targeting,” and what is the rationale behind these requirements?
1.3	How is this book organized?	3.3	What are the general approaches to setting the tenant’s contribution to rent in HUD multifamily programs, and what is the rationale for these approaches?
1.4	Is this book authoritative?	3.4	What is the rationale behind reporting and record-keeping requirements?
1.5	Does every answer in this book cover every HUD multifamily program?	3.5	What federal laws, regulations, and other official guidance govern occupancy?
1.6	Is there always one right answer to every question in the book?	3.6	What is "Fair Housing"? How do the Fair Housing rules affect the management of HUD-assisted multifamily properties?
1.7	Are there other sources of information that I should use or have on hand as a reference?	3.7	How can the risks of Fair Housing violations and complaints be reduced?
1.8	Status of implementation of HUD Handbook 4350.3 REV-1	3.8	Where can I go for more information on Fair Housing and accessibility requirements?
2	Housing Programs That the HUD Occupancy Handbook Covers—and Does Not Cover	3.9	Who administers occupancy for the government?
2.1	Which housing programs/properties are covered by the Occupancy Handbook? Which are not?	3.10	What are HUD's responsibilities? Those of Contract Administrators and Performance-Based Contract Administrators? Do their responsibilities ever overlap?
2.2	Where can I get information on programs not covered by the Occupancy Handbook?	3.11	How can I stay up-to-date on HUD's occupancy requirements?
2.3	How do I determine which HUD programs apply to my properties?	3.12	Who can I contact if I have a question about program rules?
2.4	Is every HUD program covered by every aspect of the Occupancy Handbook?		
2.5	Brief summaries of HUD mortgage finance programs covered by the Handbook		
2.6	Brief summaries of HUD rental assistance programs covered by the Handbook		

-
- 3.13 What rules do I follow when more than one program was used to finance or subsidize a particular unit?
- 3.14 When laws or requirements overlap, do I follow federal, state, or local laws? Who has final authority to decide what law applies?
- 3.15 What is a “waiver”? Who can grant waivers?
- 3.16 What are the major changes introduced by the new HUD Occupancy Handbook? Which questions should I review to familiarize myself with these changes?
- 4 The Basics of Family Eligibility**
- 4.1 What are the distinctions among “eligibility,” “admissions preferences,” and “income targeting”?
- 4.2 What is the difference between “program eligibility” and “project eligibility”?
- 4.3 What does “family” mean in the Handbook? What does “household” mean?
- 4.4 What eligibility criteria apply to all HUD multifamily programs?
- 4.5 What eligibility criteria vary by program?
- 4.6 How is the term “elderly” defined in different programs?
- 4.7 How is the phrase “persons with disabilities” defined in different programs?
- 4.8 Who is, and who is not, considered part of the household for purposes of determining an appropriate unit size?
- 4.9 When does a “guest” become an “unauthorized occupant”?
- 4.10 Can applicants use Housing Choice Vouchers?
- 4.11 Can I refuse to accept an applicant with a housing voucher because I do not want to participate in the Housing Choice Voucher program?
- 4.12 When are students permitted as residents of Section 8 housing?
- 5 Citizenship and Immigration Status**
- 5.1 May individuals who are not U.S. citizens receive HUD rental assistance?
- 5.2 My property has citizenship/immigration restrictions. Can a family of ineligible noncitizens move in, if they agree to pay the full rent?
- 5.3 How must I verify an applicant’s citizenship or immigration status?
- 5.4 What should I do if an applicant refuses to sign a declaration regarding his or her citizenship or immigration status?
- 5.5 How do I verify immigration status through the Department of Homeland Security for noncitizen applicants below age 62?
- 5.6 If verification through DHS shows that an individual is an ineligible noncitizen, can the family appeal?
- 5.7 May I delay admitting the family until I have completed verification of citizenship/immigration status?
- 5.8 If the family moved in before I verified the citizenship/immigration status of all family members, what do I do when verification is completed?
- 5.9 What rules apply to “mixed families” (i.e., families in which one or more family members is a citizen or eligible noncitizen, while others are not)?

Table of Contents

- 5.10 What limitations apply to the use of information I receive about families' citizenship and immigration status?
- 5.11 What happens if a family comes to the top of the waiting list before verification of its immigration status is completed?

