

Jim Myers, HUD Construction Manager



# Relocation Planning: Keeping Residents Safe & Owners Protected”

MAP 3.12 & A3.5 Temporary Relocation Requirements

of  
**HUD Multifamily Housing - Mortgage Insurance Programs**  
for  
**WMAC**

Western Mortgagee Advisory Council  
2023 Annual Western HUD Lender’s Conference

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## Relocation – Key Questions Covered

Temporary Resident Relocation

1. **Why** – what has changed & why is temporary resident relocation required now?
2. **What** – what requirements apply - MAP & the URA?
3. **When & Where** – when do these requirements apply, where & how is this determined?
4. **Who & How** – who does the relocation and how do they do it?
5. **When** – when is relocation scheduled, how are relocation and construction schedules coordinated, and other important matters?

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**1. Why** – what has changed & why is temporary resident relocation required now?

223f Program Changed:

The 223f Program was **changed to allow Heavy 223f refinance loans**. This change allowed a **significant increase in the scope and cost of the required repair work** (alterations, not just repairs). This change was made to address the age and condition of a large portion of the existing multifamily housing stock, required renovations and modernization, not just repairs to maintain occupancy.

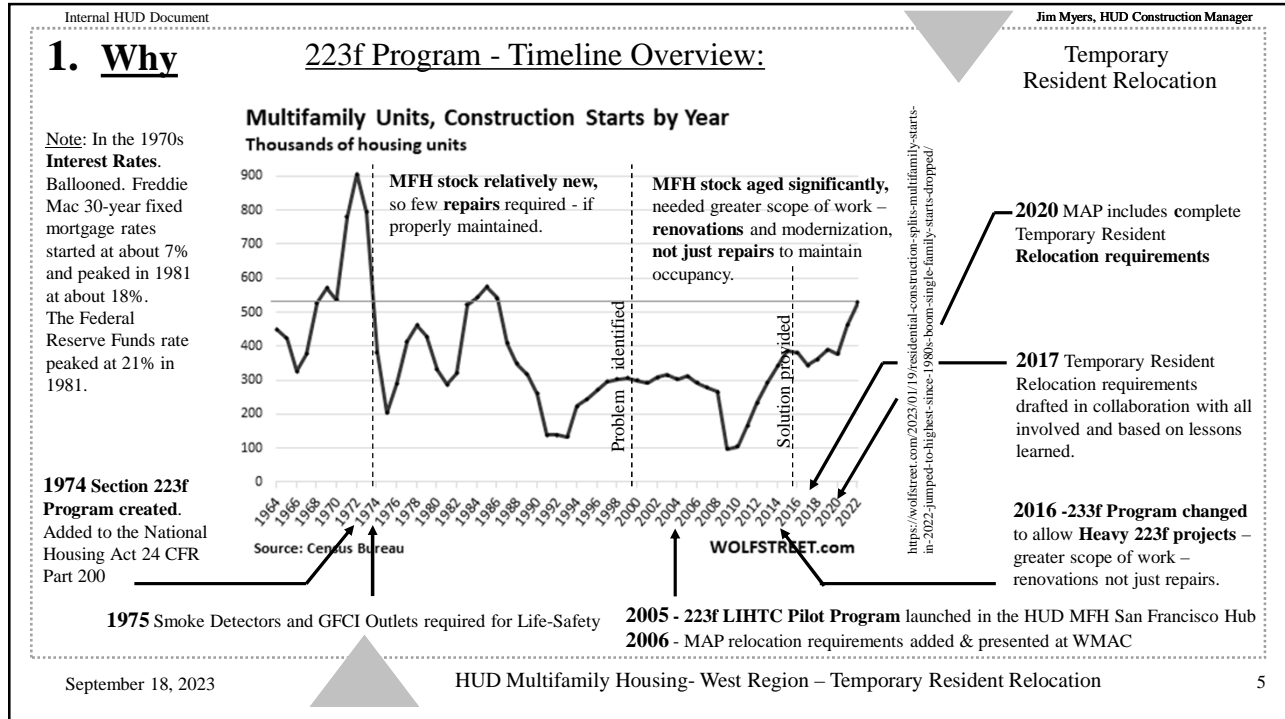
Using the 223f Program, Borrowers could now increase the scope of the repair work and renovate their property to **just below the 221d4 Substantial Rehabilitation Program threshold** (in high-cost factor areas, now about \$45K per unit) to renovate these properties, as well as make necessary repairs and bring them up to code.

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## 1. Why

### Temporary Resident Relocation Required:

This **increased scope and cost of work** allowed by the changes to the 223f Program (**alterations**, not just repairs) has a **greater impact on the residents in occupied units** undergoing these renovations. Therefore, **Temporary Resident Relocation is now required for 223f projects to manage and mitigate these increased risks**. Risks to the residents, the Borrower/Owner, Lender and HUD.

Temporary Resident Relocation always been necessary and required for Substantial Rehabilitation of occupied properties – but MAP had only referenced the URA and CPD staff.

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## 1. Why

Many Benefits to the 223f Program:

The cost of the Temporary Resident Relocation is **included in the loan and offset by the many benefits that Borrowers achieve** through the 223f Program, including but not limited to: refinance their existing loan; an appraised value that assumes the repairs/renovations are completed (have 12-months maximum to complete required repairs post Closing); lower than market interest rates; a refinance loan including construction - in lieu of a separate construction loan to undertake this magnitude of property renovations; lower labor costs due to the inapplicability of Davis-Bacon labor requirements to the 223f Program; often HAP contract for Section 8 rental subsidies for sustained occupancy; and/or Low Income Housing Tax Credits (LIHTC) for additional equity investment.

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## 1. Why

Origin of the Heavy 223f – the 223f LIHTC Pilot Program:

In 2005 the San Francisco MFH HUB became the MFH office where the 223f LIHTC Pilot Program was tried and tested. This became the basis for the 223f Program changes reflected in the 2016 MAP requirements allowing Heavy 223fs. The San Francisco MFH HUB was selected because this office had the most experience with 223f and Substantial Rehabilitation loans.

**One outcome** of this pilot program was the **recognition that temporary resident relocation was necessary** for resident safety and construction efficiency. In 2006 requirements were added to MAP Chapter 3.2 (see below) and training was provided at the WMAC meeting that year.

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## 1. Why

**2006 MAP, Chapter 3.2 – requirements added (precursor to the 2020 MAP 3.12 & A3.5):**

... Underwriters must however evaluate and mitigate the risk of impact of relocation, and to the extent reasonably possible, FHA mortgage insurance applications should minimize any negative impact during or after the rehabilitation period on existing residents. Generally, a relocation plan should include the following elements:

Planning	→	• Accurate data, dates and dollars.
Expert	→	• Who is responsible – the individuals, their names, contact information and roles provided?
Specific	→	Requires a designated Relocation Liaison with right skill set – not the Property Manager, not the Contractor. Liaison needs to attend site meetings.
Schedule	→	• Which residents are moving in which specific units?
How	→	• When. A relocation schedule with specific dates for each unit, sequenced and coordinated with the construction schedule.
Budget	→	• How will effective communication be done, how and who is responsible for packing, moving, inspections (in and out), dealing with residents' special needs or complaints, etc.
		• An accurate cost of relocation so that the relocation escrow is correct.

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## 1. Why

**Over the next decade (from 2006-2016):**

From 2006-2016 the San Francisco Office gained valuable experience with these heavy 223f projects, including experience with temporary resident relocation on these heavy 223f projects, as well as many Sub Rehab projects. During this decade a vast number of relocation plans, schedules and budgets were reviewed, and challenging construction period problems had to be solved and risks mitigated - both construction problems that impacted relocation and relocation problems that impacted construction. During this period there were many projects that failed to adequately plan temporary resident relocation, and this slowed down or prevented Closings, or caused significant risk, conflict, and added costs and time during construction.

Lessons were learned, knowledge and experience gained. Including learning that specialized knowledge, expertise, experience and skills of an independent relocation consultant is required to plan, manage and implement the temporary resident relocation to deliver a reliable schedule and budget, protect the residents and Owner, and allow the Contractor access to the units to efficiently do the work.

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## 1. Why

2016 MAP Requirements:

In the 2016 MAP the 223f Program was **changed to allow Heavy 223f loans** (based on the 223f LIHTC Pilot Program) with much greater scope and cost of work (alterations, not just repairs). This in turn, as the 223f LIHTC Pilot program experience had shown, **had a greater impact on the residents in occupied units** undergoing these renovations.

