# TAB II

# TAB II: HOME COMPLIANCE MANUAL

## GENERAL DCA MONITORING AND COMPLIANCE REQUIREMENTS

**The responsibilities of DCA as the designated monitoring agency for state allocated HOME funds is to perform desk audits, conduct site visits, review tenant files, conduct physical inspections and provide the applicant/owner with a summary report of any findings.**

The applicant/owner is responsible for ensuring that the property abides by the rules, regulations, and restrictions specified in the Qualified Allocation Plan, the Land Use Restriction Agreement or Covenant, the Georgia HOME Rental Housing Loan Program and Credits Compliance Manuals, the HOME regulations, the approved application and the IRC Code and regulations.

**(Suggested and Mandatory Compliance Forms can be found in the DCA Forms Index)**

## Section I

### Important Time Periods

The applicant's compliance responsibilities begin with the award of the HOME Loan and will continue through the end of the Compliance Period, the Period of Affordability, or the term of the HOME Loan, whichever is longer.

DCA is required to monitor projects for compliance with the requirements of the HOME regulations, the representations set forth in the Application, the requirements stated in the Plan, and the requirements set forth in the DCA's various program manuals. DCA's plan for compliance monitoring described below outlines the overall requirements, offers explanations for individual program regulations, and sets forth the requirements for properties participating in multiple programs.

### Required Training for Owners.

A representative for the owner/general partner of a funded project is required to successfully complete a compliance-training seminar provided by or sponsored by DCA prior to beginning lease-up. The owner of a HOME Rental Housing Loan Program property will be required to submit the Certificate of Successful Completion. **DCA now requires Owners as well as Property Management Representatives to attend this**

**course.** In the event, DCA determines that a property is experiencing compliance problems, additional training may be required for Owners, Property Managers or other project representatives. Certification testing is required and certificates are awarded upon successful completion of the training.

Any Owner, Development or Owner Consultant and Management Company Representatives whose property is awarded DCA HOME for Rehabilitation and that is occupied at the time of the submission of the application must attend a DCA Relocation Training Seminar no later than thirty (30) days after the awards are announced.

## Section 2

## Compliance/Affordability Periods

**Minimum Period for DCA Rent, Income and Occupancy Restrictions**. Many projects have additional rent and occupancy restrictions as a result of the DCA scoring process. These restrictions remain in effect through the "Compliance Period."

**HOME Periods of Affordability.** All HOME-assisted rental housing must remain affordable pursuant to certain rent and occupancy restrictions for a requisite period of time. The affordability period will begin on the date that the project is marked as "completed" in the HUD reporting system for the HOME Program. This beginning date will occur after all federal HOME funds for the activity have been expended. The affordability period will be specified in the recorded LURA.

The affordability period may be terminated under certain circumstances related to foreclosure or a transfer in lieu of foreclosure. However, certain protections are afforded existing tenants for a three year period. Also, in certain circumstances this affordability period may be revived. For example, in a foreclosure situation, where the owner of record prior to the foreclosure obtains an ownership interest in the project or property after the foreclosure is complete, the LURA may be revived.

HOME assisted units carry minimum rent and occupancy restrictions for varying lengths of time, depending upon the average amount of HOME funds invested per unit. These minimum periods are as follows:

| **Rehabilitation or Acquisition of Existing Housing (per Unit)** | |
|---|---|
| (Less than $15,000) | 5 years |
| ($15,000-$40,000) | 10 years |
| ($40,000 or more) | 15 years |

**New Construction or Acquisition of New Housing** 20 years

Affordability restrictions under HOME regulations remain in force regardless of transfer of ownership or repayment of the HOME loan. The above referenced HOME affordability periods are minimum requirements. DCA policies may require longer terms of affordability. It is generally DCA's policy that the period of affordability will be as long as the term of the HOME loan.

## Section 3

## Land Use Restrictive Agreement (LURA)

**DCA will enforce income, rent and occupancy requirements and agreement through covenants running with the property.** . For projects receiving HOME loans, the Owner is also required to execute a Land Use Restrictive Agreement for the HOME program. This document must be recorded with the local county clerk's office and is a deed restriction that carries forward to all subsequent owners of the property.. When there is more than one financing source imposing land use restrictions on a project, e.g., a HOME Loan and Credits, there may be restrictions from one program that are more restrictive than similar restrictions in the other program(s). In such instances, the most restrictive requirements will apply to the project An owner may also make additional commitments during the application phase. These commitments may include occupant restrictions, structural restrictions, additional rent and income restrictions, single-family dwelling lease to purchase or that a local public housing authority will sponsor the project. Owners must adhere to all pledges made during the application phase throughout the compliance and extended use periods.