6 Income Limits and Income Targeting

- 6.1 What are the definitions of annual income, gross income, net income and adjusted income? How do they differ?
- 6.2 Why is calculating a family's income so important?
- 6.3 What are the income limits that HUD uses?
- 6.4 How are the maximum income limits set?
- 6.5 Which income categories apply to which HUD programs?
- 6.6 How do I find the exact income limits for my area?
- 6.7 Do income limits vary by family size?
- 6.8 How do I determine family size for purposes of applying HUD's income limits?
- 6.9 What are the main steps in using family size and income to determine a family's eligibility?
- 6.10 What does the Handbook mean when it says that "income-eligible families must also need the assistance" to be eligible for admission?
- 6.11 What is income targeting?
- 6.12 How do I implement income targeting?
- 6.13 Are there exceptions to the Section 8 very low-income limits applicable to post-1981 properties?

- 6.14 Other than the situations discussed in Question 6.13, are there any circumstances under which I can admit applicants who exceed the applicable income limits?

7 Calculating Annual Income

- 7.1 How do I calculate annual income?
- 7.2 What types of income count toward a family's annual income?
- 7.3 What does not count toward annual income?
- 7.4 Whose income counts toward a family's income? Whose does not?
- 7.5 To what extent is the income of dependents counted toward the family's annual income?
- 7.6 What is an "emancipated minor"? Does his or her income count for purposes of rent and eligibility?
- 7.7 How is income from a business calculated?
- 7.8 How is income from the Temporary Assistance for Needy Families (TANF) program treated for purposes of calculating a family's annual income?
- 7.9 How is income from employment training programs treated?
- 7.10 How do the occupancy rules for calculating income work in Low Income Housing Tax Credit properties?
- 7.11 How do deductions affect an applicant's income eligibility?

8 Income from Assets

- 8.1 What is an asset?
- 8.2 How do assets affect income?

<p>8.3 What is imputed income? How should it be calculated?</p> <p>8.4 How do I calculate the value of (and income from) different types of assets?</p> <p>8.5 How do I calculate the value of (and income from) annuities?</p> <p>8.6 How do I calculate the value of (and income from) retirement accounts and pensions?</p> <p>8.7 How do I calculate the value of (and income from) life insurance policies?</p> <p>8.8 How do I calculate the value of (and income from) trusts?</p> <p>8.9 How do I calculate the value of (and income from) business assets and capital investments?</p> <p>8.10 How do I calculate the value of (and income from) loans, mortgages, and deeds of trust?</p> <p>8.11 How do I calculate the value of (and income from) rental and other real property?</p> <p>8.12 How do I calculate the value of personal property?</p> <p>8.13 What does the phrase “assets disposed of for less than fair market value” mean?</p> <p>8.14 What are managers and owners required to do regarding assets disposed of for less than fair market value?</p> <p>8.15 What does the term “fair market value” mean when reviewing assets that an applicant or tenant has sold or transferred?</p> <p>9 How to Verify an Applicant’s Income and Family Eligibility</p> <p>9.1 What are the acceptable methods of verifying information about residents and applicants? Is one method preferable to the others?</p>	<p>9.2 How do I verify a family’s income? What documentation is acceptable?</p> <p>9.3 Are there automated systems I can access to verify an applicant’s income?</p> <p>9.4 How do I verify an applicant’s age?</p> <p>9.5 How do I verify an applicant’s disability?</p> <p>9.6 Do I need to verify an applicant’s Social Security number?</p> <p>9.7 How long are verifications valid?</p> <p>9.8 Does the applicant need to fill out a verification consent form? If so, what does it have to include?</p> <p>9.9 How long are the verification consent forms valid?</p> <p>9.10 How long do I need to keep the verification and consent information in my files?</p> <p>9.11 How do I accommodate a tenant or applicant who is unable to fill out required forms because of a disability?</p> <p>9.12 Is the information I receive confidential?</p> <p>9.13 What if I find inconsistent information when verifying income?</p> <p>9.14 Are cosigners permissible in assisted housing?</p> <p>10 Adjusted Income</p> <p>10.1 What deductions are applied to convert annual income to adjusted income?</p> <p>10.2 What is the dependent deduction? How is it calculated?</p> <p>10.3 What is the child care deduction? How is it calculated?</p> <p>10.4 What is the disability assistance expense deduction? How is it calculated?</p>
--	--

Table of Contents

- 10.5 What is the medical expense deduction? How is it calculated?
- 10.6 What is the elderly/disabled family deduction? How is it calculated?
- 10.7 What is the Medicare Prescription Drug Improvement and Modernization Act (MMA) and how does it affect the medical expense deduction?

