

2018 Mid-Atlantic AHMA Conference

Compliance Updates

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VHDA Rental Compliance & Asset Management Department Updates

- **The Compliance & Asset Management Department**
 - Mission
 - Department Overview
- **Emergent Compliance Issues**
 - Program Complexity
 - Income Averaging Minimum Set-Aside
 - Resident Selection Criteria
 - DOJ Settlement & Special Needs Populations
- **Questions**

Mission

- **Mission**

- Protect VHDA's interests in the properties in the VHDA portfolio
- Ensure properties are in compliance with IRS requirements, HUD regulations, and VHDA's enabling legislation
- Promote quality, affordable housing for residents
- Ensure Goals & Programs Align with State Housing Policy
- House people and work with partners to ensure they receive the benefits of administered programs

Monitoring

- **Monitoring Responsibilities**

- Monitor the financial and physical performance of properties
- Handle acquisition, management, and disposition of owned properties
- Monitor compliance for Low Income Housing Tax Credit, Tax Exempt Bond, and VHDA Loan Programs
- Monitor compliance for HUD Section 8 – Contract Administrator

Regulatory Compliance

Key Functions of VHDA Monitoring

- Financial Monitoring for VHDA Loans
- Tenant File Monitoring of Program Specific Requirements
- Regular Physical Inspections
- HAP Voucher Processing
- Utility Allowance Analysis for Tax Credit properties
- Annual Reporting to the IRS, HUD, Treasury
- Provide Guidance to Business Partners

VHDA Rental Portfolio

- Monitor total of 1,432 properties (115,585 units); 950 (65,499 units) with VHDA financing
- Outstanding VHDA loan balance: \$3.1 billion
- Average property size: 81 units
- Just over 50% of properties have loan balances in excess of \$1 million

Rental Portfolio Changes

- Complex financing programs (Section 8, Rural Development, LIHTC, Tax Exempt Bond, HOME)
- More emphasis on preservation and revitalization.
- Mixed Use Mixed Income (MUMI) deals
- The portfolio is aging fast due to increased physical needs
- Increased Qualified Contracts or Owner Changes
- Work to Align Federal program requirements
 - Unit Inspections
 - Student Rule (Tax Credit & Bond Only)
 - Some Certification Alignment Permitted (FAST Act)

Program Monitoring

- Tax Credit
- Conventional – Tax Exempt Bond
- Home/RD/REACH/SPARC/HCD
- Conventional – Taxable without Tax Credits
- Exchange – TCAP
- Section 8/Rental Assistance Demonstration (Subsidy)
- Mixed Use Mixed Income (MUMI)
- Extended Use Period

Portfolio Assignments by Region

- **Regional structure with four specific teams:**
 - Northern Virginia
 - Tidewater
 - Central Virginia
 - Assisted Housing

Assigned regional staff work with owners and management agents to address issues as they arise, mitigating any negative impact to the residents

How Is VHDA Changing?

- More focus on:
 - Troubled properties
 - Monitoring Multiple Program Requirements
 - Proactively working with Owners as needed to provide guidance and support
 - Management Certification Assessments
 - Physical Inspections

Compliance Support Team

Erica Etterling, Compliance Support Manager
Policy Updates, Training, Great Listener, & Bacon!
Erica.Etterling@vhda.com

Mary Hastings, Compliance Data Officer
ProLink, Transfer of Ownership, DD Waivers
Mary.Hastings@vhda.com

Dorothy Harris, Compliance Support Officer
Communication, Tax Exempt Bond Minimum Set-Aside
Reviews
Dorothy.Harris@vhda.com

Compliance Support Team

Michael Baskerville, Compliance Support Business Analyst

HDS/WTCMS Administrator

Michael.Baskerville@vhda.com

Ruben Mendez, Compliance Support Coordinator
Utility Allowances, Records Coordinator