## Section 4

## HOME Record Keeping Requirements

DCA asserts the right to perform an on-site inspection of tenant records on any project receiving HOME Rental Housing Loan Program funding at any time from initial allocation, through the end of the Compliance Period, the Period of Affordability, or the term of the HOME Loan, whichever is longer. Copies of Tenant records on any project receiving HOME Rental Housing Loan funds may be requested at anytime during the compliance period or period of affordability, whichever is longer. The following are the records that must be kept for each program:

**HOME Record Keeping** *( CFR 92.508***)**

Owners must establish and maintain sufficient records to enable DCA to determine whether the HOME requirements for each project have been met. The owner must keep both project and tenant records. Records must be maintained for various periods depending on the nature of the documents. In compliance with state and local laws regarding privacy and confidentiality, records must also be available for review by HUD, the Comptroller General, DCA and other interested parties. When applicable, the owner must keep records including but not limited to the following:

- Documentation to back up rent and utility allowance calculations. If the project's HOME assisted units are "floating" the owner should also keep records to show how HOME occupancy targets were met.

- Each tenants application, initial income verification documents, subsequent income re-certification documents and the tenant's lease

- A full description of each project assisted with HOME funds, including the location, form of HOME assistance and the units or tenants assisted with HOME funds

- The source and application of funds for each project, including, supporting documentation in accordance with 24 CFR 85.20

- Records demonstrating that each rental housing project meets the minimum per unit subsidy amount of 92.205( C), the maximum per unit subsidy amount of 92.250 (a) and the subsidy layering guidelines adopted in accordance with 92.250(b)

- Records demonstrating that each project meets the property standards of 92.251 and the lead based paint requirements of 92.355

- Records demonstrating that each family is income eligible in accordance with 92.203

- Records demonstrating that each tenant based rental assistance project meets the written tenant selection policies and criteria of 92.209 ( c), including the tenant preference requirements, the rent reasonableness requirements of 92.209(f), the maximum subsidy provisions of 92.209(h) HQS inspection reports and calculation of the HOME subsidy.

- Records demonstrating that each rental housing project meets the affordability and income targeting requirements of 92.252 for the required period. Records must be kept for each family assisted.

- Records demonstrating that each lease for a tenant receiving tenant based rental assistance and for an assisted rental housing unit complies with the tenant and participant protections of 92.253. Records must be kept for each family.

- Records demonstrating that any pre award cost charged to the HOME allocation meets the requirements of 92.212

- Equal opportunity and fair Housing records

- Records demonstrating compliance with the affirmative marketing procedures and requirements

- Records demonstrating compliance with environmental review requirements

- Records demonstrating compliance with the requirements of 92.353 regarding displacement, relocation, and real property acquisition, including project occupancy lists identifying the name and address of all persons occupying the real property, moving into the property and completion of the project

- Records demonstrating compliance with the labor requirements of 92.354 including contract provisions and payroll records

- Records demonstrating compliance with the lead based paint requirements of 92.355

- Records supporting exceptions to the conflict of interest prohibition pursuant to 92.356

- Records concerning intergovernmental review, as required by 92.357

**HOME RECORD RETENTION** *(CFR 92.508(c))*

For rental housing projects, records may be retained for five years after the project completion date, except that records of individual tenant income verifications, project rents and project inspections must be retained for the most recent five year period until five years after the affordability period terminates.

Records covering displacements and acquisition must be retained for five years after the date by which all persons displaced from the property and all persons whose property is acquired for the project have received the final payment to which they are entitled in accordance with 92.353.

**Contractor Records.** Projects funded with DCA HOME funds must also provide an audit of Contractors Costs for each project. HUD and the Georgia Department of Community Affairs shall have access to the Contractor's records for the project and for his/her cost certification for five years after project completion in order to conduct audits of project costs.

## Section 5

## Property Standards

**HOME Property Standards.** Projects that are rehabilitated or constructed with HOME funds must meet all applicable state and local codes, standards and ordinances. If no state and local codes apply, the project must meet one of the following national model codes:

International Building Code (January 1, 2000)

Or

Minimum Property Standard at 24 CFR 200.25

**DCA Property Standards.** In addition, to the property standards required under the IRC and HOME regulations, the property must also meet all DCA standards including, but not limited to the appropriate accessibility requirements and DCA architectural requirements.

## Section 6

## Rent and Income Requirements

**Minimum Set aside Elections**. For every HOME project, the Owner must covenant and agree to the following set asides

For HOME ONLY projects the minimum set-aside is determined by the annual Qualified Allocation Plan. for the appropriate year. Although HUD allows a maximum Income of 80% **DCA is more restrictive and allows only a maximum of 60%.**

**Fixed and Floating Units**. For properties with both assisted and non-assisted units, the owner/applicant must select “fixed” or “floating” units at the time of project commitment.