11 Setting the Rent

- 11.1 What are the different approaches to setting the tenant contribution toward rent in HUD multifamily properties?
- 11.2 Do resident rent contributions vary by housing program?
- 11.3 What is a “utility allowance”? How does it affect the calculation of the tenant’s contribution toward rent?
- 11.4 What are utility reimbursements? What do I do about them?
- 11.5 What is a “welfare rent”? How does it affect the amount that families are expected to contribute toward rent?
- 11.6 What are minimum rents and hardship exemptions?
- 11.7 When do I have to calculate resident rent contributions?
- 11.8 What if the property receives multiple subsidies—which rules apply to the calculation of rent?
- 11.9 What rent should I charge “over-income” families?

12 Overview of the Resident Selection Process

- 12.1 What are the key steps in attracting applicants?

- 12.2 What are the key steps in selecting applicants?
- 12.3 What are the key steps in determining an applicant’s eligibility for assistance?
- 12.4 What are the permissible grounds for rejecting applications?
- 12.5 Is there a specific process for notifying an applicant of rejection?

13 Tenant Selection Plans

- 13.1 Am I required to have a plan for selecting residents?
- 13.2 What should my Tenant Selection Plan include?
- 13.3 Which parts of this book will be useful in drafting a Tenant Selection Plan?
- 13.4 How often must I update the Tenant Selection Plan?
- 13.5 When the Tenant Selection Plan changes, how do I advise applicants on the waiting list?
- 13.6 Who approves the Tenant Selection Plan?
- 13.7 What is the difference between a Tenant Selection Plan and resident screening?

14 Screening

- 14.1 May I screen potential residents? What is the difference between screening and determining eligibility?
- 14.2 What requirements apply to the development and implementation of a screening process?
- 14.3 What screening criteria should I establish?
- 14.4 What changes have been made recently to the screening requirements?

-
- 14.5 What rules apply to screening for criminal activity, drug and alcohol abuse, and sex offender status?
 - 14.6 What rules apply to criminal background checks?
 - 14.7 What screening criteria am I prohibited from using?
- 15 Admissions Preferences and Elderly Restrictions and Preferences**
- 15.1 What admission preferences can owners adopt to prioritize applicants for admission?
 - 15.2 What limitations apply to the use of residency preferences?
 - 15.3 Are owners of project-based Section 8 properties still required to give priority to families meeting “federal preference” categories?
 - 15.4 How do I implement preferences while complying with income-targeting requirements?
 - 15.5 May I restrict occupancy to the elderly or give a preference to elderly households?
- 16 Marketing to Potential Residents**
- 16.1 What should be my overall focus in marketing my development?
 - 16.2 What HUD requirements apply to advertising or marketing related to my property?
 - 16.3 What are the Equal Housing Opportunity logo, slogan and statement?
 - 16.4 When is an Affirmative Fair Housing Marketing Plan required and how does it affect the marketing activities for my property?
- 16.5 What are the required items in an Affirmative Fair Housing Marketing Plan?
 - 16.6 How often must I update the Affirmative Fair Housing Marketing Plan?
 - 16.7 What are some best practices that will better ensure that marketing is fair and effective?
 - 16.8 Do I have special responsibilities to reach out to persons with disabilities?
 - 16.9 What types of commercial services are available to support the applicant screening process?
- 17 Waiting Lists**
- 17.1 Must I maintain a waiting list?
 - 17.2 What information should the waiting list include? Not include?
 - 17.3 How should I manage a waiting list?
 - 17.4 Am I required to maintain my waiting list in electronic form? Can I do so if I wish?
 - 17.5 What records am I required to maintain regarding my waiting list?
- 18 Application Process Requirements and Best Practices**
- 18.1 What types of applications are required?
 - 18.2 What information should applications require?
 - 18.3 What documents are owners required to provide applicants?
 - 18.4 Am I required to help an applicant fill out an application?
 - 18.5 What happens at the applicant interview?
 - 18.6 What can I not ask during the applicant interview?

Table of Contents

- 18.7 What questions, if any, may I ask applicants about their disabilities?
- 18.8 What should applicants bring to the interview?

19 The Leasing Process

- 19.1 What are the key steps before move-in?
- 19.2 Do I have to use one of the HUD Model Leases?
- 19.3 May I modify a HUD Model Lease?
- 19.4 Are there any required attachments to the HUD Model Leases?
- 19.5 How do I resolve conflicts between the model lease and state or local law?
- 19.6 Does the lease vary by property type? By HUD program?
- 19.7 Are there minimum and maximum lease terms? Is there any limit on the length of time a family may reside in a HUD multifamily property?
- 19.8 What are my responsibilities for providing information about lead-based paint to applicants and residents?

