Your Multifamily Markup 🔆 HUD Targets Rental Housing

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In today's issue...

- MMC Award Nominations Open!
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Every year at the **Midwest Multifamily Conference** (MMC), IAA recognizes the individuals and communities that represent the finest in our industry.

Nominate your outstanding employees who go above and beyond to receive our **Award of Excellence**, or nominate your communities and what they do to receive our **Prodigy Award**. We will celebrate all winners during the two-day conference running **Oct. 26-27**.

ALL Prodigy Award winners will be featured on the front cover wrap of the Indianapolis Business Journal.

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SUBMIT NOMINATIONS

For more information on MMC, click here.

TOP NEWS

1. HUD Announces Several Actions Building Off White House Blueprint for Renters Bill of Rights



Thursday, July 27, marked a huge day of announcements from the U.S. Department of Housing and Urban Development (HUD). HUD released some outreach materials, indicated their intention to engage in more rulemaking, issued new money for affordable housing development, and issued funds to help residents organize for better housing conditions. All those announcements are detailed below.

• HUD Announces Program Requirements and Best Practices regarding Denial of Admission in Multifamily Assistance Programs

On Thursday, July 27, 2023, HUD distributed new outreach material, via a **new website**, directed at rental properties participating in federal housing programs. Additionally, the outreach reminds all property owners the following:

Under FCRA, landlords or property managers are required to inform rental applicants if info found on their screening report played a role in them rejecting a rental applicant or taking another action unfavorable to

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the applicant. This requirement is known as the adverse action notice. Failure to provide the notice correctly may subject multifamily assisted property owners to legal liability under state and federal law. As Federal Trade Commission guidance explains, the adverse action notice must communicate the following information:

- the name, address, and phone number of the tenant screening company;
- that a consumer can receive a free copy of the report from the tenant screening company within 60 days;
- that a consumer has the right to dispute any information that is incorrect;
- that the tenant screening company did not make the decision to take the unfavorable action and cannot give specific reasons for it.

The Consumer Protection Financial Bureau and the Federal Trade Commission, two federal agencies, interpret and enforce this requirement of the Fair Credit Reporting Act. They have additional resources you can review **here**.

HUD also included the following as a best practice (not a federal requirement, yet):

When a multifamily assisted property owner denies an applicant for its assisted program, HUD strongly encourages you to:

- Provide written adverse action notices as part of your denial letter.
- Provide a copy of any tenant screening report you relied on when making an adverse action determination to an applicant. A written notice paired with a report copy allows multifamily assisted property owners to demonstrate they have fulfilled their legal obligations under the Fair Credit Reporting Act, and also permits applicants to understand the basis for any denial, fully assert their rights with tenant screening companies, and more effectively correct their records.

IAA learned that HUD will soon be releasing public rulemaking seeking to permanently require a written 30day Notice to Vacate for public housing or properties with project-based rental assistance.

• HUD Awards \$10M to help public housing and PBRA residents organize

On Thursday, July 27, HUD announced \$10 million in new funding for education and outreach to enable renters who live in HUD's project based rental assistance housing to obtain training and technical assistance and engage with housing providers on efforts to sustain safe, decent, and affordable housing.

• HUD Releases \$85M to Build and Repair Affordable Housing

On Thursday, July 27, HUD announced a first-of-its-kind competitive "Pathways to Removing Obstacles to Housing (PRO Housing) Funding opportunity worth \$85M to build and preserve more affordable housing. The program funds will help communities further develop, evaluate, and implement housing policy plans; address restrictive zoning, land use, or regulatory policies; improve housing strategies; and facilitate affordable housing production and preservation. **Grants to local governments, states, metropolitan planning organizations (MPOs), and multijurisdictional entities will range from \$1 million to \$10 million.**

2. U.S. Senate Holds Hearing on Rental Housing Fees



The U.S. Senate Subcommittee on Financial Institutions and Consumer Protection held a **hearing** titled "Taking Account of Fees and Tactics Impacting Americans' Wallets" on Wednesday, July, 26, 2023. The hearing spent about 75% of its focus on the rental housing industry's fees and 25% on banking fees. Republicans want to see clearer regulations regarding transparency of the fees for residents ahead of a leasing a premises. Democrats want to see an expansion of regulators' authority to govern businesses that charge fees and would like to see an elimination/limitation of fees.