**Fixed:** When HOME assisted units are “fixed” the specific units that are HOME assisted (and, therefore, subject to HOME rent and occupancy requirements) are designated and never change.

**Floating:** When HOME assisted units are “floating” the units that are designated as HOME assisted may change over time as long as the total number of HOME assisted units in the project remain constant. The floating designation gives the owner some flexibility in assigning units, and can help avoid stigmatizing the HOME assisted units. If the floating designation is used, the owner must ensure that the HOME assisted units remain comparable to the non-assisted units over the affordability period in terms of size, features and number of bedrooms.

Section 42 40/50 Rule

Projects funded prior to the 2009 funding round that have Tax Credits and the HOME loan is included in the project’s eligible basis, at least 40% of the units in ***each building*** will be rent and income restricted at the 50% or less level. DCA’s requirement is more restrictive than Section 42 in that these units must be rent restricted as well as occupied by tenants earning 50% of AMI or less. Special care should be given by an Owner of a multi family project comprised of single family style units. In this case, each dwelling is considered a building. Therefore the project's rent and income limitation would apply to all units.

**Project funded in the 2009 funding round that have Tax Credits and the HOME loan is included in the projects eligible basis will not be required to place 50% income and rent restrictions on 40% of the units. Owners should pay special attention to this change.**

**HOME Program Rents.** There are two types of rents associated with the HOME Program.

- Low HOME Rents - If the project consists of three or more rental units, at least 20 percent of the HOME assisted units must have rents equal to or less than the rent affordable to a household at 50 percent of area median income (AMI) **or** the area Fair Market Rent (FMR), which ever is less. Additionally, the Low income HOME units must be distributed comparably across unit sizes, types and buildings e.g. 20% of the one bedroom, two bedrooms and three bedrooms must be Low HOME units in each project.

    - High HOME Rents - DCA requires that the remaining HOME-assisted units have rents equal to or less than the rent affordable to a household at 60 percent of AMI or the area FMR.

    In determining the maximum rent that can be charged to a tenant for HOME-assisted units remember that tenant-paid utility allowances must be subtracted from both low and high HOME rents.

**DCA Rent, Income and Occupancy Requirements**. In a Application submitted by the Owner of a project, the Owner may make additional representations to DCA regarding rent, income and occupancy restrictions which may be more restrictive than those required by the program. These limitations may include by are not limited to:

- greater than 30%, but less than or equal to 50% of AMI and to set rents for those units

- very Low Rent and Income Restrictions where the Applicant agrees to reserve a specified number of units for occupancy by households earning annual gross incomes or below 30% of 50% of the area gross median income.

- very, Very Low. Applications that propose dwelling units with rents set at the 30% rent level and reserved for occupancy by very-very low-income (those earning annual gross incomes of 30% or less of the AMI)

- mixed income projects in which a specified percentage of the units are designated as market rate units which are not subject to any rent or income restrictions.

**The use of Project Based Rental Assistance is not prohibited for Very Low and Very, Very Low units, but an owner cannot accept PBRA in excess of the applicable restricted**

**rent amount for those units if points have been received for the deeper targeting. Please refer to HUD 24 CFR Part 983 for new project-based certificate regulations.**

These additional rent and income restrictions will be referenced in the Land Use Restrictive Agreement for the project.

**Minimum Period for Rent and Income Restrictions** Restrictions shall remain in effect through the "Compliance Period." HOME rents and income restrictions will be in effect for the minimum period of affordability or the term of the DCA HOME loan, whichever is longer.

**Combining HOME with PBRA.** Many projects that receive funding from DCA also have project based rental assistance contracts. Applicants must use care in identifying areas of both programs which can conflict so as to avoid situations where the HOME funding could be subject to recapture.

## Section 7

## Determining Income Limits

Owners and managers **must** understand how income limits are applied if they are to be successful in maintaining a project in compliance. Each year HUD publishes new income limits with an effective date. The household's total annual gross income must be at or below the applicable income limit as elected by the owner. Once HUD publishes and once HUD approves both the income limits and the Fair Market Rents (FMR) for use in the HOME program, DCA will complete the necessary calculations and release the new income and rent limits on its Web page .

**Household Income Calculation** The household's total annual gross <u>anticipated</u> income must be calculated to determine if a household meets the applicable income limit and is income eligible for a HOME unit.

- At initial Tenant certification for any HOME Rental Housing Funded Project, the household's annual gross anticipated income should be calculated in a manner consistent with the determination of annual income under Section 8 of the United States Housing Act of 1937 (HUD Handbook 4350.3), not in accordance with the determination of gross income for federal income tax liability.