It quickly became apparent to MFH that the 2016 MAP 3.2 requirements regarding temporary resident relocation needed to be updated.

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## 1. Why

2020 MAP requirements - Chapters 3.12 & A3.5:

Throughout 2017 (for an entire year), at the direction of HHQ, the San Francisco Hub leveraged this decade of experience and collaborated with industry partners (lenders, relocation consultants, owners, architects, contractors) and internal HUD partners ( MFH Production and AM staff, and CPD relocation specialist staff) to draft the current temporary resident relocation requirements. After many reviews and input from CPD and industry partners (the source of some confusion in the final written version), the 2020 MAP requirements Chapters 3.12 & A3.5 were issued and have been implemented.

These requirements have improved the quality of the relocation planning and reducing the risks during construction. These relocation requirements proved critically successful during the COVID Pandemic.

Since 2020 to present working to improve communication and understanding of and compliance with these requirements.

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**2. What** – what requirements apply - MAP & URA?

URA Relocation Requirements:

The **Uniform Relocation Act (URA)** issued in 1970 and amended in 1987 & 2005\* (\* *same year the 223f LIHTC Pilot Program started*), is a federal law that establishes **relocation requirements for federally funded programs** - when residents must move temporarily or permanently as a result of property acquisition, rehabilitation or demolition (Appendix A to 49 CFR 24.2 (a)(9)(ii)(D)).

The U.S. Department of Transportation's Federal Highway Administration (FHWA) is the lead federal agency for the URA. However, HUD Community Planning and Development (CPD) is **responsible for HUD Program compliance** with the URA. However, **MFH is also responsible for compliance with URA in MFH Programs.**

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## 2. What –MAP & URA

URA & MAP Relocation Requirements:

The **URA regulations** were not written for multifamily housing, are not prescriptive, and Relocation Plans are not reviewed and approved in advance by CPD, but they enforce the law if violations occur. (Like FHEO – investigation and enforcement in response to violations. Therefore, an audit trail is critical to prove compliance).

The MFH 2020 MAP requirements are prescriptive and written specifically for multifamily housing mortgage insurance programs, and are based on the URA requirements, so that relocation plans can be reviewed and approved in the underwriting process in a consistent manner, and consistently achieved by an independent experienced relocation consultant.

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## 2. What –MAP & URA

URA & MAP Relocation Requirements:

The 2020 MAP requirements in Chapters 3.12 & A3.5 **are based on** the best practice **URA compliant relocation plans**.

While the current 2020 MAP is formatted around when the URA applies and federal funding vs non-federal funded projects (either or), as a practical matter there is little difference between the URA and MAP requirements.

MAP is just more prescriptive and specific to multifamily housing. MAP would be clearer if it stated that compliance with URA is **in addition to** the MAP requirements - **when federal funding is involved**.

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## 2. What – MAP & URA

### URA & MAP Relocation Requirements:

MAP 3.12.1.E states in part: “E. When construction is proposed at an occupied property, **Lenders must assure that** relocation needs are identified, and appropriate plans described and implemented **consistent with** either 3.12.B. or 3.12.C, as applicable **and with Appendix 3, Section A.3.5.** ...” Since compliance with the Appendix A3.5 is also required regardless of funding sources, this reinforces the minimal differences between URA and MAP requirements (see CPD Training Module #7 slides that match the 2020 MAP requirements).

The consistency between URA and MAP will result in the same Relocation Plans if in compliance with these requirements, although MAP includes the HUD Minimum Property Standards (MPS) requirements for an operational elevator for properties serving the elderly, and the URA requires better record keeping and audit trail – which is wise for Owners to do to mitigate their liabilities.

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## 2. What – MAP & the URA

The CPD Training Module 7: Temporary Resident Relocation shows the **consistency between** the URA and MAP requirements (<https://www.hudexchange.info/trainings/ura-the-hud-way/>). For example, note the similarities with the MAP requirements in the CPD Training Module 7 slides below:

Households. MFH our focus

“Agencies” means Owners of MFH

our focus on mitigating risks & liabilities

resident health & safety priority

vulnerable populations

independent Relocation Consultants & resident interviews

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## 2. What –MAP & URA

### The CPD Training Module 7: Temporary Resident Relocation (excerpts continued)

URA the HUD Way Module 7: URA Temporary Relocation

#### Temporary Relocation Triggers

Temporary relocation is required for occupied projects being rehabilitated and the scope of work within a property or residential unit:

- Requires packing, moving or storing residents' furniture or personal items in order to perform the work.
- Involves the unit kitchen or bathroom where the work prevents use of these areas for their intended use by the occupant (e.g., replacing the kitchen cabinets and countertops, tub surrounds and plumbing fixtures, flooring and painting).
- Creates odors, dust, debris, noise, or other hazards that may impact the safety or sanitary conditions of the unit.

URA the HUD Way Module 7: URA Temporary Relocation

#### Temporary Relocation Triggers (cont.)

Temporary relocation is NOT required for the following types of projects:

- Short term (e.g., an hour or less) temporary switch over to new equipment, if the temperature within the unit can be maintained between 68-72 degrees Fahrenheit.
- Short term (e.g., an hour or less) temporary switch over to new fixtures, receptacles, or equipment, if the electrical service to a unit is not interrupted.
- Ingress and egress can be safely maintained throughout construction.
- Owner-occupant who voluntarily participates in a housing rehab program. N/A - single family housing

MAP  
2 hour  
limit

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## 2. What –MAP & the URA

### The CPD Training Module 7: Temporary Resident Relocation (excerpts continued)

ry Relocation

#### Temporary vs. Permanent Relocation: Similarities

Both temporary relocation and permanent displacement afford the residential or business occupant specific rights in terms of relocation assistance. These include:

- Relocation advisory services
- Payment for actual and reasonable moving and related expenses
- Transportation of displaced persons and personal property
- Packing/unpacking and storage of personal property
- Disconnecting/dismantling, removing, reinstalling/reassembling appliances and other personal property
- Utility hookups (including cable and telephone)
- Insurance for replacement value of property
- Credit checks
- Other moving expenses deemed reasonable by the Agency

URA the HUD Way Module 7: URA Temporary Relocation

#### Personal Interview

Resident interviews by independent Relocation Consultant

The personal interview is the best way to:

- Determine the needs and preferences of the resident to be temporarily relocated,
- Obtain basic information regarding household composition and income,
- Identify potential barriers or challenges to the relocation,
- Obtain certifications regarding lawful residency, and
- Provide information about the project and assistance for which the person may be eligible.

**builds confidence and sense of security in resident population**

**BEST PRACTICES:** *The personal interview is best completed at the current unit, although other arrangements are acceptable. Consider the location and circumstances when planning a site visit - it may be best to conduct a personal interview with 2 Agency representatives.*

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## 2. What –MAP & the URA

### The CPD Training Module 7: Temporary Resident Relocation (excerpts continued)

URA the HUD Way Module 7: URA Temporary Relocation

#### Advisory Services

Relocation advisory services are the single most important part of a successful relocation.

Advisory services ensure that the Agency determines the needs of temporary relocated persons, provides an explanation of available relocation assistance and explains the right to appeal if they are not satisfied with Agency decisions.

Specific advisory services include such measures, facilities, and services as may be necessary and appropriate.

Examples of advisory services include, but not limited to:

- Communication including an explanation of temporary relocation requirements (meetings, notices, schedules.)
- Personal Interviews to objectively assess residents' specific needs (unit size, location, accessibility, pets, etc.)
- Referrals to community organizations or other sources of assistance (e.g. social services, housing counseling, etc.)
- Temporary unit move-in and move-out Inspections to ensure decent, safe, and sanitary housing.
- Relocation Plan schedule and budget to accommodate the occupants and the project needs to include security and safety measures (from theft or injury - from construction or intruders.)
- Claims and reimbursement policies and procedures that are timely and fair.
- Appeal process is explained; assistance with filing claims and appeals may be provided.