20 Security Deposits and Other Fees

- 20.1 Do I collect a security deposit?
- 20.2 Are security deposit amounts the same for all programs?
- 20.3 What HUD rules apply to interest earned on security deposits?
- 20.4 What are common types of provisions in state and local law that affect the collection, maintenance, and refunding of security deposits?
- 20.5 Can I require that the resident pay up front for the first and last month's rent?

- 20.6 Are there additional fees (beyond security deposits) I may charge at initial occupancy if circumstances warrant?
- 20.7 What fees (in addition to rent) may I charge after initial occupancy if circumstances warrant?
- 20.8 What is a "meals fee"? When must I provide a meals program?

21 Occupancy Standards

- 21.1 What are occupancy standards? How do I determine the appropriate unit size for an applicant or resident?
- 21.2 Do I have discretion in determining which apartment, or what kind of apartment, I can provide?
- 21.3 Under what circumstances may I offer a household a unit that is smaller or larger than that called for under the property's occupancy standards?

22 Live-In Aides, Foster Children and Foster Adults

- 22.1 What HUD rules apply to Live-in Aides? What is a Live-in Aide Lease Addendum?
- 22.2 What rules apply to foster children and foster adults?

23 Accessibility

- 23.1 To what extent must my properties be accessible to persons with disabilities?
- 23.2 Do I have to set aside a certain number of units for persons with disabilities?
- 23.3 May I lease accessible units to persons who do not have disabilities?

<p>23.4 What do I do if a resident or applicant requests an accessibility modification or accommodation?</p> <p>23.5 How do I determine if a request for a modification or accommodation by a person with disabilities is “reasonable”?</p> <p>24 House Rules and Pet Rules</p> <p>24.1 May I establish a set of house rules for residents?</p> <p>24.2 How do I know if a house rule is reasonable?</p> <p>24.3 Am I required to accept pets? What rules apply to the setting of pet standards?</p> <p>24.4 What happens if a household adds a pet?</p> <p>24.5 What happens if a household violates pet rules?</p> <p>24.6 What provisions apply to assistance animals (also referred to as service animals)?</p> <p>25 Annual Recertifications</p> <p>25.1 What is the annual recertification process?</p> <p>25.2 What information must be recertified annually?</p> <p>25.3 What information must residents report to management in between annual recertifications?</p> <p>25.4 What changes have been made recently to the annual recertification process?</p> <p>25.5 What notices am I required to send to residents about the recertification process? What other information must I provide to residents about recertification?</p> <p>25.6 What is a resident’s recertification anniversary date?</p>	<p>25.7 What happens if annual recertification is delayed?</p> <p>25.8 What happens if the resident responds to a recertification notice on time, but late in the process?</p> <p>25.9 What happens if management is responsible for the delay that leads to an untimely annual recertification?</p> <p>25.10 What happens if a resident fails to respond to an annual recertification notice in a timely fashion?</p> <p>26 Interim Recertifications</p> <p>26.1 When must an interim recertification be conducted?</p> <p>26.2 What is the interim recertification process? How does it work?</p> <p>26.3 Am I required to process an interim recertification whenever a resident requests one?</p> <p>26.4 How do annual recertifications and interim recertifications differ?</p> <p>27 Resident Errors and Fraud</p> <p>27.1 What if I suspect fraud by a resident? Are there ways to distinguish between fraud and unintentional program violations?</p> <p>27.2 How should apparent errors be investigated and resolved?</p> <p>27.3 What do I do if I conclude that the resident has committed fraud?</p> <p>27.4 What if I find out that a resident was required to report a change in circumstances but did not do so?</p>
---	--

28 When Circumstances Change

- 28.1 Under what circumstances will a resident's rent contribution change?
- 28.2 What steps must I take to inform residents of changes in their required contributions toward rent and to implement the changes?
- 28.3 How do I obtain a budget-based rent increase from HUD?
- 28.4 How do I obtain approval to change the utility allowance? What is the impact of a utility allowance change?
- 28.5 What happens if a household's income rises to exceed the eligibility limits?
- 28.6 What happens when a family's income rises to the point where the family is able to afford the contract rent or market rent?
- 28.7 What happens if residents want to make changes to their apartments themselves?
- 28.8 What happens if a household adds or loses members?
- 28.9 What happens if a household no longer qualifies for its current unit size?
- 28.10 What happens if a resident dies?
- 28.11 What happens if a resident leaves the unit for a reason other than death?
- 28.12 What happens if accessibility needs arise after a family has moved in?
- 28.13 What happens if HUD overpays assistance in error?
- 28.14 What happens if a resident overpays rent in error?