Ruben.Mendez@vhda.com

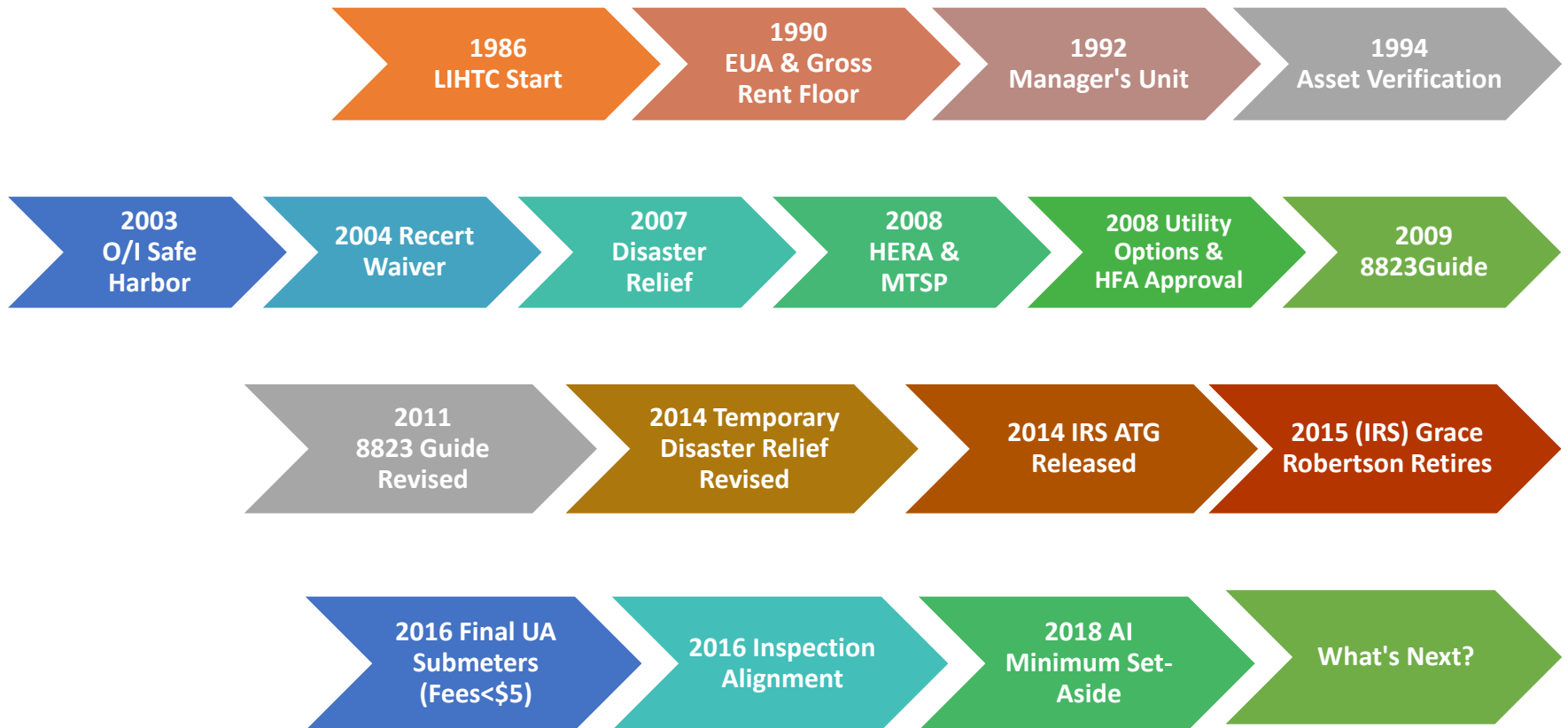
How Is Our Industry Changing?

- Tax Credit – New Minimum Set-Aside effective March 2018
- RD – Eligibility Areas Changed effective June 2018
- Section 8 – RAD Conversions
- Housing Trust Fund –Project Commitment & Completion Deadline Changes
- HOME Program – Commitment Deadline Changes
- VHDA REACH Funds used for Taxable, MUMI, and Tax Exempt Financing

Emerging Issues

- Income Averaging (IA) Minimum Set-Aside
- Section 8 Expiring Contracts
- Aging Portfolio – Expiring Extended Use Pre-1990
- Federal Alignment of Affordable Housing Programs
- Mixed Income/Mixed Use (MUMI) Properties
- 2nd Tax Credit Allocation & Layered Requirements
- Increasing Scrutiny
 - GAO LIHTC Program Review (3 Reports)
 - All things Fair Housing
 - Resident Selection Criteria
 - Integrated Housing and Target Populations

Time Line of Industry Changes



Minimum Set-Asides of Area Median Income (AMI)

20/50 Set-Aside

20% of units at 50% of AMI

40/60 Set-Aside

40% of units at 60% of AMI **or**

Average Income 40/60 Set-Aside (AI)

40% of units at Average of 60% of AMI

Includes Additional Income Limits

20%, 30%, 40%, 50%, **60%**, 70%, & 80%

VHDA Adopted Policies for Average Income (AI) Minimum Set-Aside

- Permitted for all future developments
- Forfeit Qualified Contract Option
- Will consider projects already approved for funding
 - Reviewed on a case by case basis

