

Monitoring HOME



February 24, 2015

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Monitoring HOME

- 2013 HOME Final Rule
- Annual Rent & Utility Allowance Review
- New HOME Rent Request Form
 - **Revisions:**
 - Slide 16 – Floor rent example clarification
 - Slide 17 – Clarification about net rent and maximum rent in the example
 - Slide 18 – Clarification for HOME Rent Approval

2013 HOME Final Rule

- On-Site Inspections
- Property Standards & Occupancy of Units
- Documenting Income
- HOME Student Status Rule
- Monitoring Fees & Financial Oversight
- Approval of Rents & Utility Allowance Calculation

One CPD website

<https://www.hudexchange.info/home/>

2013 HOME Final Rule

□ On-Site Inspections

- HUD requires on-site completion inspections of all completed HOME-assisted units, and proposing different sampling and frequency schedules in the requirements for ongoing periodic inspections of rental property in § 92.504(d)(1) to provide PJ's with flexibility to implement risk-based monitoring
- HUD proposed that participating jurisdictions must conduct inspections at least every 3 years, but more frequently if deficiencies are revealed during inspection

2013 HOME Final Rule

□ Property Standards & Occupancy of Units

- All HOME funded properties must meet local building codes, standards, etc. (Revised 92.251)
- Written agreements between PJ and owner must now state whether units will be fixed or floating on a project
- HOME units must be occupied within 6 months of project completion. A review of the marketing plan is required if this requirement is not met
- Units must be occupied no later than 18 months of completion with qualified tenant or HOME funds must be repaid

2013 HOME Final Rule

□ Documenting Income

- 2 months permitted to document source of income
 - Change: Check stubs can be used as the first source of income verification
- Household income revised in section 92.203(d)(i) to include all individuals residing in the residence regardless of familial status
 - No Change

2013 HOME Final Rule

- ❑ **HOME Student Status Rule – Applies to all HOME properties Present and Future**
 - ❑ Adopts the Section 8 Housing Choice Voucher (HCV) program restrictions on student participation, which excludes any student that:
 - Is enrolled in a higher education institution
 - Is under age 24
 - Is not a veteran of the U.S. military
 - Is not married
 - Does not have a dependent child(ren)
 - Is not a person with disabilities
 - Is not otherwise individually eligible, or has parents who individually or jointly, are not eligible on the basis of income

Excluded students are prohibited from receiving any type of HOME assistance. If a tenant currently living in a HOME unit does not meet the current requirements of student status, the certification must be treated like an over-income household

2013 HOME Final Rule

□ Monitoring Fees & Financial Oversight

- PJ's may charge a reasonable annual fee for monitoring HOME requirements (92.214(b)(1)) based on the actual cost of performing compliance monitoring
- PJ's are required to ensure the annual fee is included in the project underwriting
- The annual HOME fee must be paid at the time of the Annual Owner's Certification report submission
 - \$750/unit effective for all HOME properties funded after 8/23/13
- Annual financial oversight of HOME-assisted rental properties in 92.504(d)(2) for properties with 10 HOME units or more

2013 HOME Final Rule

□ Approval of Rents & Utility Allowance Calculation

- Revised 92.252(f)(2) requiring PJ's to review and approve rent and utility allowances for all HOME/NSP funded communities at least once annually.
 - Utility allowances are used to determine the net rent that can be charged to the resident
 - All utility allowance schedules used for HOME designated units must be included with the annual HOME rent review
- Revised 92.252(d)(1) requiring PJ's to use the HUD Utility Schedule Model or otherwise determine a project's utility allowance based upon the utilities used at the property.

