



# Newsletter

U.S. Department of Housing and Urban Development

Office of Multifamily Housing Programs

## What's Inside

Change One to HUD Handbook  
4350.3 REV-1 Issued

**page 1-2**

Medicare Prescription Drug,  
Improvement and Modernization  
Act of 2003

**page 1-2**

Good News! Discount Prescription  
Drug Cards Are Now Available

**page 2**

HUD's Automation Rule for  
Multifamily Housing

**page 2-3**

Building Successful Partnerships is  
the key to RHIP's Success

**page 3**

RHIP Help Desk Representative  
Conference Call

**page 3**

National Occupancy Handbook  
Question Mailbox Closing

**page 4**

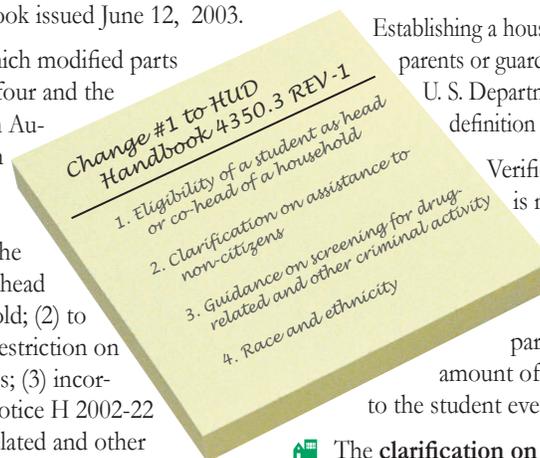


[www.hud.gov](http://www.hud.gov)  
[espanol.hud.gov](http://espanol.hud.gov)

## Change One to HUD Handbook 4350.3 REV-1 Issued

Change one is the first of several changes to Handbook 4350.3-REV-1 2003, *Occupancy Requirements of Subsidized Multifamily Housing Programs*, that will be made to clarify information and provide edits to the Handbook issued June 12, 2003.

Change number one, which modified parts of Chapters two, three, four and the glossary, was released on August 26, 2004. The main topics of change are to (1) provide new guidance on verification of the eligibility of students as head or co-head of a household; (2) to clarify guidance on the restriction on assistance to non-citizens; (3) incorporate guidance from Notice H 2002-22 on screening for drug-related and other criminal activity, and (4) incorporate guidance from Notice H 2003-23 on the OMB mandated changes to ethnicity and race categories. Other minor changes were made to add clarification, correct errors in references, and correct typos.



The new guidance on the **eligibility of a student as head or co-head of a household** details how eligibility must be verified. The requirements include:

- Establishing a household separate from parents or guardians or meeting the U. S. Department of Education definition of an independent student;
- Verification that the student is not being claimed as a dependant on parent's income tax returns; and
- A certification from the parent or guardian of the amount of support being provided to the student even if the amount is zero.

The **clarification on assistance to non-citizens** was to ensure guidance was in agreement with the regulations. The guidance is to clarify that temporary deferral of termination of assistance is no longer available to families that include both eligible and ineligible members. The

*Change One to HUD Handbook....continued on page 2*



## Medicare Prescription Drug, Improvement and Modernization Act of 2003

Signed into law on December 8, 2003, the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) provides for the issuance of prescription drug discount cards and transitional prescription drug assistance to HUD-program participants and applicants who are receiving Medicare and have enrolled in the Medicare Prescription Drug Discount Card and Transitional Assistance programs.

HUD has issued a Notice H 04-11 to (1) explain

the statutory requirements of the Act; (2) provide guidance for implementation; and (3) present examples for determining annual and adjusted income for purposes of calculating rent or assistance. This Notice, which was released on July 15, 2004, applies to all Public Housing Agencies, Owners, and Management Agents (POAs) operating HUD-assisted properties.

Beneficiaries of the Medicare Prescription Drug Discount Card and Transitional Assistance (\$600 subsidy), beginning June 1, 2004, are not to have their housing income determinations, assistance, or rents affected in any way by the MMA benefits. For HUD program participants or applicants

*Medicare Prescription Drug....continued on page 2*

*Change One to HUD Handbook....continued from page 1*

explanation of prohibition against delay of assistance is expanded to clarify that at least one family member must be determined to be eligible before the family is offered assistance.