AI Minimum Set-Aside Income & Rent Limits

- HUD has not published the income limit tables for the new Multifamily Tax Subsidy Program (MTSP) AMI bands
- The Extremely Low Income (ELI) Limits may be different for other programs
- The Rent Charged Must Not Exceed the Gross Rent at Each Set-Aside

VHDA Adopted Requirements for AI Minimum Set-Aside

- 100% Low Income – No Market Units
- Yes, on Line 8b of the 8609 Form Multiple Building Election
- Initial Unit Mix Showing the Average Set-Aside must be provided

AI Minimum Set-Aside

Other Considerations

- Tax Credit Developments Seeking a New Tax Credit Allocation May Elect This Minimum Set-Aside
 - Existing EUA **Will Not** be Terminated or Amended
- Assigned Unit Set Asides **Must** Float
- Must Have a Reasonable Distribution of Set-Asides Across All Unit Sizes

AI Minimum Set-Aside

Other Considerations

- Total Rent equal to or less than the AMI Gross Rent
- Next Available Unit Rule Changes Applied to the New Federal Set-Asides
- Calculation of Income & Rent Based Upon Published MTSP 50% AMI Limits
- Property Management Software Enhancements

AI Minimum Set-Aside Compliance Monitoring

- No Change
 - Initial Extended Use Agreement Term and Requirements
 - VHDA Audit cycle or sample size
 - 100% Tax Credit Properties Must Complete One Full Annual Certification
 - Tax Exempt Bond Minimum Set-Aside Requirements when combined with Tax Credits

AI Compliance Monitoring Possible Changes

- [Possible] Changes
 - Year End Reporting
 - Reportable Non-Compliance for All Set-Asides on Form 8823 – TBD
- Leasing Guidelines to Address Changes in Household Income and Adjustment of Set-asides as Applicable
- When Can the Unit Set-Aside Change? When ***Should*** the Unit Set-Aside Change?
- Unidentified & Mysterious

AI Minimum Set-Aside

Roundtable Discussion With Industry Professionals Planned

QUESTIONS?

Tenant Selection Criteria & Community Rules

- Rules and regulations created for your developments must apply to all residents and be enforced consistently.
- Establish written guidelines for everything
- When tenants break the rules, apply the consequences fairly, consistently, and according to established procedures.

Criminal Screening

Do not impose blanket prohibitions on housing applicants with any past convictions without further individualized review

- Fair Housing & Civil Rights
- Disparate Impact
Arrest vs. Conviction
- Nature/Severity of Crime
- Timeframe of Criminal Activity

Review Update your Tenant Selection Plan as needed at regular intervals

Violence Against Women Act VAWA

- Yes, it's important and it's the Law!
- Required for HUD assisted properties
- TC properties
 - Implement the Required Notification Documents
 - Document Review Will Be a Part of the VHDA Audit

Disability Units

Tax Credit 504 units

- Required in the QAP
- Must Actively Market the Units
- Identify the Units in WTCMS (*)
- Required Lease Addendum for Non-Disabled Residents

Address State Housing Needs

*Partnering with the
Housing Delivery Network*



► **Preserve and Strengthen the Housing Delivery Network.**

VHDA will work to better understand and prioritize the capacity building needs of the affordable housing delivery network. There is growing recognition that housing is tied to other public policy priorities such as economic development, education, health, and transportation, which must be addressed on an interagency basis. This reinforces the importance of VHDA's external relationships, and challenges us to strengthen those partnerships as we strive to address more complex policy issues and needs.

► **Use VHDA Resources to Leverage State Housing Initiatives.**

VHDA is a housing partner and works diligently to support state initiatives. Examples include the Settlement Agreement with the Department of Justice, DHCD's Vibrant Communities Initiative and HUD's Rental Assistance Demonstration Program. Our mutual success will require organizational discipline, a strategic focus on risk management and the ability to use our resources, including REACH, in the most impactful manner.



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Housing

Counseling

Accessibility

Grants

Planning

Rental

Education

Capacity

Building

Community

Revitalization

2019-2020 QAP Threshold

- Special Needs Population
 - Unless prohibited by an applicable federal subsidy program, each applicant shall commit in the application to provide a leasing preference to individuals (i) in a target population identified in a memorandum of understanding between the Authority and one or more participating agencies of the Commonwealth, (ii) having a voucher or other binding commitment for rental assistance from the Commonwealth, and (iii) referred to the development by a referring agent approved by the Authority. The leasing preference shall not be applied to more than ten percent (10%) of the units in the development at any given time.
- No longer a point item
- No longer requiring a Compliance waiver from VHDA

Roles for Special Needs Units

VHDA

- Provides access to units
- Provide a system to track referral activity (e.g., referrals, leased units, application status, etc.)
- Work as a liaison between the referral partners and property managers

Referral Partner – DBHDS for DD Units

Provide rental assistance and supportive services to individuals and families with a serious, persistent mental illness, a chronic chemical addiction, or a serious and persistent mental illness with a co-occurring chronic chemical addiction who are also facing a housing crisis (e.g. experiencing or at risk of homelessness) or exiting a residential housing or treatment program.

