


Southern California Budget-Based Contract Renewals Checklist
Initial, Subsequent or Rent Adjustment

PROPERTY NAME			
CONTACT PERSON:		CONTRACT#:	CA
CONTACT PHONE:		FHA PROJECT#:	
RENEWAL OPTION (CIRCLE ONE)	1 2 3 4 5 6	CONTACT EMAIL:	
GENERAL RESOURCE(S)	Forms are available online: http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips Note: The most current version of HUD forms should always be utilized.		

ITEM	Reference
1. <input type="checkbox"/> Owner signature is required on all forms and contractual documents that indicate "owner signature". Generally, owners may not delegate signature authority to an employee or other person. Authorized owner signatories are those who are referenced in the business agreement [Articles of Incorporation, By-Laws, etc.].	HUD Legal Counsel
2. <input type="checkbox"/> Cover Letter that summarizes the reason(s) why a rent increase is needed and the date the increase will be effective. Describe the project's physical condition and any improvements that have been budgeted. The letter may refer to the reasons stated in the "Notice to Tenants", or elaborate on those reasons. NOTE: THE MAIN REASONS STATED IN THE LETTER MUST BE THE SAME AS THE MAIN REASONS STATED IN THE "NOTICE TO TENANTS" IF THE PROJECT IS SUBJECT TO TENANT COMMENT PROCEDURES, 24 CFR PART 245. The cover letter must also identify any proposed change in services, equipment or charges, and the reason for the change.	HUD Handbook 4350.1, Chapter 7, Section 4, 7-22, A
3. <input type="checkbox"/> Contract Renewal Request Form [Attachment 3A-2; HUD-9624] and applicable Option Worksheet [Initial & Subsequent Renewals].	Section 8 Renewal Policy Guide
4. <input type="checkbox"/> OCAF Rent Adjustment Worksheet [Attachment 3B; HUD-9625].	Section 8 Renewal Policy Guide
5. <input type="checkbox"/> Budget Worksheet [Form HUD-92547-A]. Column [1] from the most recent Audited Financial Report's Profit & Loss Statement or Statement of Activities; Column 2] current year-to-date actual figures; and column [3] estimate income and expenses for twelve months following the effective date of the proposed rent increase [contract funding year dates].	HUD Handbook 4350.1, Chapter 7, Section 4, 7-22, B
6. <input type="checkbox"/> Attachment 5 of the Section 8 Renewal Policy Guide is required when "Profit Motivated Projects" submit their first Budget-Based Rent adjustment under MAHRA guidelines.	Section 8 Renewal Policy Guide, Attachment 5
7. <input type="checkbox"/> Rent Schedule Form HUD-92458: Complete all Parts, except A, D & F.	24 CFR 245.315
8. <input type="checkbox"/> Statement confirming the contract/basic rents for non-Section 8 units.	Section 8 Renewal Policy Guide

ITEM	 Reference
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9. **Tenant Utility Allowance**
- Statement regarding the amount(s) the tenant utility allowance should be set.
 - Statement regarding any energy conservation initiatives that have or will impact consumption at the property.
 - A recent 12 month period analysis with their contract renewal or rent adjustment paperwork – Note: the PM/CA will withhold the rent adjustment until the analysis and other submission requirements are complete.
 - ✓ The analysis must include the supporting back-up documentation (billing statements, data from the utility provider, etc);
 - ✓ The analysis must be property specific;
 - ✓ The analysis must be prepared EVERY year;
 - ✓ The analysis must include each unit type receiving Section 8 subsidy;
 - ✓ The analysis must be based on the cost(s) the residents pay for utilities;
 - ✓ The analysis must be received with the owner's renewal/rent adjustment packet;
 - ✓ *The analysis must include 100% of all unit types that have 1 - 10 units – minimum of 3 units;
 - ✓ *The analysis must include 20% of all unit types that have 11 or more units – maximum of 20 units;
 - ✓ *The analysis must exclude units that have experienced a vacancy within the analysis' 12 month period;
 - ✓ The analysis must be for a continuous 12 month period;
 - ✓ The analysis' data must not end more than 12 months prior to the contract anniversary date (i.e. contract expiration 12/31/11 – acceptable analysis 07/1/10 thru 06/30/11; contract anniversary date 01/01/12)
 - ✓ The analysis' data must be collected for the same time frame for each unit.
 - ✓ The allowances must be increased/decreased by **any** amount of change warranted based on the analysis data (upwards or downwards - even \$1)
 - ✓ When decreasing U/As the owner is required to follow tenant posting requirements found in 24 CFR 245.410 – as this does increase the amount a tenant will pay monthly (or "tenant rent").