} Like MAP A3.5 B

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## 2. What –MAP & the URA

### The CPD Training Module 7: Temporary Resident Relocation (excerpts continued)

URA the HUD Way Module 7: URA Temporary Relocation

#### Temporary Relocation Payment General Guidance

Temporary relocation payments include reimbursement for all reasonable and necessary out-of-pocket expenses related to the move to and from the temporary replacement location. There is no ceiling limit on the reimbursable costs for all reasonable and necessary out-of-pocket expenses.



includes →

Expenses include, but are not limited to:

- Moving necessary personal belongings including pets
- Storage
- Packing and unpacking
- Increased rent at a temporary location
- Disconnection and reconnection of necessary utilities, i.e., water, sewer, gas, and electricity

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**2. What – MAP & the URA**

**URA & Section 104(d) requirements:**

**URA applies when Federal funding is involved**, for example if project received HOME or CDBG funds, or has **Section 8 HAP Contract**, or **SPRAC/PRAC** federal subsidies (ref **MAP 3.12.2 A**).

**MFH Underwriter responsible for evaluating relocation plans and MFH loan compliance** with URA and 104(d), **CPD Regional Relocation Specialists (RRS)** are available only to **MFH staff** to clarify these requirements or assist if needed.

**The CPD Regional Relocation Specialists (RRS)** in the West Region are:

Region 8: CO, MT, ND, SD, UT, WY <b>Jade Santoro</b> Denver, CO 80202-4801 Phone: (303) 672-5069 Email: jade.a.santoro@hud.gov	Region 9: AS, AZ, CA, GU, HI, NV, MP <b>W. Jay Smith</b> San Francisco, CA 94104 Phone: (415) 489-6591 Email: jay.smith@hud.gov	Region 10: AK, ID, OR, WA <b>Lori Martin</b> Seattle, WA 98104 Phone: (206) 220-5373 Email: lori.martin@hud.gov
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**Presenter**  
**Barrett Koczkur**  
**HUD Architect / Construction Analyst**

### 3. **When & Where** – when do these requirements apply, where & how is this determined?

Temporary  
Resident Relocation

#### **Scope of Work requires Displacement?**

When does the **Scope of Work** require the resident to be **displaced** to safely and/or efficiently complete the work in the occupied units? What is the impact of the scope of work on the residents in the dwelling units? Can residents safely use the unit as required for activities of living (eating, sleeping, bathing, etc.) during construction?

The MFH West Region’s Displacement Table is a useful tool that helps answer these questions, explains **how** to determine **when** the scope of work displaces the residents and **when** relocation is required.

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### 3. **When & Where**

#### **Scope of Work - must be clearly defined:**

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**Before displacement can be evaluated and determined**, the **Classification of Work must be accurately, clearly and specifically** defined, and appropriate documents (plans, specs, details, site plans, bids, contracts) provided in the CNA E-tool, and/or Plans & Specifications **per MAP Chapter 5**.

**Separate, distinct, detailed and specific** construction **activities and tasks must be** clearly and individually defined as per MAP 5.1.4. The specific locations, site plans, elevations, and unit #s, where the work is taking place, and the required **construction schedule** must be provided.

- MAP 5.1.4.C.1
1. Describe the proposed work as distinct, separate work items, where each item describes a set of construction activities that are similar or related in character and scope.
    - a. For example, the construction activities of removing aged windows, installing new flashing, inserting new window units, patching up siding and repainting may all be described as “replacement of existing windows” as a single work item.
    - b. An individual work item should not be too broad or include multiple Classes of Work, such as using “kitchen remodeling” to describe replacing the cabinets (Level 1 Alteration) as well as reconfiguring the space by removing existing walls and extending the countertop space to increase the kitchen area (Level 2 Alterations).
    - c. An individual work item must be distinct and described in sufficient detail for accurate estimation and inspection during construction.

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### 5. When Scope of Work - must be clearly defined: MAP 5.10.5

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Lender must review Needs Assessment to make sure the Required Repairs listed are complete, accurate and conforms with HUD requirements. That includes, separate, distinct, detailed and specific construction activities and tasks are accurately, clearly and specifically defined, and the supporting documents provided.

MAP 5.10.5 A. By submitting the CNA through the CNA e-Tool, the Lender certifies that it has selected a qualified Needs Assessor with no conflicts of interest in the transaction and has reviewed the assessment for completeness, accuracy, reasonableness, and conformance to HUD requirements. (See [Appendix 5, Section A.5.7](#) for certification language.)

MAP 5.2.2.2 D. The Needs Assessor may prepare dimensioned sketches or diagrams when needed to illustrate particular repairs and alterations. However, drawings required to describe dimensioned remedies for accessibility deficiencies must be done by a registered Architect who may be an employee of, or consultant to, the Needs Assessor's firm.

Therefore, DO NOT use these terms in the Required Repair Lists / Needs Assessments:

- ~~Recommend~~ – requiring not recommending
- ~~Owner Elected~~ – are required repairs
- ~~See/reference Report~~ – identify the required work in the report, define the scope, location, cost, and schedule.
- ~~Investigate~~ – Needs Assessor to investigate and identify the required work independently and define the scope, location, cost, and schedule.

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### 3. When & Where Scope of Work - must be clearly defined:

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For **Heavy 223f** (repair costs equal to or greater than **\$15K/unit** or level 2 alteration involved – MAP 5.2.3.2.A.2), the **Architect must clearly define the scope of work in contract documents**, as required per MAP Chapter 5. Including:

- MAP 5.2.3.3.A.2 2. In Section 223(f) transactions, the required professional design services are typically of limited scope. Accordingly, the Owner-Architect Agreement shall be the AIA Document B104, Standard Abbreviated Form of Agreement Between Owner and Architect. AIA B108 is allowable when the scope is extensive.
- a. The agreement must accurately describe the specific services to be provided and include all services that are necessary to the project, including adequate construction administration duties.

Including Accessibility Repairs

MAP 5.3.1.A A. **Accessibility Repairs.** When proposed repairs and alterations remedy accessibility violations, the necessity of a registered Architect must be determined independently of Class of Work. In general, remedies that require simple installations or replacements of components (e.g., replacing existing non-compliant doorknobs with lever-type or installing audio-visual fire alarms) do not require an Architect. However, remedies involving mandated dimensions for spaces or floor area clearances require code compliant design described in drawings and specifications (plans and specs) by a registered Architect for code evaluation, precise construction, and inspection. See [Appendix 5, Section A.5.2](#) on applying accessibility standards.

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**3. When & Where** Temporary Resident Relocation

**Scope of Work - must be clearly defined:**

For a **Standard/ Light 223f**, one that did not require a general contractor, **bids by licensed trade** contractors, and after selecting a bidder, an **executed contract** (with defined scope, cost and schedule) required before Closing, per MAP 5.3.1 & 5.3.3.3.

MAP 5.3.1.C

**C. Trades Bids.** Repairs, Level 1 and some Level 2 Alterations typically do not require a General Contractor. Regardless of Critical or Non-Critical Repair designation, any closely related work items with an estimated Aggregate Cost of \$35,000 or greater should be based on bid(s) by a qualified licensed trade(s) contractor with the intent for the Borrower to employ the trade contractor whose bid amount is selected. The Borrower should execute the contract prior to closing.

MAP 5.3.3.3.A

**A.** When a General Contractor is not retained, the work items documented by the Architect (e.g., remedies for accessibility deficiencies, limited Level 2 Alterations) must be executed by qualified licensed trades (e.g., a plumber, electrician, framer, tile-setter licensed in the local jurisdiction). Similarly, repairs and Level 1 Alterations described as individual work items (or a group of closely related items) with an estimated cost of \$35,000 or greater must be performed by qualified licensed trades contractor(s).

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**3. When & Where** Temporary Resident Relocation

**Scope of Work & Displacement**

The **scope of work, displacement, and impact on the residents** (including but not limited to health and safety, disruption, stress, ability to use the unit as intended for living, etc.) **determines when temporary resident relocation is required** (see MFH West Region’s Displacement Table tool).

The MAP relocation requirements **balance the rights of** the residents renting units (to have undisturbed use of a complete DSS unit for activities of living), and the Owner leasing the units (who have rights to access the units with proper notice for maintenance, repairs and renovations or rehabilitation).

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**3. When & Where** Temporary Resident Relocation

**Scope of Work & Displacement**

The **223f Program** changes that allowed the **increase in the scope** of the required repair work (Renovations - Alterations, not just Repairs) in occupied units is why, when and where resident relocation requirements apply. Temporary Resident Relocation has always been required for Substantial Rehabilitation of occupied properties.

