The 2012 HOME Monitoring Operations Manual was completed by ICF International. ICF provides technical assistance and training to HUD program recipients; the manual has not changed.

- The Manual is more inclusive of ADFA rules and regs.
- The Manual provides monitoring check sheets for the HOME programs.
WHAT ADFA REVIEWS:

- HOME and additional agreements
- Management Agreements
- Rent Rolls and Data entry submissions
- Files and retention (income/rents, and program records)
- Maintenance Records, fees/fines
- Fair Housing Requirements
HOME Program
Owner Responsibilities

- The ALL important…..
- HOME AGREEMENT contains the following:
  - The amount of funding
  - The total number of units, the number of affordable units and how many of the affordable units are HOME units
The affordability period is listed in the HOME agreement and may be different for each project, depending upon the HOME Activity, i.e., Tenant Based Rental Assistance, Homeowner Rehab, Multi-family housing.

The affordability period will be enforced by ADFA via a HUD approved deed restriction for the FULL affordability period. HOME affordability periods are minimum requirements. ADFA may establish longer periods of affordability.
Affordability cont.

- REHAB or ACQ of EXISTING HSG
  - <$15,000/unit = 5 YEARS
  - $15,000/unit-$40,000 = 10 YEARS
  - >$40,000/unit = 15 years
- REFI OF REHAB PROJECT
  - Any amount = 15 years
- NC or Acq of New Hsg = 20 years
ADFA reserves the right to inspect at any time during normal business hours any and all HOME activity accomplished under this Agreement to ensure compliance with HQS, (Housing Quality Standards), minimum housing codes, zoning, building and fire codes.
HOME Agreement cont.

- The owner also acknowledges that they will make available at any time during normal business hours ALL financial, compliance records of activities pertaining to funding and the development covered by this Agreement to allow ADFA to conduct monitoring, performance, and compliance reviews and evaluations.
HOME Agreement cont.

- Records are to be retained 5 years AFTER the affordability period ends and the owner shall furnish and cause its subcontractors to furnish all reports, books, records and accounts, by ADFA, the Department of Housing and Urban Development or its agents or other authorized federal officials for purposes of investigation to ascertain compliance.
HOME Units

- High HOME rent-50%
- LOW HOME rent-60%
- A minimum of 20% of HOME units must be at the 50% HOME income limit, the remaining HOME units must be at the 60% HOME income*
- HOME units have two (2) rent limits
- *HOME income limits and rents differ from LIHTC
HOME Units

- Fixed Units - the HOME units will always remain in specific units
- Floating Units - the HOME unit designation may float across the project to the next available unit same size or greater
HOME Units

- The income limit requirement is met upon initial occupancy (move-in) at either 50% or 60% as designated by the HOME Agreement.
- The 50% unit is given the Low HOME rent designation.
- The 60% unit is given the High HOME rent designation.
If the incomes rise ABOVE 80% median at recertification, the household must pay the rent permitted by law or 30% of the family’s adjusted monthly income at recertification:
LIHTC/HOME projects

- If you have a HOME unit, you must use the applicable HOME income limits and HOME rents for those units within a tax credit project.
LIHTC/HOME units

- Your HOME unit maximum allowable rent is calculated differently:
  - HOME-what the tenant pays, plus the utility allowance, PLUS the rental assistance cannot exceed the maximum allowable HOME rent
  - LIHTC-what the tenant pays, plus the utility allowance cannot exceed the maximum allowable LIHTC rent
LIHTC/HOME units

- CAUTION: If you are using your HOME units in your tax credit set aside make sure that you watch the income limits, rent limits, subsidy amounts and transfers
- High HOME (60%) rents can be lowered to project based RD
- Low HOME (50%) rents can be raised to RD rents
- HIGH (60%) HOME rents CANNOT be raised to RD limits
- PROJECT BASED-Raise low income-50% -lower high income-60%
- HIGH HOME RENT (60%) CAN NOT GO UP TO PROJECT BASED LIMIT
LIHTC/HOME/other projects

- LIHTC and HOME recertifications are effective on the original move in date (the first day of occupancy) and annually thereafter.

- Documents and signatures can be processed and are acceptable within 120 days of or before the effective date.
LIHTC/HOME/other projects

- LIHTC and HOME use the Section 8 4350.3 definitions of income to determine household eligibility.
- HOME and LIHTC use gross annual income to determine eligibility and exceeding limits.
- HOME totals income from ALL assets; not just those over $5,000.
LIHTC/HOME/other projects

- NAU rules for HOME are same size or greater; LIHTC same size or smaller
There is not an interim recertification requirement in the HOME or LIHTC programs. All projected information must be completed within 120 days prior to the effective date.
Other considerations

- Leases-HOME specifically restricts prohibitive language in leases - see lease check sheet
- Applications-Asset information must be more inclusive if there are HOME units
- Addendums may be needed for leases, applications, and tenant income certifications.
LIHTC/HOME/other projects

- LIHTC projects are monitored within 180 days following the end of the first credit year and every three years thereafter. However, ADFA may monitor more often if necessary (for example non-compliance is found in 50% of units or files reviewed).

