

## **General Questions**

### **Q. What is MHFA's role in the operation of Project Based Section 8 properties in Minnesota?**

A. MHFA acts on behalf of HUD to administer project-based Section 8 contracts in Minnesota. MHFA is charged with monitoring the compliance with the section 8 contract for each project assigned to the Agency for administration. One way the Agency does that is by performing annual management reviews at each project site and working with owners/agents to ensure project-based section 8 properties are in compliance with HUD rules and regulations.

### **Q. Who should I work with on Section 8 issues?**

A. Each project-based section 8 property that has been assigned to MHFA by HUD has a team of MHFA staff members that are responsible for helping the project comply with the HAP contract. That team includes a Housing Management Officer (HMO), a TRACS specialist for processing and paying monthly vouchers, and a Housing Assistance Payments (HAP) Officer who works with the property on funding and contract renewals as well as rent adjustments. This team of MHFA staff members consults with the project's assigned Project Manager at the HUD Minneapolis office when necessary. Questions about Section 8 policies should be directed first to your MHFA contacts and they will make sure your question is handled by the appropriate party. There are some cases (like requesting withdrawals from project reserves) that are still handled by the HUD project manager.

### **Q. Where can I access HUD forms, rules, and guidelines?**

A. For easy access to HUD forms, rules, and guidelines, go to [www.hudclips.org](http://www.hudclips.org)

### **Q. Why doesn't HUD send a notice to owners when a new procedure or final ruling is issued by the Department?**

A. MHFA will occasionally send information like this to owners/agents, but the housing industry is encouraged to check [www.hudclips.org](http://www.hudclips.org) frequently to stay current on the latest HUD regulations, procedures, and rulings.

## **Contract and Funding Renewals**

### **Q. Why does MHFA send me so many letters reminding me of deadlines for contract and funding renewals?**

A. When paperwork for a project arrives at MHFA later than 120 days before the contract or funding expiration date, it's very likely that monthly HAP payments will be delayed to that property. To avoid that situation, MHFA sends out reminders to property owners/agents at 13, 7, 6, 5, and 4 months before the expiration date as a courtesy to owners/agents.

### **Q. What are the current Annual Adjustment Factors (AAF's)?**

A. The FY04 AAF's, Effective September 16, 2003 are as follows:

<b>Minnesota Geographic Area</b>		<b>Highest Cost Utility</b>	
<b>Family turn-over in unit since last contract anniversary (Table 1)</b>	<b>No family turn-over in unit since last contract anniversary (Table 2)</b>	<b>Included</b>	<b>Excluded</b>
Mpls-St.Paul MSA		1.043	1.056
Metropolitan		1.007	1.015
Non-Metropolitan		1.000	1.012
	Mpls.-St.Paul MSA	1.033	1.046
	Metropolitan	1.000	1.005
	Non-Metropolitan	1.000	1.002

Mpls-St.Paul MSA: Counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, Wright

Metropolitan: Counties of Benton, Clay, Houston, Olmsted, Polk, St. Louis, Stearns

Non-Metro: All other counties.

### **Q. What are the current Fair Market Rents (FMR's)?**

A. You can find the FMR's at [www.huduser.org/datasets/fmr.html](http://www.huduser.org/datasets/fmr.html)

### **Q. What is the current Operating Cost Adjustment Factor (OCAF)?**

A. The OCAF, effective 2/11/02 – 2/10/04 is 3%

B. The OCAF, effective **2/11/04** is 3.1%.

### **Q. Do I have to submit a tenant paid utility analysis each time I request a rent adjustment?**

A. Please see the MHFA guidance on *Tenant Paid Utility Allowances* on this website.

### **Q. If a property's owner (or his/her affiliate) is suspended or debarred, is the project eligible for restructuring under Option 3 (OMHAR-Lites or OMHAR Fulls)?**

A. If a property's owner (or his/her affiliate) is suspended or debarred, the project may continue to be eligible for restructuring under Option 3 at OMHAR's discretion.

**Q. If an owner of an eligible above-market project has a one-year contract, can they request restructuring under the Option 3 contract renewal?**

A. Yes, the owner of an eligible above-market project with a one-year contract may request restructuring under the option 3 contract renewal.

**Q. Does application of an Operating Cost Adjustment Factor (OCAF) result in a negative rent adjustment?**

A. No, application of the OCAF does not result in a negative rent adjustment.

### **Management Reviews**

**Q. What is a management review, what does it require of me, and how much time will it take to complete?**

A. The answers to all of the above questions (and more) can be found by reading MHFA's *Management Review Information* on this website.

### **TRACS Files and Occupancy**

**Q. I have many questions about Occupancy Requirements; who can I talk to?**

A. Start with your assigned Housing Management Officer (HMO). They will work with you to find answers to your questions, involving other staff as appropriate.