**Repairs** do not require resident relocation, see MAP 3.12.3.C.

C. Temporary resident relocation is not required for projects undergoing simple repairs and minor renovations [i.e. 223(a)(7)s and 223(f) applications with classification of construction work limited to repairs as described in MAP Guide Chapter 5, Section 5.1 and Section 5.2].

**Level 1 Alterations** may, or may not, require relocation.

**Level 2 & 3 Alterations** and **Substantial Rehabilitation** require relocation.

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**3. When & Where** Temporary Resident Relocation

**DISPLACEMENT TABLE**  
Structure and format explained

Program:	223a7 & 223f <b>Repairs</b>	223f <b>Renovations</b> - Heavy 223f	221d Program
Classification:	Repairs	Level 1 Alterations	Level 2 Alterations
MAP 5.3.1.B	<p><u>Easy</u>/: Temporary resident relocation is <u>not</u> required (MAP 3.12.3.C), as residents can safely remain in unit during repair work</p> <p style="text-align: right;">? ←</p>	<p><u>Complex</u>/: <b>Depends</b> on the scope, sequence, duration, and impacts of the work on the residents and if displacement is necessary to safely and efficiently complete the work</p> <p style="text-align: left;">→ ?</p>	<p><u>Easy</u>/: Temporary resident relocation is <u>required</u></p>

**Substantial Rehabilitation**

**B. Tenant Relocation.**<sup>7</sup> Lenders must evaluate the level of disruptions to tenants during construction. When the degree and duration of disruption are such that the residents need to be displaced to ensure health and safety, a relocation plan is required. See the MAP Guide Chapter 3, Section 3.2 and Appendix 3, Section A.3.5 for instructions for acceptable relocation plans.

<sup>7</sup> This applies to Section 221(d)(4) Substantial Rehabilitation as well as Section 223(f) transactions.

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### 3. When & Where

### Temporary Resident Relocation

Displacement in existing and occupied properties occurs when construction activity:	Construction Activity – scope of the work in occupied properties			See MAP 5.1.3 Classifications of Work. See MAP 3.12.3.C – “Repairs” are not expected to require relocation (verify). Notes: Evaluate the scope of work by reviewing the <b>Construction and Relocation Schedules</b> .  For both Critical and Non-critical Repairs for Existing Properties. A schedule of Repairs, and Alterations described in quantities, location, cost, and relevant thumbnail specifications, together with such sketches or drawings as may have been determined necessary for clear communication and adequate inspection per MAP A5.7.5.A.1, 2 & 3. And when the work involves a General Contractor, a detailed construction schedule (Gantt Chart or Critical Path) must be submitted as an attachment in the CNA e-Tool per MAP A5.2.2.C.2.d.  <b>Construction and Relocation schedules must be coordinated per MAP A3.5.2.B.5.</b> Review these schedules of construction and relocation activity, including sequence and duration of the <b>work within the occupied dwelling unit</b> : <ul style="list-style-type: none"> <li>• Resident Temporarily Relocated - if displacement occurs</li> <li>• Packing, moving and/or storing residents’ belongings in the space being worked on</li> <li>• Relocation Consultant inspection (move out complete)</li> <li>• Demolition activities</li> <li>• Construction- repair or alteration activities</li> <li>• Building permit/code inspections (if applicable)</li> <li>• Patch/paint (including dry time)</li> <li>• Caulking (including cure time)</li> <li>• Cleaning</li> <li>• Architect/Owner inspections (&amp; punch list completion)</li> <li>• Relocation Consultant inspection (move in ready)</li> <li>• Unboxing residents’ belongings and returning them to the proper location.</li> <li>• Resident returns to their complete unit</li> </ul> MAP Construction Schedule Requirements: 3.12.1.E.2; A3.5.2.B.5; A.3.5.3; 5.3.1.D; 5.3.2.2; 5.3.3.6. A&B; AS.4.3.D.4; AS.2.2.C.2.d & AS.7.5.A.2 & 3
	Test/Question:	Repairs	Level 1 Alteration	
1 Prevents residents from using their dwelling unit for activities of daily living, including but not limited to: <ul style="list-style-type: none"> <li>• Eating/cooking – preparing 2 or more consecutive meals in their unit.</li> <li>• Use bathroom &amp; bathing</li> <li>• Sleeping</li> </ul>	Yes or No?  This column is likely to be “No”, but verify? ↓	Yes or No?  This column may be a “Yes” or “No”? requires detailed evaluation ↓	Yes or No?  This column is likely to be “Yes”, but verify? ↓	

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### 3. When & Where

### Temporary Resident Relocation

Displacement in existing and occupied properties occurs when construction activity:	Construction Activity – scope of the work in occupied properties			See MAP 5.1.3 Classifications of Work. See MAP 3.12.3.C – Repairs are not expected to require relocation (verify). Notes: The consecutive 8-hours is intended to be read in conjunction with the entirety of the section. The intent is to allow a workdays' worth of effort (as might be required for example, to change out an existing HVAC condenser and air handler, or a set of kitchen appliances, etc.). This could extend to consecutive or different workdays (one day for HVAC, another day for appliances), with the resident safe and undisturbed when home, or this work might coincide when a resident is voluntarily away from their apartment, for work, school, trip, etc. It is not intended to require residents to live in a construction worksite with disturbance or resulting unfinished construction continuing on an 8-hour basis, even if construction workers are only present or active for an 8-hour or less period. In short, any construction task intended to fit within an 8-hour workday must begin and end within that time frame, leaving the resident undisturbed before and after. (HHQ- David Wilderman)  Work that requires multiple tasks in sequence, or involve multiple trades to complete, (typically renovation of kitchens and/or bathrooms for example) that do not result in a complete required repair in total, and a fully functional, finished, decent, safe and sanitary unit (required by URA), unpacked and ready for use by the end of that workday - would require temporary resident relocation for the duration/workdays of that work.  See MAP 3.12.3.D.3 & A3.5.2.B.9 regarding the safety of these more vulnerable resident populations. See also MAP A3.5.2.B.2 – resident interviews by the independent Relocation Consultant essential to identifying any special resident’s needs during renovations/relocation.  Packing, Moving and Storage: The plan must describe how and who is responsible for any packing, moving, and storage. A professional moving company that can be relied on to meet the relocation schedule and have the appropriate workers compensation and damage and loss insurance, is required per MAP A3.5.2.B.3 & 3.12.3.D.2. Just providing boxes to residents and offering them assistance with packing if requested/needed, is not adequate.  Work that requires multiple tasks in sequence, or involve multiple trades to complete, (typically renovation of kitchens and/or bathrooms for example) that do not result in a complete required repair in total, and a fully functional, finished, decent, safe and sanitary unit (required by URA), unpacked and ready for use by the end of that workday - would require temporary resident relocation for the duration/workdays of that work.
	Test/Question:	Repairs	Level 1 Alteration	
2 Prevents residents to safely occupy their unit during the day (during an 8 consecutive hour workday) – to do the construction work.	Yes or No?	Yes or No?	Yes or No?	
3 Prevents elderly, disabled or special needs residents to safely occupy their unit for any period – to do the construction work.	Yes or No?	Yes or No?	Yes or No?	
4 Requires packing, moving, or storing resident’s furniture or personal items in order to perform the work.	Yes or No?	Yes or No?	Yes or No?	
5 Prevents full use of the kitchen or the bathroom(s) by the resident (e.g. replacing the kitchen cabinets and countertops, tub surrounds and plumbing fixtures, flooring replacement);	Yes or No?	Yes or No?	Yes or No?	

