

March 26 HUD Call: Financial Options, Operational Relief

On HUD's March 26th national multifamily housing (MFH) asset management stakeholder call, core members of the MFH team gave updates on housing operations during the COVID-19 pandemic. The call had around 700 attendees at the beginning, and HUD will be making the recording available on the MFH webpage. This article references and mostly reiterates information in HUD's Question and Answer document, which HUD is updating every days.

On HUD's third national stakeholder call, staff from the Office of Multifamily Housing discussed three main topics: How owners of federally-subsidized housing can maintain the financial soundness of properties during this health and economic emergency; how property staff can continue operations such as recertifications; and how the affordable housing community can support residents during this critical time. LeadingAge continues to communicate with the agency regularly and to push for more guidance and support for senior housing providers.

Below is Leading Age's summary of the call by HUD speaker:

Lamar Seats, Deputy Assistant Secretary, Office of Multifamily Housing

- HUD is encouraging lenders to work with multifamily housing borrowers to provide options that relieve monthly payment burdens
- Forbearance options for borrowers do not relieve payment expectations of lenders
- HUD is working with Ginnie Mae on liquidity options and other avenues for helping relieve financial burdens

Jeff Little, Assistant Deputy Assistant Secretary, Office of Multifamily Housing

- HUD is working at almost 100% telework
- Operations are running smoothly
- If communications or processes are not flowing with HUD counterparts per usual, reach out to LeadingAge so we can pass the message on to HUD

Toby Halliday, Director, Office of Asset Management and Portfolio Oversight

- HUD continues to defer to CDC and health department guidance for any medical questions or issues
- HUD reminds owners to be aware of civil rights when implementing new policies in response to COVID-19
- Congress is working on an evictions moratorium that will help bring relief to residents, as well as funding
- HUD is aware of issues getting Rent Comparability Studies completed during this time, and they are working on a solution; in the meantime, where an RCS is needed for expiring contracts, most owners can request a short-term renewal (up to 12 months) at current rent levels
- For recertifications, HUD has granted some flexibility around electronic signatures and documents
- HUD is working on guidance that will relieve burden for completing both annual and interim recertifications; HUD hopes to provide the maximum flexibility for recertifications, including TRACS components, so that subsidy can continue to flow to owners
- HUD expects interim recerts to be much more frequent during this time, and recommends communities update their policies to expedite processing
- Extenuating circumstances can be listed in the tenant file for recertifications, and there will be additional flexibility coming, as well as information regarding which forms needs what type of signature and what time of documents is required, as well as TRACS components

- MORs are currently suspended, but HUD is considering a policy where PBCAs can continue conducting reviews without entering tenant units.

Bob Iber, Senior Advisor, Office of Multifamily Housing

- The MFH Question and Answer document is being updated about twice per week, with the next update coming either at the end of this week or early next; stakeholders should continue to send in questions while trying to avoid duplicates
- For funding options, owners can use operating funds for all reasonable and necessary COVID-19 expenses, including supplies, cleaning services, and overtime hours for staff
- Where there are shortfalls, HUD will be adding information to the Q&A about accessing reserve for replacement accounts that are held by the FHA loan, as well as residual receipts
- For reserve for replacement access that is non-traditional (not capital expenditures), such as for debt servicing, owners need to request approval from the field office, and the field office staff may need to see evidence of mortgage delinquencies or other financial constraints in order to grant approval; Headquarters have told the field office staff to expedite review of these requests
- Owners also have the option of an advance, but should do so with pre-approval, especially if they want to be repaid through other means than the traditional timelines for surplus cash payments
- HUD will also look favorably on any forbearance guidance that lenders issues, including adding current payments to the end of the mortgage terms; MFH does not have the ability to weigh in on Ginnie Mae pass-throughs.