Annual HOME Rent & Utility Allowance Review

□ New HOME Rent Request Form

- Effective immediately, the HUD published High HOME and Low HOME rent will be considered in the rent determination for HOME designated units
 - For HOME properties layered with Tax Credits, the lesser of the applicable gross rent for each program will be the approved rent for HOME designated units
- DCA's policy is more restrictive than statute. HOME units with Tax Credits cannot exceed 60% AMI or FMR for the term of the affordability period
- HUD considers the FMR in determining the High HOME and Low HOME rent

DCA HOME/NSP Rent Request Approval Form

- ❑ The DCA HOME Rent Request/Approval form was created to have a consistent practice and format for reviewing and approving the HOME and/or NSP gross rent and utility allowances for HOME/NSP designated units
- ❑ The HOME Rent Request/Approval form is mandatory for all HOME and/or NSP funded communities and must be submitted to DCA at least once annually. Tentatively scheduled after the HOME limits are released in 2015. Date to be determined

DCA HOME/NSP Rent - Income Limits

- ❑ The HOME Rent Request/Approval form includes the income and rent limits for the following programs:
 - ❑ HOME income limits effective 5/1/14 (HUD Exchange/One CPD)
 - ❑ NSP income limits effective December 2013 (HudUser.org)
 - ❑ Tax Credit limits published from 2009-2013 (HUDUser.org)
 - ❑ National Non-Metropolitan Limits effective 12/18/13 (For Eligible Rural Communities) (USDA.gov-eligibility)

DCA HOME/NSP Rent Request Form Property Information

Complete all sections highlighted in blue in Tab 1 (Property Info) in the form. The income limit and rent amounts are populated based upon the placed in service date, funding types, and the property location. If your property has HOME or NSP without Tax Credits, the project number section should be left blank, and the placed in service date is the effective date of the current HOME income & rent limits. Once the form has been completed, attach the Excel report in an email.

Project Number: _____	Community Name: _____	Placed in Service Date: _____	
County: <u>Troup County</u> ▼	City: _____	Zip Code: _____	Does Your Property Have Tax Credits? <u>YES</u>
MSA: _____	Troup County, GA	COUNTY TYPE: <u>NONMETRO</u>	Is Your Property in a Rural Area? <u>YES</u>
Management Agent: _____	Contact/Title: _____		
Phone: _____	Fax: _____	Email: _____	
Date of the rent request: <u>11/19/2014</u>		Print & Sign This Section: _____	

DCA HOME Rent Calculation – Utility Allowances

- Provide the utility allowance information in Tab 2. If this section is not completed, the net rent cannot be calculated.

List only the Tenant Paid Utilities below:
Utilities do not include telephone or cable television

Effective Date of Current Utility Allowance:

	0 BR	1 BR	2 BR	3BR	4BR
Total:	<input type="text"/>	<input type="text" value="101"/>	<input type="text" value="122"/>	<input type="text" value="142"/>	<input type="text"/>

DCA HOME Rent Comparison - High HOME Rent

- Once the utility allowance information has been completed in Tab 2, the number of HOME designated units, the current rent charged, and the requested rent should be completed in Tab 1 to complete your request. Once all information is listed, the maximum net rent and the gross rent will be populated.
- Example: Troup County, GA, HOME/Tax Credit, Eligible for HERA, Rural, PIS 12/31/08

Primary Utility Type:		GA DCA					Effective Date:			
		0 bedroom	1 bedroom	2 bedroom	3 bedroom	4 bedroom				
Proposed		101	122	142			1/1/2015			
Current		101	122	142			1/1/2015			
# of Units	BR SIZE	Rent Limit	Gross Floor Rent in the LURA	Current Net Rent	Requested Net Rent	Approved Net Rent	Maximum Allowable Net Rent	Maximum Gross Rent	Rent Difference	%
	0	(High) 60%								
5	1	(High) 60%	496	405	410		479	580	5	1.22%
6	2	(High) 60%	623	490	499		577	699	9	1.80%
7	3	(High) 60%	777	635	642		665	807	7	1.09%
	4	(High) 60%								

DCA HOME Rent Review - Floor Rent

- In the example below, the gross floor rent is more than the published HUD rent and is determined to be the gross rent applicable to this property located in Troup County, GA. The floor rent will be confirmed in the review of the LURA for your site.