**Q. Why do my TRACS files go to two different mailbox ID numbers when they are sent to MHFA?**

A. If your TRACS files for a property were previously sent to HUD, you are now sending them to MHFA-HUD/CA mailbox ID of TRACS22636.  
If your TRACS files have always been sent to MHFA, then you are sending those files to MHFA/CA mailbox ID of TRACM21968.

**Q. The voucher that I received from MHFA does not match the voucher that I submitted. What could cause this?**

A. A number of things could cause this to happen. The HAP requisitions will not match when the following occurs: 1) MHFA did not receive tenant data due to a fatal error; 2) The Gross Rent Change was processed incorrectly; 3) MHFA did not receive the tenant data, due to the tenant and management signature dates not being entered; 4) The special claim has been adjusted or denied; 5) The move-out was not sent and/or the move-out date occurred in the same month the voucher is being processed (e.g.- a move-out of 9/30/01 will not be reflected on the September 2001 HAP

requisition, but rather on the October requisition); 6) Data was transmitted but had not been received by MHFA due to transmission errors; and/or 7) Data was not transmitted/received by the 10<sup>th</sup> of the month.

**Q. The MHFA voucher does not match mine. Do I still need to sign and return it?**

A. Yes, you will need to sign and return the MHFA voucher. If there are discrepancies, attach a note to your voucher stating the discrepancies. A MHFA staff person will review your note upon receiving it and will contact you if there are any questions.

**Q. It appears that move-ins are not reported on my HAP voucher. Why is that?**

A. We recommend that you send your move-outs in a separate TRACS file. If you try to send move-outs and move-ins in the same file, they do not all come across to TRACS.

**Q. I have received my HUD responses to the TRACS files. How do I find the meaning of the error codes and directions on how to correct them?**

A. Go to the web addresses listed for the TRACS Documents page. You will want to look at (and possibly print) the Monthly Activity Transmission (MAT) User Guide. This guide lists all of the errors and messages and why they occur.

**Q. I sent my TRACS files to you and have been informed that you did not receive them. What could cause this?**

A. 1) One thing that may cause this is creating your HAP and TENANT TRACS file in one file. If your software gives you the option of creating two separate TRACS files, we suggest you complete them as two files; 2) We strongly suggest that you review your TRACS file before sending to assure that all recertifications are in the file; 3) There may be instances when data is lost while it is being brought into our system. We strive to retrieve all of the files. When we cannot, we will contact you to resubmit your files.

**Q. If I transmit an electronic copy of the HAP requisition, why would I need to send MHFA a hard copy?**

A. The electronic copy that MHFA receives through TRACS reflects: 1) Regular tenant assistance payments; Adjustment to regular tenant assistance payments; Special claims (i.e.- unpaid rent, tenant damages, vacancies, debt service); and total subsidy authorized.

Basically, only the front page of the voucher is electronically transmitted.

Data pertaining to individual tenants (e.g.- tenant name, unit number, recertification date, date of initial invoice, vacate date, change codes and

assistance payment) is not provided with the electronic transmission of the HAP requisition.

MHFA staff members compare the electronic HAP requisition against the one generated by MHFA. If the amounts identified above do not match, then the Agency staff are required to review the site-generated hard copy with the MHFA-generated HAP requisition. Discrepancies in HAP will be reviewed to determine what correction are required to that both the site-generated and MHFA-generated HAP requisition match. You will be required to correct these deficiencies.

**Q. Why do I still get a hard copy of the MHFA-generated HAP requisition and why does it require a signature?**

A. The amount of subsidy that the property receives will be based on the MHFA-generated HAP requisition to certify, in part, compliance with HUD regulations/procedures, satisfactory conditions of all units and correct subsidy amounts reflected on the HAP requisition. The monthly letter attached to the HAP requisition details how the owner should address discrepancies in subsidy. MHFA is required to maintain hard copies of all signed and dated HAP requisitions for a minimum of 3 years.

**Q. I just received a proposed notice of a change in the contract rents. Now what should I do?**

A. You must wait until MHFA issues the formal notice of increase or decrease in the contract rents (i.e.- a "gross rent change," or GRC). This notice will be accompanied by an *Amendment #x to HAP Contract* signed and dated by the owner and the director of the multifamily division of MHFA. Contact your assigned Occupancy Technician when you receive the formal notice to review amounts for accuracy to coordinate processing the GRC data for your property. Reminder: always make a back-up before you process your GRC. If an error is made, your data can be easily restored.

**Q. When I processed the Gross Rent Change (GRC) some of the units were missed on the MHFA-generated HAP requisition. Why did that happen?**

A. The GRC will "attach" to the most current tenant recertification. If the tenant data is not current, the GRC will be incorrect. Skipping units may be due to the following: 1) A tenant recertification is active for the same date as the GRC; 2) the information was not received by MHFA. You can tell what has been transmitted by looking in your TRACS summary report. To avoid other problems sometimes associated with GRC changes, it is recommended that the GRC be submitted in a separate file.