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### 3. When & Where

#### Temporary Resident Relocation

Displacement in existing and occupied properties occurs when construction activity:	Repairs	Level 1 Alteration	Level 2 Alteration	See MAP 5.1.3 Classifications of Work. See MAP 3.12.3.C – Repairs are not expected to require relocation (verify).
<b>Test/Question:</b>				<b>Notes:</b>
6 Creates odors, dust, debris, noise, or other hazard that negatively impacts the sanitary condition of the unit or health and safety of the resident. Unit is not decent, safe or sanitary.	Yes or No?	Yes or No?	Yes or No?	Both the URA (required by law) and HUD Multifamily Housing (Program/MAP requirements) require Decent, Safe and Sanitary (D.S.S) Housing at all times. If not, residents must be relocated to dwelling units/housing that are Decent, Safe and Sanitary (D.S.S).
7 Involves shutting down the heating, ventilation, and air conditioning (HVAC) equipment that prevents maintaining the interior temperature of the unit between a range of 65 - 75 degrees Fahrenheit for more than a period of 2 hours.	Yes or No?	Yes or No?	Yes or No?	Maintaining an adequate temperature within the occupied property and dwelling units is not only a matter of comfort but can be a life-safety issue. Elderly, disabled and residents with special needs (perhaps underlying medical conditions?) can be very sensitive to excessive heat or lack of heat/cold conditions. Given the range of climates within the geography/States covered by the West Region of Multifamily Housing, and development occurring thorough the year, this requires attention. If adequate temperature cannot be maintained or restored within the two-hour timeframe, then displacement occurs and temporary resident relocation is required. Resident Interviews are essential to identify special needs in advance for planning, scheduling, and budgeting relocation and construction.
8 Disrupts the electrical service to the unit for more than a short-term of 2 hours or less.	Yes or No?	Yes or No?	Yes or No?	Maintaining electrical service within the occupied property and dwelling units is not only a matter of convenience, or necessity for teleworkers and online education courses, but can be a life-safety issue. Elderly, disabled and residents with special needs (perhaps underlying medical conditions?) may have oxygen or medical devices requiring electrical power to operate. Therefore, if electrical service cannot be maintained or restored within the two-hour timeframe or less if needed, then displacement occurs, and temporary resident relocation is required. Resident Interviews are essential to identify special needs in advance for planning, scheduling, and budgeting relocation and construction.
9 Prevents safe ingress and egress without proper alternative routes at any point during construction.	Yes or No?	Yes or No?	Yes or No?	Construction activities- including storage, deliveries of materials or equipment, staging, layout & cutting, etc. – cannot obstruct exits/entrances, corridors, stairwells, sidewalks, or any other safe means of ingress/egress, per bldg. codes and fire marshal requirements.

**Displacement Table Instructions:**  
Evaluate the application/project and respond to the nine (9) Test/Questions above based on the scope of required repair work (repairs and alterations) with a simple "Yes" or "No".  
Any "Yes" indicates that displacement occurs and temporary resident relocation services are required to protect the residents (a cost), and provide unoccupied access to the units for more efficient construction (cost and time savings). A Relocation Plan, Schedule and Budget are required – for both federally funded (required by URA law) and non-federally funded/mortgage insured properties (required by MAP). This must be planned, administered, and implemented by an experienced, qualified and independent Relocation Consultant in accordance with the 2020 MAP 3.12 & A3.5 requirements. See CPD Training Module 7 for an overview of URA Temporary Relocation requirements. Note that Temporary Relocation can include staying with Family or Friends (least expensive option), onsite "hoteling" in vacant unit (best alternative, saves cost if available through advanced planning and least disruptive), or offsite at nearby Hotel - if the option selected meets resident needs and is confirmed by the Relocation Consultant to be Decent, Safe and Sanitary. **Note:** tenting for fumigation, significant seismic work impacting units, or stopping all elevator service due to repairs for properties serving elderly – all may require all, or a majority of residents, to be temporarily relocated?

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#### Temporary Resident Relocation

## Presenter Pati Boyle Relocation Consultant

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#### **4. Who & How** – who does the relocation & how do they do it?

Temporary  
Resident Relocation

**Professionals Services Required:** MAP 3.12.1.E; A3.5.1.A; 5.3; A3.5.2.A & A3.5.4. A

MAP 5.3 A. HUD requires professional services, due diligence, and oversight suitable for the program and scope of work for each project. The Lender and Borrower must employ appropriate levels of professional services for the proposed work to ensure proper design and documentation, as well as successful completion of the work. The type of professional services and their responsibilities are determined by 1) the program (Section of the Act) for which the application is submitted; 2) the Aggregate Cost of the work; and, 3) the Classes of Work proposed (see MAP Guide Section 5.1). Both the Lender and the owner must engage qualified professionals for due diligence acceptable to HUD. See Section 5.2 for qualifications and responsibilities and Chapter 6, Section 6.4.8 and Section 6.6.3.A.7 for green MIP applications.

The property Owner/Borrower contracts with licensed **professionals for essential services**, such as Architect/Engineers, General Contractor, Geotechnical Engineer, etc. MAP 5.2.3.2; 5.3.3.2 & 5.3.3.3

For renovation or substantial rehabilitation of occupied multifamily housing, **an experienced and independent Relocation Consultant is essential to provide professional relocation services.** MAP 3.12 & A3.5

Specialized professional services of an independent Relocation Consultant are required to temporarily relocate residents in an **organized, safe, reliable and efficient manner that complies with all URA/MAP requirements.**

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#### **4. Who & How** – who does the relocation & how do they do it?

Temporary  
Resident Relocation

##### **Managing and Mitigating Risks & Liabilities:**

Renovating (223f) or substantially rehabilitating (221d) occupied multifamily housing involves **significant risks and liabilities for the Owner**. Hiring an experienced, qualified, and independent Relocation Consultant is essential to managing and mitigating these risks and liabilities.

##### **Practical Realities & Benefits:**

Hiring an experienced, qualified, and **independent** Relocation Consultant to plan, administer and implement the resident relocation, also:

- Protects the health and safety of the residents.
- Provides Contractor reliable access to unoccupied units to efficiently complete the work.
- Builds resident confidence and sense of security in the renovation/sub rehab.
- Reduces delays to the Contractor – saves costs and time.

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#### 4. Who & How – who does the relocation & how do they do it?

Temporary  
Resident Relocation

##### Timing & Professional Performance: MAP A.3.5.2

A complete and accurate **Relocation Plan, Budget and Schedule** is required to be submitted with the **Application for Mortgage Insurance**. This Relocation Plan, Budget and Schedule is reviewed and approved before a Firm Commitment is issued. **Only minor adjustment (to dollars and dates) can be made before the Closing**. Therefore, **hiring the Relocation Consultant early for their professional services**, along with the other professional services, is necessary to **avoid delays and inaccuracies**.

The knowledge, skills and experience of an independent **Relocation Consultant is essential and required to plan, manage and implement the resident relocation**. How the relocation is planned, communicated and executed can build confidence and a sense of security, and thus mitigate stress and anxiety if done well (this can be a very positive and enjoyable experience for the resident community).

Conversely, if planned, communicated and executed poorly, relocation can increase stress, anxiety and risks. The MFH relocation requirements are intended to produce the former successful resident relocation and prevent the later.

#### 4. Who & How – who does the relocation & how do they do it?

Temporary  
Resident Relocation

##### Relocation Schedule: Must be detailed and specific. MAP A3.5.2. B.5

5. **Relocation Schedule:** The plan must include a relocation schedule identifying which residents are moving out or into which specific units and when. A detailed relocation schedule with specific dates for each unit, sequenced and coordinated with the Contractor's Construction Schedule, is required. This schedule is required whether residents are relocated on site (in "vacant units"), offsite in a hotel, or other offsite locations.
  - a. The relocation schedule must identify when (date & time) the units to be rehabilitated (by unit number), and when any other common or project areas, will be turned over to the Contractor – for their control and performance of the work. The schedule must also show when the units will be inspected and reoccupied after rehabilitation by the Contractor is complete.

Relocation and Construction Schedules **must be coordinated**. The Contractor must accept the Relocation Schedule, and both schedules must be attached to the Escrow Agreement.

The **Relocation Consultant must attend the construction progress meetings** to continue coordination and communication of schedules. If relocation gets off schedule, construction will be impacted. If construction gets delayed, relocation is impacted. These **schedules are interdependent** for that portion of the work.

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Temporary Resident Relocation

#### 4. Who & How – who does the relocation & how do they do it?

Temporary Relocation – Typical Approaches: MAP A3.5.2. B.5

The following are typical approaches utilized for temporarily relocating residents in MFH. Each has pros and cons, so evaluating which options, or other approach, best meets the needs of the residents and specific challenges of the project renovation or rehabilitation is required.