29 When Complaints Arise

- 29.1 How do I handle discrimination complaints?
- 29.2 Tips for handling disputes among residents

30 Reporting Requirements

- 30.1 What forms or systems do I use to report information on residents to HUD?
- 30.2 What reports must I file when residents move in? When they move out? What reports must I file when other tenant actions occur, such as annual recertifications or transfers to other units?
- 30.3 Aside from documenting resident actions through reports to TRACS, what reports must I file with HUD or the Contract Administrator?
- 30.4 What payments should I receive from HUD on a regular basis?
- 30.5 What records must I retain? For how long?

31 Special Claims

- 31.1 What types of special claims may owners request?
- 31.2 What is a special claim for unpaid rent and tenant damages?
- 31.3 How do I process a claim for unpaid rent and tenant damages?
- 31.4 What is a special claim for vacancy losses during initial rent-up?
- 31.5 How do I process a claim for vacancy losses during initial rent-up?
- 31.6 What is a special claim for vacancy losses after initial rent-up?

- 31.7 How do I process a claim for vacancy losses after initial rent-up?
- 31.8 What is a special claim for debt service losses?
- 31.9 How do I process a claim for debt service losses?

32 Understanding and Using TRACS

- 32.1 What is TRACS and how does it work?
- 32.2 How do I pay for the cost of using TRACS?
- 32.3 How do I better understand MAT?
- 32.4 How do I tell the difference between informational messages, discrepancies, and fatal errors in TRACS?
- 32.5 How do I know when to use MI vs. IC in TRACS?
- 32.6 How do I better understand the information flow among PBCAs, HUD, and sites in TRACS?
- 32.7 TRACS issued a move-out for one of my former residents. What do I do now?
- 32.8 How do I handle unit transfers in TRACS?
- 32.9 How do I handle termination of assistance in TRACS?
- 32.10 How do I deal with TRACS messages concerning multiple occupancy?

33 Transfers and Move-Outs

- 33.1 What types of unit transfer requests should I expect?
- 33.2 How do I develop a unit transfer policy?
- 33.3 Which transfer requests, if any, am I required to grant?

- 33.4 When can I require a resident to transfer to another unit? What are the resident's options at this point?
- 33.5 Are there any circumstances in which I am required to transfer a resident to another unit?
- 33.6 What are the residents' responsibilities when they decide to move out?
- 33.7 What are the manager's responsibilities when residents move out?
- 33.8 What happens to the security deposit when a resident transfers from one unit to another?
- 33.9 What happens if residents abandon their housing?
- 33.10 What happens if a resident goes into a nursing home, either temporarily or permanently?

34 Evictions and Termination of Assistance

- 34.1 Is there a difference between termination and eviction?
- 34.2 Is there a difference between termination of assistance and termination of tenancy?
- 34.3 Under what circumstances is a resident's assistance terminated?
- 34.4 What procedures apply to the termination of assistance based on a family's citizenship or immigration status?
- 34.5 Under what circumstance may a resident's tenancy be terminated by the manager?
- 34.6 What infractions enable me to evict residents?
- 34.7 What do I do when I believe a resident has committed a crime or is abusing drugs or alcohol?
- 34.8 What Fair Housing considerations do I need to be aware of when evicting a resident?

Table of Contents

- 34.9 What is the difference between an extended absence and abandonment?
- 34.10 What is the eviction process?
- 34.11 What changes have been made recently to the eviction process?
- 34.12 What do I do if residents refuse to leave after their tenancy has been terminated?
- 34.13 Can a resident's assistance be restored after termination?
- 34.14 What happens to the security deposit when the move-out is involuntary?

35 After the Move

- 35.1 May I use the security deposit to pay unpaid rent? Damage?
- 35.2 What are the procedures for using or refunding the security deposit when the resident leaves?
- 35.3 How is the move-out inspection conducted?
- 35.4 How do I distinguish between damage and normal wear-and-tear?

36 Program Specific Questions

- 36.1 What issues affect Section 8 properties only?
- 36.2 What issues affect Section 236 properties only?
- 36.3 What issues affect Section 221(d)(3) BMIR properties only?
- 36.4 What issues affect Section 202 PAC properties only?
- 36.5 What issues affect Section 202 PRAC and Section 811 PRAC properties only?
- 36.6 What aspects of the Handbook apply to Low-Income Housing Tax Credit properties?
- 36.7 What aspects of the Handbook apply to Tax-Exempt Bond financed properties?

Appendix, Part 1: Glossary

Appendix, Part 2: Fair Housing Cross-Reference

Appendix, Part 3: Reverse Look Up

Index

