

CHAPTER 2 SPECIAL CLAIMS FOR VACANCY LOSS DURING RENT-UP

Section 2-1 CONCEPT

Special claims for vacancy loss during rent-up are compensation to property owners for rental loss attributed to vacant units during the initial rent-up period of a property.

Section 2-2 ELIGIBILITY REQUIREMENTS

A. Project/Contract types:

Section 202 PRAC and Section 811 PRAC

Note: Although vacancy loss during rent-up is permissible under the project-based Section 8 regulations, Section 8 and Section 202/8 projects are no longer eligible because the authority has been repealed and all of the projects have passed the rent-up stage. Therefore, no claim for vacancy loss during rent-up should be submitted for project-based Section 8 and Section 202/8 projects.

B. Other requirements:

1. Only units that are in decent, safe and sanitary condition and are available for occupancy during the vacancy period for which payment is claimed are eligible for special claims.
2. Owners/agents must comply with the PRAC Agreement and implement diligent marketing efforts at least 90 calendar days prior to the anticipated date of initial occupancy.
3. By signing form HUD-52671-B, the owner/agent certifies they have taken all feasible actions to fill the vacancy and did not reject eligible applicants.
4. Owners must comply with the required HUD-approved Affirmative Fair Housing Marketing Plan (AFHMP) and all Fair Housing and Equal Opportunity (FHEO) requirements.

Section 2-3 OWNER/AGENT CLAIM SUBMISSION REQUIREMENTS

The owner/agent must submit the following:

A. Claim forms:

HUD-52670-A Part 2, Special Claims Schedule
HUD-52671-B, Special Claims for Vacancies During Rent-Up

B. Submit claim forms to:

HUD field office only

C. Supporting documentation:

1. Refer to Section 1-5 for the general requirements that are part of the claims process.
2. Provide a list of all units leased and available for lease as of the effective date of the Permission to Occupy (Form HUD-92485) signed by the HUD Architect/Engineer or the effective date of the contract, whichever is later. In addition, justification must be provided for all vacant units, explaining why they remain vacant.
3. Documentation that marketing began at least 90 calendar days prior to initial occupancy, including:
 - a. Copies of advertisements or invoices for advertising expenses substantiating the date marketing began.
 - b. Copy of the waiting list.
 - c. Documentation that explains the status of the waiting list and the outcome of applicant contacts (i.e., date applicant was contacted, response of applicant, status of applicant's move-in).
 - d. Copies of letters to rejected applicants demonstrating rejection for good cause.

D. Checklist:

A checklist of required documentation must be used and submitted with the claim forms. See Appendix 2B for a sample "Checklist - Special Claim for Vacancies During Rent-up".

E. TRACS requirements:

If a unit was initially occupied within the claim period, the move-in date must be viewable in TRACS to support the date the claim period ends for that unit.

F. Claim amount:

May not exceed 50% of operating cost for the claim period.

Section 2-4 OWNER/AGENT CLAIM TIMELINES

A. Submission deadline:

The claim must be received by HUD within 180 calendar days from the date the unit is first available for occupancy and after the ending date specified below. If a claim is received after the 180 days, it will not be eligible for review.

B. Start date:

The claim period begins with the date of the permission to occupy the unit or the effective date of the contract, whichever is later.

C. Ending date:

The claim period ends on the date preceding the day on which the unit is initially occupied, or 60 calendar days from the start date, whichever is earlier.

D. Length of claim period:

The claim period may not exceed 60 calendar days.

Section 2-5 HUD FIELD OFFICE CLAIM REVIEW PROCESS

In addition to the general review requirements in Section 1-6, the reviewer must:

- A. Confirm that all required documents are submitted with the claim and that they are signed appropriately.
- B. Review all calculations on form HUD-52671-B (Appendix 2A) for accuracy.
- C. Review the documentation describing the status of the waiting list and the outcome of applicant contacts to determine if the owner/agent is maintaining the waiting list and is processing applications in a timely manner, including following-up on initial contacts and applicant responses. If it is discovered that the owner/agent has violated its waiting list policy, previously paid claims are subject to recapture.

- D. Review copies of advertising and invoices to confirm that marketing began at least 90 calendar days prior to the anticipated date of initial occupancy.
- E. Review copies of letters to rejected applicants to confirm that rejection was for good cause.
- F. Review the list of units leased and vacant and the justification for the vacant units to determine the reasonableness of the justification.