**■** The **guidance on screening for drug-related and other criminal activity** has been expanded to fully incorporate policy guidance from HUD Notice H 2002-22 that was issued after the revised Handbook 4350.3 REV-1 was completed. Additions include that owners must define in their tenant selection plan the length of time prior to admission that an applicant must not have engaged in criminal activity in order to be eligible for assistance. Also, owners must require documentation to support the reconsideration of the decision to deny admission based on drug or other criminal activity.

**■** Guidance has been added to explain that applicants and tenants must be given the opportunity to self-certify to their **race and ethnicity**. Owners must not make a determination of race and ethnicity if the tenant or applicant chooses not to self-certify. The form, including the new ethnic and racial categories provided for this certification, is added as a new exhibit.

Change number one and the transmittal that details all changes to the Handbook are available on HUDCLIPS at [www.hudclips.org](http://www.hudclips.org)

*Medicare Prescription Drug....continued from page 1*

who are receiving Medicare, POAs must verify whether they have enrolled in the prescription drug discount program.

When calculating annual income for persons receiving these benefits, POAs are to exclude any benefits or assistance received from the prescription drug discount card or the transitional assistance. Additionally, the full cost of the prescription drugs before the application of the negotiated discount is to be included as a medical expense deduction. The prescription drug discount card program

enrollment fee is also an eligible medical expense deduction, unless paid by Medicare.

For a complete discussion on stated requirements, Notice H 04-11 can be found on HUDCLIPS at: <http://www.hudclips.org>. Additional information on the MMA program can be found at the Department of Health and Human Services (DHHS) website at: <http://www.cms.gov>.



## Good News! Discount Prescription Drug Cards Are Now Available

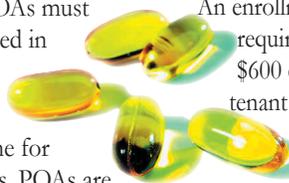


**H**UD is working with the Centers of Medicare and Medicaid Services to inform management agents, owners, and tenants of the availability of the new Medicare-approved prescription drug discount cards. The cards are offered by private companies and are good through the end of 2005, when Medicare's new prescription drug benefit starts. The use of the Medicare approved prescription drug cards will not impact rents or assistance and may reduce prescription drug costs for low-income families.

Almost anyone on Medicare will qualify for these drug discount cards, although family members who already have outpatient prescription drug coverage through Medicare are not eligible. Single Medicare participants who earned no more than \$12,569 in 2004 or no more than \$16,862 for a married couple may qualify for an additional \$600 credit. Even if a tenant's income is higher, a Medicare-approved drug discount card can still save the tenant money.

An enrollment fee of up to \$30 may be required but if the tenant qualifies for the \$600 credit, Medicare pays the fee. If a tenant pays the fee, it may be counted as a medical expense for calculating rent.

We encourage tenants to apply for a Medicare-approved drug discount card right away. For those interested in enrolling in the new drug discount card program or who want help selecting a card, please contact 1-800-MEDICARE (1-800-633-4227) and ask about "drug savings" or [www.medicare.gov](http://www.medicare.gov). TTY users should call 1-877-486-2048.



## HUD's Automation Rule for Multifamily Housing

**T**he Automation Rule requires owners of subsidized multifamily projects to submit accurate data for housing assistance payments through the Tenant Rental Assistance Certification System (TRACS). Data for certification, recertification, and subsidy billing for multifamily subsidized housing projects must be correct and transmitted electronically in order for HUD payments to be made. These requirements are mandated by 24 CFR 208.108, the text of which can be found on HUDCLIPS at [www.hudclips.org](http://www.hudclips.org) under Title 24 -Code of Federal Regulations-2002. The Automation Rule applies to project owners and performance based and non-performance based contract administrators who manage housing assistance contracts in several housing programs.

Adherence to this Rule is vital, as it enables the Department to sub-

*HUD's Automation Rule....continued on page 3*

### 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 [Prev Hit]Next Hit] 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)

1 Note:

HUD's Automation Rule....continued from page 2

stantially reduce the number and amount of rental assistance errors. In 2002, the amount of improper payments (both overpayments and underpayments) for housing subsidy programs totaled \$3.28 billion. This amount represented 17 percent of HUD's program spending.

Enforcement of the Automation Rule is a critical component of the Secretary's initiative to significantly reduce subsidy payment errors. The Office of Multifamily Housing Programs has posted the Automation Rule Information Sheet, which details owner and contract administrator compliance requirements and the potential for the interruption of subsidy payments for noncompliance, on our RHIIP website at: <http://www.hud.gov/offices/hsg/mfh/rhiip/mfhrhiip.cfm>. See also the TRACS website at: <http://www.hud.gov/offices/hsg/mfh/trx/trxdocs.cfm>.