Option	Pros	Cons
On-Site Hoteling	+	-
Offsite Hotel (Chain)	+	-
Family or Friends	+	-

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Temporary Resident Relocation

#### 4. Who & How – who does the relocation & how do they do it?

Temporary Relocation – Typical Approaches:

Option	Pros	Cons
<b>On-Site Hoteling</b> Residents relocated to a suitable size and type of vacant units at the property (called “onsite hoteling”).	This is typically the best most cost-effective way to temporary relocate residents that minimizes the disruption to residents – their activities and routines- kids to school, commute to work, proximity to doctors/medical care, access to mail and deliveries, parking, etc.	These vacant units however require furnishings, professional cleaning and inspections.  Accumulating enough vacant units however (number of units needed for each phase of the work) requires advanced planning and may not always be feasible given the demand for housing and lack of turnover in tight housing markets or subsidized properties.
Offsite Hotel (Chain)		
Family or Friends		

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Temporary Resident Relocation

### 4. Who & How – who does the relocation & how do they do it?

#### Temporary Relocation – Typical Approaches:

Option	Pros	Cons
On-Site Hoteling		
<b>Offsite Hotel (Chain):</b> Relocate the residents to an acceptable offsite hotel in the immediate area. Typically, well-known quality hotel chains are contacted and a block of rooms reserved per the relocation schedule, for the number of rooms for the size needed for the households being relocated.	Decent Safe and Sanitary (DSS) Inspections are not required for these quality hotel chains. This option may have more cost but less time by the Relocation Consultant and cleaning is included in the cost.	If the hotel room does not have a kitchen so residents can cook (such as extended stay hotels), then reimbursement for meals is required.  Reimbursement for transportation costs may be required for offsite locations depending on distance from the project site
Family or Friends		

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Temporary Resident Relocation

### 4. Who & How – who does the relocation & how do they do it?

#### Temporary Relocation – Typical Approaches:

Option	Pros	Cons
On-Site Hoteling		
Offsite Hotel (Chain):		
<b>Family or Friends</b> Allow residents to stay offsite with family or friends - However, in many of the higher cost metropolitan areas in the West Region, family members or friends often lack adequate space to offer their place to their family member or friend to stay, due to the cost and smaller size of homes and apartments in these areas. In addition, in many cultures family members feel obligated to take in their family member even if the space is not adequate, which can cause increased stress and impact the wellbeing of the resident (and the host). Therefore, the resident interviews and inspections by the experienced and independent Relocation Consultant is essential to navigate this option to make sure the health and safety of the resident is protected.	Staying with family can reduce stress and anxiety if conditions are right.  Typically the least expensive option even with reimbursement.	This requires inspections by the Relocation Consultant to confirm this housing is decent, safe and sanitary (DDS). (An added cost). If not they cannot use this option.  The costs incurred by the resident must be reimbursed, so this also costs, but is typically the least expensive option

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Temporary Resident Relocation

**4. Who & How** – who does the relocation & how do they do it?

**Packing, Moving & Storage:** MAP A3.5.2. B.3

Relocation Planning **includes the packing, moving and storage of residents' belongings** so that the work can be efficiently completed within the unit. How this is done impacts the success of the relocation.

The Owner is responsible for paying the costs of packing, moving and storage. A professional Moving Company must be hired to do this important work at the direction and coordination of the Relocation Consultant (see MAP A3.5.2.B.3).

**3. Packing, Moving and Storage:** The plan must describe how and who is responsible for any packing, moving, and storage. A professional moving company that can be relied on to meet the relocation schedule and having the appropriate workers compensation and damage and loss insurance, is required.

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Temporary Resident Relocation

**4. Who & How** – who does the relocation & how do they do it?

**Packing, Moving & Storage:** MAP A3.5.2. B.3

**Hiring a professional insured Moving Company protects the Owner from risks and liabilities associated with this service.** Professional reliable moving services helps maintain the Relocation Schedule, thus allowing the Contractor access to units per the Construction Schedule and not delay construction. This also helps reduce the stress and disruption to the residents.

**Residents pack their valuables, fragile or sentimental items, and the personal items they need for the duration of the temporary relocation. The Moving Company packs, moves and/or stores the rest of the residents' personal belongings needed to do the work, are to be done by a professional moving company – required for reliable performance and insurance coverages.**

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#### 4. Who & How – who does the relocation & how do they do it?

Temporary  
Resident Relocation

##### Resident Preferences: MAP A3.5.2. B.9

**Resident needs** (based on resident interviews), **rather than preferences** or desires to remain in their unit during construction, is a determining factor for relocation (see MAP A3.5.2.B.9). This usually comes up on properties serving elderly residents, where the elderly residents are understandably reluctant to relocate, even temporarily.

9. **Elderly Housing & Disabled:** Temporary relocation of elderly or disabled residents and families with young children must avoid unnecessary stress and protect their wellbeing, health, and safety.
  - a. The degree of the resident's expressed preference to stay in the units during construction, while considered, are not the only or principal indicators of the impact of the scope of rehabilitation work on tenants. Rather, the qualified independent relocation consultant must objectively evaluate the impacts of the scope of the work on the residents, and make determinations based principally on resident safety and wellbeing.

When the elderly, and other vulnerable resident populations, must be temporarily relocated due to the scope of the work (as per these URA and MAP requirements), **how they are relocated matters greatly** to the resident's wellbeing, health and safety.

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#### 4. Who & How – who does the relocation & how do they do it?

Temporary  
Resident Relocation

##### Resident Interviews: MAP A3.5.2.B.2

Resident Interviews by the independent Relocation Consultant is **required to identify and discern resident relocation needs**, and therefore the **extent of relocation services** required to meet those needs.

MAP A3.5.2.B.2

2. **Resident Interviews:** The plan must have specific information about the resident's needs (medical, disability, pets), based on up-to-date one-on-one interviews with the residents performed by the relocation consultant. The plan must explain how these needs will be met.

**Resident Interviews are necessary to provide an accurate relocation plan, budget and schedule.** Without this data on the resident population, the Relocation Plan, Budget and Schedule must rely on estimates – introducing uncertainty, inaccuracy and risk. This in turn may result in inadequate funding in the loan (thus greater out of pocket costs during construction) and/or delays in processing and approvals.

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Temporary Resident Relocation

#### 4. Who & How – who does the relocation & how do they do it?

**Relocation Costs & Budget:** MAP 3.12.4; A3.5.3 & A3.6

An acceptable relocation plan must provide accurate costs of the relocation, as these costs are included in the loan (mortgageable) and used to establish a Relocation Budget. The Lender and HUD review the costs in the Relocation Plan's Budget.

The Relocation Budget reflects the cost of all the services provided in the Relocation Plan, and therefore **must be complete and adequate to properly, efficiently, effectively and safely implement the temporary resident relocation and stay on schedule**. Adequate budgets will also ensure that the Lender will have enough funds to perform the planned relocation should their Borrower fail to perform and to prevent construction delays. Establishing accurate timing and amount of costs of relocation is critical because if the relocation escrow becomes unbalanced or proves insufficient to cover costs, the **Borrower must fund any shortfall**.

The relocation plan and budget must align with the approved relocation and construction schedules, and both **must be attached to the Relocation Escrow Agreement**. The Relocation Consultant prepares the Relocation Plan, Budget and Schedule in the format they deem appropriate to communicate the relocation services required for the project and compliance with MAP/URA.

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Temporary Resident Relocation

#### 4. Who & How – who does the relocation & how do they do it?

**Relocation Liaison & Property Management Staff:** MAP A3.5.1 C; MAP 3.12.1 E.1 and MAP A3.5.1 A

MAP 3.12.1 E.1 and MAP A3.5.1 A requires an independent and experienced Relocation Consultant to plan, manage and implement the relocation for all the reasons stated above.

MAP A3.5.1 C allows the **Relocation Consultant to determine if and to what extent they wish to utilize the onsite Property Management staff to assist** in the implementation of the relocation services (with communications as a Liaison) if they are available and capable of doing so. Size, scope and scale of the relocation is also a factor if needed. The Relocation Consultant can utilize this onsite resource and their familiarity with the resident population as appropriate, but the **Relocation Consultant remains in the lead and responsible** for the relocation plan, management, implementation, communication, budget, schedule and performance.

MAP A3.5.1 C

**C.** Depending on the size and scope of the relocation, the relocation consultant must designate a relocation liaison to be the point of contact at the property for tenants during relocation and rehabilitation. If experienced, the liaison may be the property manager. The resident liaison and/or the relocation consultant must attend the construction site meetings to facilitate communication and coordination.