- HOME is monitored according to the TOTAL number of units in the projects.
HOME monitoring

- Monitoring is based on the TOTAL number of units on the property
- 1-4 units = every 3 years
- 5-25 units = every 2 years
- 26 or more = annually
Project Funding Types

- There are very few HOME only Multi-family projects, most have HOME and additional federal funding requirements.
- In this instance, All projects are monitored based on the number of total units as required by the HOME program-no HOME funds, every 3 yrs.
Compliance Audits

- Binders containing required program and project documents are REQUIRED and necessary to determine if the records are being maintained in accordance with the HOME agreement and LIHTC program.
ADFA REQUIREMENTS

There are additional monitoring requirements procedures are policies adopted by ADFA and the ADFA Compliance Department to ensure and enforce continued compliance.
ADFA will accept RD certifications and recertifications. Self certification regarding student status, change in household size and income must be attached.
Waiver for 100% LIHTC units

For tax years ending after July 30, 2008, if all the low-income buildings in the project are 100% low-income buildings, owners of ADFA properties are required to complete the move-in/initial certification and first recertification.
Waiver for 100% LIHTC Properties

Thereafter, owners are not required to recertify but must use the ADFA approved Tenant Self Certification form annually. There cannot be any other type of ADFA funding on the property, i.e., HOME, BMIR, FAF, ALIF, etc. ADFA reserves the right to revoke the recertification waiver policy if documentation requirements are not met.
Compliance Audit

- Tenant information is entered by the owner/management company into The Housing Development Software (HDS) Web Compliance Management System, monthly, no later than the 15th of every month.

- ADFA reviews tenant data prior to the site visit. The tenant data is also sent to HUD annually.
Non Compliance Percentage

- Is used to determine owner, property and management performance
- The non compliance percentage is determined at the time of review as evidenced by the issuance of the IRS Form 8823, Report of Non Compliance and UPCS inspection standards.
Physical Inspections

- UPCS-Uniform Physical Condition Standards are used by ADFA unless it is a HOME only project.
- For more UPCS information go to www.gpoaccess.gov
- ADFA has co sponsored UPCS training with The Inspection Group www.TheInspectionGroup.com
Non Compliance Percentages

- Upon return, Compliance Specialists enter into HDS the number of non compliant units/ units monitored to determine a Non Compliance Percentage%
Non Compliance Percentages

These percentages are used to determine the Compliance or Non Compliance of an Owner
Non Compliance Percentage cont.

- All percentages will be calculated as follows:
- Total number of units non compliant/total units reviewed = Non Compliance Percentage %
Average Non Compliance Percentage

- Each property is given a percentage.
- The percentages for an Owner's properties reviewed within a 3 year period will be averaged and given an Average Non Compliance Percentage.
Owners are subject to point deductions, determined by ADFA allocation, based on the Average Non Compliance percentage as follows:
Average Non Compliance Percentage Negative Points

- 51% or more: 20
- 41-50%: 15
- 31-40%: 10
- 16-30%: 5
- 0-15%: 0
Increased Monitoring

- ADFA Compliance will increase the percentage of units to be monitored on the project in the future (no less than 20% as IRS suggested) based on previous non compliance percentage
Grading Management Company Performance

- Management companies will be given a GRADE based on the Average Non Compliance Percentage of properties they manage. The overall management company grade will be updated annually and posted on the ADFA website.
Grading Management Company Performance cont.

- The grades will be considered during management change requests, in determining management compliance during the application process and to review management performance.
Grading Management Performance cont.

- Average Non Compliance Percentage Grade
  - 51% or more \( \text{F} \)
  - 41-50% \( \text{D} \)
  - 31-40% \( \text{C} \)
  - 16-30% \( \text{B} \)
  - 0-15% \( \text{A} \)
The overall management company grade will be updated annually and posted on the ADFA website.

Disclaimer: Grading is strictly based on 8823 reports of non compliance issuance and failed Uniform Inspection Standards for units cited during the monitoring visit.
New ownership and/or new management from previously non compliant owners or management will be considered. Additional monitoring may take place to note property improvement and improve the management grade and Average non compliance score.
Physical Inspections cont.

- Monies should be available in operating and reserve accounts for repairs
- These monies are REQUIRED in both the HOME and LIHTC programs and were taken into consideration during the application process
Non Compliance Billing/Fees

- As of 1/1/12, units sampled or reviewed with non-compliance issues on the date the site is monitored will be billed a non-compliance fee of $50 per unit. The fee, billed to the Limited Partnership entity, will be due no later than 30 days from the billing date.
MOU between ADFA and the AFHC

- The Arkansas Fair Housing Commission (AFHC) is a quasi-judicial enforcement agency that works in conjunction with HUD to enforce Federal and State Fair Housing laws.
- The AFHC receives, investigates, conciliates and/or resolves complaints alleging violations of the Fair Housing laws.
MOU between ADFA and the AFHC

- The Commission will provide to ADFA a list of participants who have been or will be party to an AFHA fair housing complaint;
- provide case disposition on current and prospective ADFA program participants who have been party to an investigation.
MOU between ADFA and the AFHC

- Provide Fair Housing Training and Technical assistance to ADFA program participants and applicants
- Promote ADFA in its efforts to AFFH
MOU between ADFA and the AFHC

- ADFA will provide AFHC a list of program participants and entity, management information
- Provide Compliance Reports
MOU between ADFA and the AFHC

- REQUIRE the following ADFA program participants and applicants to complete fair housing training from AFHC: Architects, Property Owners, Managers, Developers, Consultants as a condition of allocation of any ADFA affordable housing resources. This is a threshold requirement.
MOU between ADFA and the AFHC

- Courses offered are: (totaling 5-6 per year)
- Management Training and Best Practices
- Design and Construction
- Fair Housing and Fair Lending Legal Updates
INFORMATION

- Check the ADFA website monthly for upcoming training classes and other important ADFA information.

www.arkansas.gov/adfa
Please feel free to contact me, Rhonda Kimble, ADFA Compliance Manager

Rhonda.Kimble@adfa.arkansas.gov

OR

(501) 682-5900
QUESTIONS