HUD Handbook 4350.1, Chapter 7, Section 4, 7-24

HQ Memo dated June 20, 2011 from Carol J. Galante

*Be sure to contact your Contract Administrator to obtain HUD office policy regarding how many units must be used in the analysis

24 CFR 245.410

Example:


Property	Contract Expiration	# of One Bedroom Units	# of Two Bedroom Units	# of Three Bedroom Units
Provider Apts.	12-31-11	10	50	160


Number of Units to be included in the 7-1-10 thru 6-30-11 Analysis:

Property	Contract Expiration	# of One Bedroom Units	20% of Two Bedroom Units	20% of Three Bedroom Units
Provider Apts.	12-31-11	10	10	20 (maximum # required)

10. **Energy conservation Plan Status Report**
- Status report on the project's implementation of its current Energy Conservation Plan. This may be: (1) a narrative report coded to facilitate references to the plan, or (2) copy of the plan annotated to show the current status of all items that were scheduled to be completed within sixty (60) days after the rent increase is proposed to be effective.
- Note: THIS APPLIES **ONLY** TO SECTION 236 AND **BMIR** PROJECTS, PROJECTS THAT RECEIVE **RENT SUPPLEMENT ASSISTANCE**, AND PROJECTS THAT **CONVERTED** FROM RENT SUPPLEMENT TO SECTION 8.

HUD Handbook 4350.1, Chapter 7, Section 4, 7-22, F

ITEM	 Reference
11. <input type="checkbox"/> Statement explaining the reason for any increase in line-item expense on the budget worksheet. In most cases, when the increase amounts to 5 % or less, or less than \$500, there is no need to send additional documentation. Supporting information is required regarding salaries, flat fee and miscellaneous line items as indicated on this checklist.	HUD Handbook 4350.1 Chapter 7, Section 4, 7-22, C and Section 5, 7-29 – 7-31
12. <input type="checkbox"/> Detailed listing of staffing position whose salaries will be charged against the project's operating expense accounts. For each position, the list must: <ul style="list-style-type: none"> ✓ Document job titles, duties and number of hours worked at the property. ✓ Document which line items the salaries and benefits are being expensed to on the budget worksheet. ✓ Document Current and Proposed Salaries and Benefits. ✓ When employees share responsibilities with other properties you must pro-rate salaries/benefits and provide an outline of exactly how the expense was computed. ✓ Document which employees receive free or reduced rent and the unit size occupied. 	HUD Handbook 4350.1, Chapter 7, Section 5, 7-30 The Management Agent Handbook 4381.5, REV-2, Chapter 6.37, 6.38 and 6.39
13. <input type="checkbox"/> Detailed summary of expenses for the following line items: <ul style="list-style-type: none"> ✓ 6351 - Bookkeeping costs, centralized computer accounting systems, payroll processing fee ✓ 6390 – Miscellaneous administrative expenses ✓ 6520 – Contracts ✓ 6590 – Miscellaneous operating and maintenance expenses ✓ 6790 – Miscellaneous taxes, licenses, permits and insurance ✓ 6890 – Miscellaneous financial expenses 	HUD Handbook 4350.1, Chapter 7, Section 5, 7-29 and 7-30 The Management Agent Handbook 4381.5, REV-2, Chapter 6.37, 6.38 and 6.39
14. <input type="checkbox"/> Copy of "Notice To Tenants" of proposed rent increase letter, should be annotated to show where and how the Notice was distributed. <ul style="list-style-type: none"> ✓ If a decrease in the utility allowance is warranted, it is required to be addressed in the "Notice to Tenants" of proposed rent increase. ✓ For High-rise buildings, the owner must either "post" or "deliver" the notice to each tenant. The posting must be in three conspicuous places within each building and in one conspicuous place where the material supporting the owner's request will be available for tenant review and copying. ✓ For all other types of projects, owners need to "deliver" the notice by mailing to each tenant or delivered directly to each unit. 	24 CFR 245
15. <input type="checkbox"/> Submit copies of all written tenant comments (if any) associated with the "Notice To Tenants" of proposed rent increase letter.	24 CFR 245
16. <input type="checkbox"/> Submit a mortgagor's (owner/agent) evaluation of the tenants' comments with respect to the request. Submit an executed copy of "Owner's Certification as to Compliance with Tenant Comment Procedures in 24 CFR Part 245".	24 CFR 245
17. <input type="checkbox"/> Executed copy of the Owner's Certification Regarding Purchasing Practices and Reasonableness of Expenses [Appendix 3].	HUD Handbook 4350.1, Chapter 7, Appendix 3, page 7-66
18. <input type="checkbox"/> Reserve for Replacement account analysis [available online at www.contractmgmt.org – or use your own analysis form] when a change in the monthly deposit to the Replacement Reserves is requested.	HUD Handbook 4350.1, Chapter 4

ITEM	 Reference
19. <input type="checkbox"/> A signed "Agreement To Increase Replacement Reserve Deposit" [Appendix 6] - when a change in the deposit is contemplated as part of the rent increase request.	HUD Handbook 4350.1, Chapter 7, Appendix 6, page 7-84
20. <input type="checkbox"/> Report from financial institution(s) to confirm the current Reserve for Replacement and Residual Receipts (if any) account balances.	HUD Handbook 4350.1, Chapter 4, 4-11; 4350.1 Chapter 7, 7-30, H; Chapter 25; and Section 8 Renewal Policy Guide Chapter 16
21. <input type="checkbox"/> Copy of the owner's One Year Letter of Intent to Renew or Opt-Out of the Section 8 Contract that was approved by the Contract Administrator and distributed to tenants approximately one year prior to contract expiration [Initial & Subsequent Renewals].	Section 8 Renewal Policy Guide Chapter 11