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Temporary Resident Relocation

**4. Who & How** – who does the relocation & how do they do it?  
**Relocation Liaison & Property Management Staff:** MAP A3.5.1 B

MAP A3.5.1 B allows a “Sponsor” (intended to indicate a non-profit Owner entity), to submit the experience, skills and credentials of an in-house Relocation Specialist for consideration for approval in lieu of an outside Relocation Consultant (based on Mercy Housing’s Relocation Specialist).

**B.** If the Sponsor has a qualified relocation consultant on staff, the Sponsor may submit their experience and qualifications to the Lender and HUD for consideration. To be approved, their experience, skills, and credentials must be equivalent to a third-party relocation consultant. The relocation consultant shall have a proven track record of successfully relocating residents and must exercise independent professional judgment concerning the displacing effects of project activities on tenants both able bodied and those with special needs.

Note however that this is **rare**. Owner entities rarely have an in-house Relocation Specialist with the experience, skills, credentials and independence equivalent to the outside Relocation Consultants that do this for a living.

Past experience with repairing, renovating or substantially rehabilitating occupied properties in which the Owner and their Property Manager used a “tenant-in-place” approach to completing the work in occupied units is not equivalent or appropriate experience – regardless of the number of units or projects completed this way. Property Management has enough on their hands to manage the property and lack the capacity or skills to also plan and implement relocation in compliance with MAP and/or URA.

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Presenter  
 Robert Fradley  
 HUD Technical Branch Chief

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**5. When Time Limits - Deadlines for Completion of Work**  
 MAP 5.10.7 & 12.17.1.A Temporary  
Resident Relocation

**Life Safety Critical Repairs required to be completed before Closing** – HUD Inspections required, technically no self-certification allowed. MAP 12.17.1.A. (MAP inconsistency needs to be corrected.)

**Accessible Critical Repairs before Closing, or those allowed to be deferred**, must be funded in the repair escrow and completed ASAP - per dates & schedule in Escrow Agreement - 12-months max or less (typically 30, 60 or 90 days).

MAP 5.10.7 **B.** Life Safety Critical repairs must be completed prior to Endorsement.

**C.** Accessibility Critical repairs must be completed prior to endorsement. When completion prior to endorsement is not possible due to an extensive scope, the repairs must be done as soon as possible within twelve months of closing. The time required to complete each repair must be identified as a number of months, no greater than twelve. The months identified must reasonably demonstrate "as soon as possible" and should be supported with reasons considering the difficulty and the scale of the work, external factors such as the weather, labor market, and logistics, such as scheduling.

**Non-Critical Repairs** must start immediately and continue diligently on schedule and be completed before the Repair Period Deadline of **12-months (max) or less** from the Initial/Final Endorsement – see the Escrow Agreement.

MAP 5.10.7 **E.** Non-Critical repairs must be scheduled to begin promptly after closing and timely completed within twelve months of the endorsement. The MF Regional Center/Satellite Office Director may approve an extended period not to exceed six additional months for unusual circumstances (e.g., work constrained by weather conditions or work requiring temporary relocation of elderly or disabled tenants). A program of repairs and alterations, which, because of scale or quantity, is reasonably expected to require more than a year to complete should be reconsidered as substantial rehabilitation.

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**5. When Completion of Repairs when Deadline Missed**  
 MAP 5.10.9 & 12.17.7 and Article 7 of the Escrow Agreement Temporary  
Resident Relocation

When the Required Repairs are not completed by the Repair Period Deadline in the Escrow Agreement (12-months or less), then the **Lender must assume responsibility and complete the outstanding required repair work.**

MAP 5.10.9 **A.** If the Borrower has not completed the required scope of work consistently with the repair schedule set in the Escrow Agreement (as adjusted for any HUD-approved extensions), the Lender shall complete the work using the remaining escrowed funds including assurance of completion amounts. The Lender will provide HUD a new repair schedule. In addition, the Lender will provide the Borrower with a breakdown of these repairs and the cost(s) of completion (including administrative expenses). Funds remaining in the escrow account after completion of the repair work will be returned to the Borrower, less reasonable administrative costs incurred in completing the repairs.

Lender to provide HUD the **Lender's new work schedule** for completion of all remaining required repair work.

MAP 12.17.7 **B.** If the Borrower has not completed all deferred repairs by the end of the repair period the HUD Inspector will document all such non-completed repairs on form HUD-95379, HUD Representative's Trip Report, and will submit the report to the Lender and HUD Construction Manager.

**C.** The Lender will complete the repairs using the repair escrow funds. The Lender will submit a work schedule to HUD for the completion of all remaining repairs and will provide the Borrower with a breakdown of these repairs and the cost(s) of completion (including administrative expenses).

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**5. When Time & Cost Limits - for Completion of Work** Temporary Resident Relocation

In addition to the Repair Period Deadline there is a **Cost Threshold Limit** (between the 223a7 or 223f and 221d Sub Rehab Program).

The **Lender must ensure** the total “aggregate cost” of the required repair work, including change orders, does not exceed the Cost Threshold Limit and 223f Program eligibility.

There are severe consequences if limits exceeded.

MAP 5.1.5.C C. Section 223(f): Repairs and Level 1, Level 2 and Level 3 Alterations are permitted, provided that the Aggregate Cost of all such repairs and alterations does not exceed the Aggregate Cost Limit for substantial rehabilitation described in Section 5.1.2.

MAP 5.1.2.A 1. The Lender must ensure that the cost of repairs and alterations in refinance or acquisition transactions does not exceed the program eligibility limit notwithstanding any unforeseen circumstance, change in cost, or estimating error;

1. Aggregate Cost means the total costs of all the proposed construction work at the property, including General Contractor fees and Project Architect fees. The Aggregate Cost will also include the amounts spent from the contingency reserve and assurance of completion escrows<sup>3</sup> at the end of construction, as well as any cost increases through change orders.

a. For LIHTC transactions, 100% of the contingency and assurance of completion amounts should be assumed to be expended and included in the upfront estimate of the Aggregate Cost.<sup>2</sup>

b. The final Aggregate Cost at the completion of all construction, which must include all actual amounts spent from the contingency reserve and assurance of completion escrows as well as any cost increases incurred from change orders, must not exceed the Aggregate Cost Limit<sup>3</sup> for any applications for refinance or acquisition programs (i.e. Section 223(a)(7) and Section 223(f)).

Note 3 <sup>3</sup> Given that the actual expenses spent from any contingency escrow or assurance of completion escrow will not be known until the end of construction, whether the level of work and the cost contemplated for the property are appropriate for 221(d)(4) Sub-rehab or 223(f) should be determined conservatively and not aggressively close to the cost threshold limit. The Lenders should take caution that at termination of the Repair Escrow when all the additional costs incurred during construction including change orders result in the final Aggregate Cost exceeding the Aggregate Cost Limit, the Lender will be subject to enforcement action by HUD.

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**5. When Repair Period Deadline: 12-months (max) or Less** Temporary Resident Relocation

The **223f Program never has & does not allow for Time Extensions** – so stop requesting them!

The 223f Program requires all repairs to be completed before the loan closes. However, required repair may be requested to be deferred. If HUD allows this, then the appraised value of the property is based on the assumption that all required repairs, included those allowed to be deferred, are acceptably completed within 12 months (maximum).

2020 MAP includes two new rare exceptions to the rule / 223f Program: MAP 5.10.7.D & E

**HUD MFH Headquarters** approval required for Corrective Action Plan for Accessible Critical Repairs > 12 months

**MFH Region Director** approval required for one time 6-month extension for Unusual Circumstances.

Note: Intended to be rare and for Heavy 223fs. The lack of defined scope, contracts, planning, procurement, labor, etc - are not unusual circumstances.

D. For any Accessibility repairs that are proposed to exceed twelve months, a corrective action plan must be referred to HUD headquarters to the attention of the Director of Technical Support in the Office of Multifamily Housing Production, who will determine whether the proposed corrective action plan is acceptable.

E. Non-Critical repairs must be scheduled to begin promptly after closing and timely completed within twelve months of the endorsement. The MF Regional Center/Satellite Office Director may approve an extended period not to exceed six additional months for unusual circumstances (e.g., work constrained by weather conditions or work requiring temporary relocation of elderly or disabled tenants). A program of repairs and alterations, which, because of scale or quantity, is reasonably expected to require more than a year to complete should be reconsidered as substantial rehabilitation.