Primary Utility Type:		SELECT				SELECT		FOR DCA USE ONLY		
Proposed		0 bedroom	1 bedroom	2 bedroom	3 bedroom	4 bedroom	Effective Date:			
Current		101	122	142			1/1/2015			
# of Units	BR SIZE	Rent Limit	Floor Rent in the LURA	Current Net Rent	Requested Net Rent	Approved Net Rent	Maximum Allowable Net Rent	Maximum Gross Rent	Rent Difference	%
5	0	(Low) 50%	496	390	395		395	496	5	1.27%
6	1	(Low) 50%	623	490	501		501	623	11	2.20%
7	2	(Low) 50%	777	630	635		635	777	5	0.79%
	3	(Low) 50%								
	4	(Low) 50%								

Rent Limits for Troup County					
COUNTY MEDIAN INCOME	49000		NATIONAL NONMETROPOLITAN		52500
	0 bd	1 bd	2 bd	3 bd	4 bd
Low HOME (50%)	445	476	572	660	737
Tax Credit MTSP 50%					
Tax Credit HERA Special 50%	452	485	582	672	750
(FY1) NatNonMetro Limits 50%	460	492	591	682	761

- Your gross rent will never fall below the gross floor rent established in your regulatory agreements. This comparison is built into the formulas in the HOME Rent Request form.

HOME Deeper Rent Restrictions – State Set-Aside

- There is also a separate section to list your HOME state set-aside units with deeper rent restrictions (other than 30%, 50%, or 60%). Do not hesitate to contact us if you need assistance calculating your deeper rent restriction.

Does Your Property Have Deeper Rent Restrictions Per Your LURA? (HOME)						YES <input type="checkbox"/> <small>yes, list the details below</small>	FOR DCA USE ONLY			
# Units	BR Size	**Other Calculated % in LURA	Floor Rent in the LURA	Current Rent	Requested Net Rent	Approved Net Rent	Maximum Allowable Net Rent	Maximum Gross Rent	Rent Difference	%
7	2	49.00%	514	389	400		572	572	11	2.75%
12	2	57.00%	514	473	480		674	674	7	1.46%
12	3	58.00%	514	553	560		785	785	7	1.25%

- Note:** In the example above, the owner is responsible for all utilities.

HOME Deeper Rent Restrictions - HOME Income Limits

- If your community has HOME funding without additional income or rent requirements, (Tax Credit) and your property has a required deeper rent restriction, the HOME income limits will be used to calculate the deeper HOME required gross rent. This is the only instance where the HOME income limits will be used to calculate HOME rent.

HOME Rent Approval

- The approved HOME rent will be listed in the Approved Net Rent column on the form.

Does Your Property Have Deeper Rent Restrictions Per Your LURA? (HOME)						YES	yes, list the details below FOR DCA USE ONLY			
# Units	BR Size	**Other Calculated % in LURA	Floor Rent in the LURA	Current Rent	Requested Net Rent	Approved Net Rent	Maximum Allowable Net Rent	Maximum Gross Rent	Rent Difference	%
7	2	49.00%	514	389	400		572	572	11	2.75%
12	2	57.00%	514	473	480		674	674	7	1.46%
12	3	58.00%	514	553	560		785	785	7	1.25%

- Requested rent increases of more than or 10%, especially at the deeper rent set-asides will require further review.