Roles for Special Needs Units

Owner/Property Management

- Regularly share unit availability with Referral Partners & VHDA using WTCMS and VAHousingSearch.com
- Consistently follow Resident Selection Criteria for accepting applicants from referral partners
- Accept rental assistance for referred applicant

Referral Applicant

- Applies with State Rental Assistance or other rent assistance
- If not interested, may not appear to apply or proceed with the application

Developmentally Disabled (DD) Units

Department of Justice (DOJ) Settlement with the Department of Behavioral Health and Developmental Services

Required Communication

- Regularly Communicate With Your Assigned Referral Agent When You Have Available Units
- Ensure Property Status Is Updated On VirginiaHousingSearch.com

Developmentally Disabled (DD) Units

- Rent Loss Payments Are Available for Units Held For a Pending Referral
- Request if a referral is available – each vacant unit – each time until up to 10% of units have been leased
 - Must Include Documented Communication With the DBHDS Referral Partner for Approval

Contact Mary Hastings, mary.hastings@vhda.com if you have questions about unit marketing, holding units, or the waiver process.

Resources for Landlord and Property Managers

There is a requirement that the Service Provider have back-up assistance if the individual has an issue:

Q: As a property manager, who do I contact when an individual...

- misses a rent payment?
- damages their unit?
- violates their lease? (noise, housekeeping, illegal activity, etc.)
- abandons their unit?

A: There are multiple “eyes on” an individual. Each person may have a different primary contact, depending on the assistance they receive. The key players are:

- Support Coordinators
- Provider of Support Services
- Family/Guardian
- DBHDS’ Regional Housing Specialist

What Happens in an Emergency?

- Call 9-1-1 – In cases of a true emergency involving fire, health, and safety
- Contact the individual's emergency contact listed included in the applicant file
- Follow-up with the designated Case Worker or Support Manager
- Complete an incident report

Basically, ask yourself *“What policies/procedures does my company follow when any other tenant has an emergency?”*

TC Annual Reports

- No Change in Monitoring Fees
- ACH for fees Required for 2018 Annual Reporting
- Electronic Signatures through Adobe workflow

January 11, 2019 – Owner Reports Forwarded

February 11, 2019 – Deadline for All Annual Reports and Fee Payments

Other Topics

- Sign up for [VHDA Updates & Announcements](#)
- Register and Update Property Info on www.VirginiaHousingSearch.com
- Additional Training Opportunities – See Mid Atlantic AHMA website

Constant Contact



Updates and Announcements

Share

Please sign up to receive periodic updates that will address:

- ▶ Changes to existing programs
- ▶ New loan programs
- ▶ Modifications to processes and procedures
- ▶ Changes in Social Security, Medicare, and other programs that impact property managers

This will be our primary method of communicating important updates regarding VHDA's multifamily programs.

[Sign Up for Updates](#)

Updates and Announcements

[Compliance Workshops and Training](#)

[Multifamily Loan Servicing](#)

[VHDA Multifamily Loan Compliance](#)

[Project-based Section 8 and Section 236/RAP](#)

[Low-Income Housing Tax Credit Compliance](#)

[Income Limits & Fair Market Rents](#)

[Multifamily Financial Reporting Requirements](#)

Virginia Housing Search

- Free marketing website paid for by VHDA.
- State disaster recovery initiative.
- Assist in helping to find accessible housing better
- You can add a link to your company website.
- Not just for VHDA financed properties.
- Must update periodically.

FREE Website Helps Tenants & Landlords Connect



Looking for Tenants?

Landlords: Advertise for FREE.
List one property, or hundreds. Add, delete or update your listings any time on our site — or ask our call center to do it for you. Include maps, photos and much more. Use advanced filtering for more qualified tenants. Is your rent competitive? Find out with a market comparison. No competitor ad banners near your listing!

Looking for an Apartment?

Tenants: See Homes for Rent.
Browse the most up-to-date, detailed listing of houses and apartments for rent in Virginia. View maps, property photos and more. Save time by using our advanced filtering to show only properties that meet your specific requirements. Thousands of listings for you to choose from — because landlords list their properties for free!

VirginiaHousingSearch.com

877-428-8844

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