The focus of the attacks on the rental housing industry involved hidden fees (democrats call them "junk fees") and abuse of fees. Specifically, a legal aid attorney from Atlanta disclosed situations where a prospective resident was charged an application fee when a rental unit was unavailable and charged a background screening fee but the screening report was never obtained. Hearing witnesses argued that egregious or hidden monthly fees can be the difference between being able to afford a unit and not being able to afford a unit.

There seemed to be bipartisan support for transparency, which will likely result in future legislation of some kind. IAA will keep members updated when legislation is introduced.

PREFERRED SUPPLIERS













TOP NEWS CONTINUED

3. HUD Releases Policy and Practice Publication on Rental Fees; Calls for State Action



HUD's Office of Policy Development and Research released a report, titled **"Transparency in Rental Fees**." The report makes some recommendations for local governments, state governments, and housing providers "to increase transparency or limit rental fees." Those recommendations include:

- Cap or eliminate rental application fees.
- Allow prospective renters to provide their own screening reports.
- Allow a single application fee to cover multiple applications.
- Limit allowable fees and deposits at the time of move-in or lease signing.
- Clearly identify bottom-line amounts that tenants will pay for move-in and monthly rent.

IAA suspects this will be among the issues raised in legislation during the 2024 Indiana Legislative Session, pushed by the tenants' rights activists.

4. United Way Announces 5-Year Strategic Plan That Includes 'Safe and Affordable Housing'



On Thursday, July 27, the United Way of Central Indiana announced a new five-year strategic plan. The plan, titled "Partners in Purpose", outlines four areas on concentration, including "Safe and Affordable Housing." Specifically, the United Way of Central Indiana (UWCI) cites:

"Rent, as one of the most expensive monthly bills, has increased more than 20% on average in Marion County since the start of the pandemic, United Way officials say, while wage have only grown 4% to 5%. The organization says more than 160,000 Central Indiana households spend more than 30% of their family budget on housing-related expenses."

IAA will provide updates as more information is released on their legislative initiatives. IAA finds it concerning that the cost of rent is a focus rather than abysmal wage growth, given record levels of inflation since the pandemic. Inside Indiana has the **full release** or you can check out UWCI's **Partners in Purpose website**.

5. Local: South Bend: Homelessness as a Protected Class Stalls Temporarily



On Monday, July 24, an ordinance that would have made "homelessness" a protected class for housing, employment and access to facilities stalled. The motion to table the ordinance indefinitely passed 4-2. The ordinance could come back in a different form at a later time. According to the **South Bend Tribune**, most councilmembers thought the ordinance was rushed and that its language was vague. Additionally, the City of South Bend recently hired a homelessness coordinator and many councilmembers wanted that person's involvement in this ordinance. IAA will provide updates if this ordinance advances.

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Dog parks are essential in the "battle of amenities" among property management companies. We've developed the only hybrid turf designed specifically for dogs, so you can attract and retain residents with your dog park, it's called Natura[™]. A "hybrid turf" means that grass grows through Natura, providing all the benefits of artificial turf along with natural grass. Eliminate resident complaints about your dog park being too muddy and unusable when it's wet. Natura installs easily by your existing landscaping crew, at a cost of about 1/4th of traditional artificial turf installations. **Natura-turf.com**

Turn your dog park into a desired amenity. Call or email Tim Petch for a quote. 314-548-3012 Tim.Petsch@grassworxllc.com

UPCOMING EVENTS & EDUCATION

Events

• 2023 Cornhole Tournament, Thursday, Aug. 17 @ 3:30 - 6:30 PM

Virtual Education

- FREE How to Approach Difficult Conversations, Tuesday, Aug. 22 @ 10 11 AM
- FREE Fair Housing Trends, Tuesday, Aug. 29 @ 1 2 PM

EXECUTIVE SUPPLIERS





HEADLINES YOU MAY HAVE MISSED

Indiana and Midwest Take Top Slots in WSJ/Realtor.com Housing Index (WSJ) Apartment Development on the Rise (Axios) Indy looking for a few good nuisance lawsuit targets (Fox59)

PARTNER SUPPLIERS









Questions? Clarifications? Contact the Government Affairs Team Email Lynne | Email Brian



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