DCA Asset Management Update



February 24, 2015

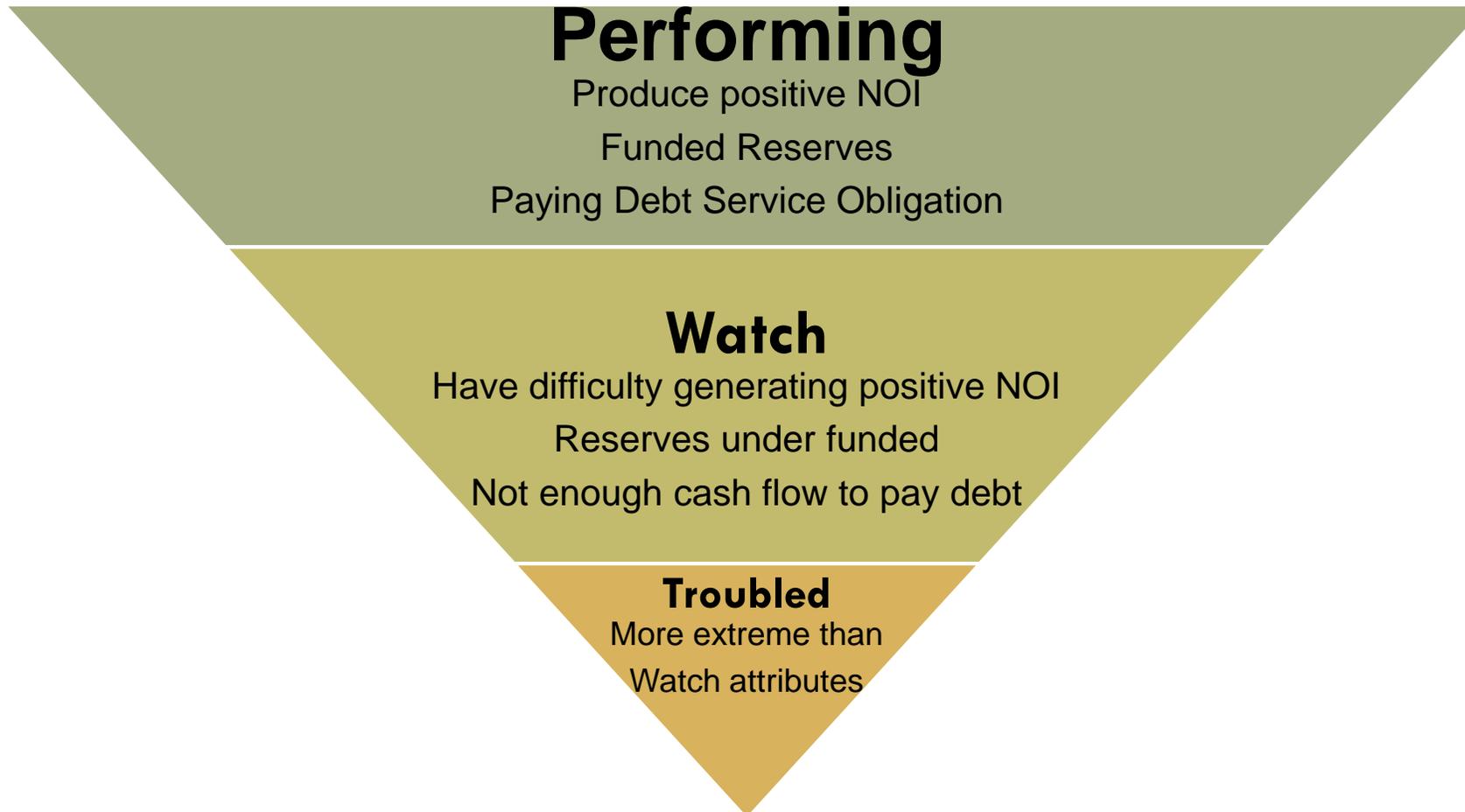
Chijioke Ebbis, Tameka Gibson, & Leonard Newsome

Asset Management

- ❑ Portfolio Assignments
- ❑ Property Visits
- ❑ Financial Review & Annual Reports
 - ❑ Due April 15, 2015
 - ❑ dca.fin.rep@dca.ga.gov
- ❑ Risk Ratings
 - ❑ Performing
 - ❑ Watch
 - ❑ Troubled

Asset Management

Risk Ratings



Mitas Updates and Error Reporting



February 24, 2015

Tarron Gibbs, Mitas Administrator

AGENDA

- HUD Data Submission
- Annual HUD Report – *Understanding Whom the LIHTC Program Serves: Tenants in LIHTC Units as of December 31, 2012*
- Common Errors
- Post 15 Year Property Issues
- Data Upload Spreadsheet
- Best Practices

HUD Data Submission

- A congressional mandate.
- 2014 Data Submission
- 2015 Data Submission
- Quarterly Mitas Reports and Letters of Noncompliance

Annual HUD Report

- *Understanding Whom the LIHTC Program Serves: Tenants in LIHTC Units as of December 31, 2012*
- Types of Data Collected
- Link to Report:
http://www.huduser.org/portal/publications/hsgfin/understanding_LIHTC.html

Common Errors

- Date of Birth
- Race
- Unit Designation
- Household Size/Number of Family Members
- Household Income
- Assistance Payment/Type

Post 15 Year Property Issues

- Data Submission
- Quarterly Reports and Letters of Noncompliance to Owners

Data Upload Spreadsheet

- Tenant Data
- Building Data

Best Practices

- Alleviating Noncompliance with Mitas
- Mitas Reports
- Mitas Training



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