## Building Successful Partnerships is the Key to RHIIP's Success



A number of Performance-Based Contract Administrators (PBCAs) have actively reached out to their owners/agents to develop and encourage a stronger working relationship to achieve maximum results under RHIIP. In this fall issue, the Office of Multifamily Housing Programs proudly recognizes

and congratulates the Southwest Housing Compliance Corporation (SHCC) for all of its contributions and hard work in its effort to meet the Presidential mandate of a 30 percent reduction of errors in HUD assisted programs errors by Fiscal Year 2004. SHCC is the PBCA for two states: The state of Texas since September 1, 2000 and Arkansas, beginning September 1, 2004. SHCC stands as a willing participant in HUD's effort to reduce the errors that ultimately lead to improper payment of rental subsidies.

The Deputy Executive Director, Isiah Hernandez, of SHCC has implemented a comprehensive outreach program, reaching out to all the owners/agents who have Section 8 contracts that SHCC is administering to inform them of what RHIIP means for them. This includes sending each owner/agent a letter advising them of SHCC's plan to implement HUD's newly developed RHIIP. The contents of this letter are provided in an article published in the May 2004 SHCC Newsletter, which can be found on SHCC's website at [www.shccnet.org](http://www.shccnet.org) under "Calendar of Events."

HUD has executed 54 Performance Based Annual Contributions Contract (PB-ACC) contracts for the direct administration of approximately 12,600 HUD Multifamily Project-Based Section 8 contracts. PBCAs play an integral role in helping to meet HUD's goals under the initiative. PBCAs are responsible for conducting annual management reviews for each project in their portfolio. It is during these reviews that PBCAs, owners, and agents should focus on and address those areas that present a risk to HUD subsidy funds.

HUD applauds the efforts of SHCC and the many others who are committed to making RHIIP a success. The RHIIP goal will be met if owners, management agents, PBCAs, and tenants work as partners with HUD to assure that the right benefits go to the right persons.



## RHIIP Help Desk Representative Conference Call



On July 20, 2004, the Office of Housing Assistance and Grants Administration held a conference call with the RHIIP Help Desk Representatives on the topic of the Section 214 Restrictions on Assistance to Noncitizens. Headquarter staff provided the RHIIP Help Desk Representatives with a complete overview of the Section 214 Restrictions on Assistance to Noncitizens; presented case studies on how to calculate and prorate the rent for non-citizens residing in properties governed by the Section 214 regulations; and discussed clarifications and updates to Handbook 4350.3 Rev-1, *Occupancy Requirements of Subsidized Multifamily Housing Programs* on noncitizens issues and TRACS enhancements applicable to noncitizens. At the close of the session, headquarter staff answered questions regarding subject items and discussions.

Headquarter staff is scheduled to hold a series of other conference calls with RHIIP Help Desk Representatives on issues such as Screening and Eviction for Drug Abuse and Other Criminal Activity, income and rent determinations, and more.

**U.S. Department of Housing and Urban Development**

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## National Occupancy Handbook Question Mailbox Closing

Effective September 1, 2004, The Occupancy Mailbox was closed. The Occupancy Mailbox was established to respond to policy questions and provide clarification to tenants, owners, management agents, housings organizations, contact administrators and HUD staff as all were becoming familiar with the Handbook 4350.3-REV-1, Occupancy Requirements of Subsidized Multifamily Housing Programs. At this point, many of the questions that are submitted to the Occupancy Mail Box are routine and case specific and are best handled by the local HUD offices. The Occupancy Mail Box was a successful forum that provided equal access to everyone who wanted to submit a question to the experts involved with developing the Handbook.

During the time since the revised Handbook was issued, training and other tools were provided to assist HUD staff in understanding changes to the Handbook and updating their occupancy skills. Future training continues to be scheduled to assist staff in maintaining and developing their expertise. The RHIIP Team will continue to provide support to the local HUD offices.

HUD has created a summary of the questions received through the Occupancy Mail Box and the answers provided to the questions. Once this summary has been Departmentally cleared and deemed official policy, it will be available on the Multifamily RHIIP website as a resource and as an adjunct to the HUD Handbook 4350.3 REV-1. For future Occupancy related

questions, please direct your questions to the local RHIIP Help Desk Representative. A listing can be located at: <http://www.hud.gov/utilities/intercept.cfm?/offices/hsg/mfh/rhiip/helpdesk.pdf>