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**5. When Construction Schedules** Temporary Resident Relocation

**Heavy 223f** projects requiring a **General Contractor**, also require detailed **Construction Schedules**

MAP 5.3.3.6

MAP 5.3.1.D

**5.3.3.2 When General Contractors are Required**

**A.** The Borrower must hire a General Contractor to conduct all the work defined by the Project Architect and provide coordination as a single point of control for costs, scheduling, and conformance of the work to plans and specifications when one or more of the following conditions are true:

1. The Aggregate Cost of repairs and alterations exceed \$15,000 per unit, excluding General Contractor fees;
2. The proposed work includes Level 3 Alterations; or
3. More than three licensed trade contractors are to be employed for the work.

**A.** When a General Contractor is retained, the General Contractor must submit a detailed construction schedule as described in Section 5.3.1.D above. The Needs Assessor must review the schedule and enter the number for “months to complete” for each work item in the CNA e-Tool. The number entered indicates the number of months from the initial closing until scheduled completion of the particular work item. The months elapsed is not necessarily the minimum duration of the construction for that particular item.

**D. Detailed Construction Schedule.** Successful construction management depends on project planning and scheduling in detail consistent with the level of construction activity and/or classification of work. General Contractors are expected to provide project planning and scheduling. A detailed construction schedule must describe the necessary sequence or order of tasks, dependencies among tasks, milestones, and other important details involved for project scheduling. Typically, such a schedule is not a simple calendar but a graph or a table illustrating the elapsed time and sequence of the tasks (i.e., Gantt chart or critical path schedules).

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**5. When Construction Schedules** Temporary Resident Relocation

**Standard/ Light 223f** projects require timelines / schedules that ensure all required repair work begins immediately upon Closing and is completed ASAP, within the 12-month Repair Period Deadline.

MAP 5.3.3.6 **B.** For all other transactions, the Needs Assessor and Lender, in working with the owner, must develop a construction timeline that reflects the planned completion of the work items and enter in the CNA e-Tool as “Months to Complete.” The timeline should ensure that all the proposed work (repairs and alterations) be completed as soon as possible and within 12 months of closing.

MAP 12.17.1.1.B.2 **B.** Non-critical repairs may be considered for deferred completion after closing at the request of the mortgagor. HUD will require the following schedules prior to approving the request:

1. Schedule of Values (see Section 12.17.3 below) for payment of completed repairs;
2. A progress schedule ensuring that repairs begin immediately upon closing and, with limited possible exceptions, are completed within 12 months of loan closing;

Due to the lack of compliance with these requirements – schedules (and scope and costs) are lacking and not ensuring immediate start of the work, or completing ASAP, and often exceeding the Repair Period Deadline – the MAP requirements will be revised to emphasize the importance of accurate detailed construction schedules for 223(a)7 & 223f projects.

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**5. When** Relocation and Construction Schedules Temporary Resident Relocation

MAP describes the requirements for detailed and specific Relocation and Construction Schedules (discussed above) for the relocation and required repair work to be completed diligently on schedule and before the Repair Period Deadline.

Applications that propose to schedule required repair work at “**Unit-Turn-Over**” fail to comply with MAP requirements for relocation, and detailed and specific schedules that show the required repair work activities over time/date – necessary to ensure completion by the Repair Period Deadline.

The date of “**Unit-Turn-Over**” is unscheduled, often not known, and not specific. Such an approach is typically used by Property Management to make repairs or renovations with Reserve for Replacement funds when units become available with HUD AM oversight.

“**Unit-Turn-Over**” approach is not MAP compliant or appropriate for MFH Mortgage Insurance Programs.

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**5. When** Resident Health & Safety Temporary Resident Relocation

Providing decent, **safe** and sanitary (DSS) housing is part of HUD’s Mission. MFH Program requirements emphasize **resident health and safety** – including in the Relocation requirements (see below). Relocation Planning, in compliance with MAP/URA, empowers Owner’s to properly **mitigate and manage risks**.

MAP 5.3.1.B **B. Tenant Relocation.**<sup>7</sup> Lenders must evaluate the level of disruptions to tenants during construction. When the degree and duration of disruption are such that the residents need to be displaced to ensure health and safety, a relocation plan is required. See the MAP Guide [Chapter 3, Section 3.2](#) and [Appendix 3, Section A.3.5](#) for instructions for acceptable relocation plans.

<sup>7</sup> This applies to Section 221(d)(4) Substantial Rehabilitation as well as Section 223(f) transactions.

MAP A 3.5.2.B

6. **Security and Safety:** The plan must provide adequate security and safety during construction. Typically, the Contractor is responsible for and focused on the safety and security of the property, materials, equipment, employees, and subcontractors during construction. However, for construction in occupied properties, the Owner is responsible for the security of tenants. Accordingly, safety and security of tenants and their personal property must be addressed in the relocation plan. The relocation plan should describe a comprehensive approach to tenant safety and security (appropriate to the property location) in addition to measures normally provided. The relocation consultant should be knowledgeable of the actual condition and safety of the premises for any housing or lodging accommodations recommended to or arranged for displaced tenants. Such housing or lodging accommodations must be decent, safe, and sanitary.

9. **Elderly Housing & Disabled:** Temporary relocation of elderly or disabled residents and families with young children must avoid unnecessary stress and protect their wellbeing, health, and safety.

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**5. When** Temporary Resident Relocation  
Operational Elevator – for Elderly & Disabled Residents

HUD Minimum Property Standards (MPS) require an elevator, and that elevator to be operational, for multifamily housing projects serving the elderly (and disabled - by ADA requirements). Residents above the second floor (and any with disabilities on the second floor) must have access to an operational elevator for ingress and egress from the property.

Therefore, **elevator repairs, upgrades, modernization, or replacement may trigger the need for resident relocation**, so must be planned, funded and coordinated well in advance.

MAP A 3.5.2.B 9. **Elderly Housing & Disabled:** Temporary relocation of elderly or disabled residents and families with young children must avoid unnecessary stress and protect their wellbeing, health, and safety.

b. The HUD Minimum Property Standards (MPS) requires elevators in housing of three stories or more that serve the elderly. The resident relocation plan must take this into account and make sure the elevator operation is maintained for the residents throughout the rehabilitation (and if not, relocate the residents). The duration of the elevator outage based on the scope of the upgrade or repairs, the identification of residents impacted and their relocation, need to be addressed well in advance of construction by the development and relocation teams.

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**5. When** Temporary Resident Relocation  
Preventing Discrimination – Unintentional or Systematic

We are now more aware of the **discriminatory impacts of HUD’s past programs and policies** (Restrictive Covenants, Redlining, Urban Renewal, etc.) and therefore have a **responsibility to be vigilant in preventing discriminatory practices or outcomes** – even when unintentional.

**How residents are treated** in occupied properties undergoing repairs, renovations or substantial rehabilitation matters. Especially **vulnerable populations** (elderly, disabled, low-income, people of color, young children, and/or those with underlying health conditions).

**Compliance with the MAP and URA** temporary resident relocation requirements, including reliance on the professional services of an experienced and independent **Relocation Consultant**, is how risks are responsibly mitigated, the health and safety of resident are protected, the Owner’s liabilities managed and reduced, and discrimination is prevented.

Taking shortcuts and/or not complying with MAP/URA requirements increases risk and liabilities, can put resident health and safety at risk, and may lead to discriminatory actions. Not wise or acceptable.

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**5. When** Consistency Temporary Resident Relocation

The **2020 MAP relocation requirements** are prescriptive, specific to multifamily housing, and based on and consistent with the URA requirements.

**Complying with these relocation requirements**, lead by the services of an experienced and independent Relocation Consultant, safe, efficient, effective and **successful temporary resident relocation can be consistently achieved.**

The MFH West Region has conducted trainings on MAP relocation requirements for all staff in the West Region (included both San Francisco and Denver Offices and all new staff) so that **MFH staff can consistently review relocation plans, schedules and budgets for compliance** with MAP and URA requirements on occupied refinance and substantial rehabilitation projects.

Furthermore, there is **one AEC Technical Branch Chief for the West Region** for both offices, so a consistent supervisor and appeal reviewer. As a result, relocation plans, budgets and schedules can be reviewed and approved in the underwriting process in a consistent manner in the West Region.

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**Questions & Answers**

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