- Under HOME rules, HOME only projects, owners may choose from three definitions of income to determine tenant eligibility:
    - The Section 8 Program definition
    - The IRS definition of adjusted gross income
    - The definition of annual income as defined by the US Census long form.

**<u>DCA requires project owners to use the Section 8 definition of income for initial qualification. At re-certification, the annual adjusted income is used, if necessary.</u>**

**Annual adjusted income is used at the time of tenant re-certification for HOME funded properties**.

**Income Types (Sources) in Calculating and Validating Income.** The following provide general guidance for determining income that should be included in the household's annual gross anticipated income. Annual gross anticipated income is the gross income the household anticipates it will receive in the 12-month period following the effective date of certification of income. If a particular type of income is not specifically mentioned as being excluded in HUD Handbook 4350.3(revise June 2003), then it is included in annual gross income.

**HUD Handbook 4350.3**

**Please refer to Tab IV of this manual for a link to HUD Handbook 4350.3. Chapter 5 deals specifically with determining income and must be followed in both the HOME and LIHTC programs. This handbook is updated by HUD periodically and the owners responsibility to check both the HUD and DCA websites for notice of any updates or changes.**

## Section 8

## Over Income Tenant Restrictions

**HOME**. If DCA HOME Loans are utilized in the financing of a project, additional over-income restrictions shall apply.
Upon re-certification of a previously eligible tenant, if it is determined that the tenant's adjusted income exceeds 60% of AMI, the tenant's rent must be increased to the **lesser** of: 30% of the tenant's adjusted annual income or HUD's fair market rent limitations,, not to exceed limitations set by state or local laws (if any). Any exceptions to this requirement must be approved in writing by DCA.

## Section 9

## Determining Rents.

In determining the appropriate rent, Owner must consider the utility allowances, services provided, revisions to HUD Income limits, rent calculation methods, changes in the tenant's income, and section 8 tenants.

**Household size.** In determining the household income limitation, all applicable income standards are adjusted for family size. For purposes of HOME, all occupants of a unit are considered in the determination of family except for the following (refer to HUD manual 4350.3 (June 2003) for a complete discussion:

- Live in Aides. A person who resides with one or more elderly persons, near elderly persons, or persons with disabilities, and who is determined to be essential to the care and

well being of the person, is not obligated for the support of the person and would not be living in the unit except to provide the necessary supportive services.  While a relative may be considered to be a live in aid/attendant, they must meet the above requirements.
- Foster children or foster adults
- Guests

When determining family size for income limits, the owner must include the following individuals who are not living in the unit:

- Children temporarily absent due to placement in foster home
- Children in joint custody arrangements who are present 50% or more of the time
- Children who are away at school but who live with the family during school recesses
- Unborn children of pregnant women
- Children who are in the process of being adopted
- Temporarily absent family members
- Family members in the hospital
- Persons permanently confined to a hospital or nursing home

HUD Handbook 4350.3
**Please refer to Tab IV of this manual for a link to HUD Handbook 4350.3.**

**Non-Optional Services**:  Any charges for services that are not optional to low-income tenants must be included in gross rent. For example, if an owner provides meals to residents but requires the cost for this service as a condition of occupancy, the cost must be included in the calculation of gross rent for the unit or, if the property individually meters, the water any service charge for this service will be considered rent.  The cost of services must be included in gross rent even if federal or state law requires that the services be offered to tenants by building owners. An example of charges that DCA does not consider optional are: privately metered utility service charges, appliance rental, decorating fees (charged above security deposits), move-out fees. Contact DCA's compliance office for further guidance regarding 'optional 'charges.

**Supportive Services:**  Owners may pledge to provide various supportive services in their Application.  Owners must provide pledged supportive services through the compliance period or period of affordability whichever is longer.  In addition, pledged supportive services will be monitored for existence during compliance monitoring reviews.  No change may be made in supportive services without the express written consent of DCA.  <u>Fees cannot be charged for supportive services that are provided to the tenants.</u>

**HOME Fair Market Rents**.  FMRs are generally issued in September. Income limits are generally issued very early in the following year.  When both of these figures are available, HUD calculates and issues new HOME rents for the fiscal year and establishes an effective date of 30 days later. It is never acceptable for a PJ to use the previous year's income limits and the current year's FMRs to calculate their own HOME rent. The only valid HOME rents are those issued by HUD and posted on the HOME website.

**Rent Modifications**: **For HOME Rental Housing Loan Financed projects, DCA must review and approve the maximum monthly rents annually. The owner must obtain DCA's written approval prior to instituting any rent increases.** Any increase in rent for HOME-assisted units is subject to the provisions of current leases. In any event, the owners must provide tenants of those units at least 30 days written notice before implementing any rent increase. All rent increase requests must be submitted to DCA at lease 30 days prior to notice being given to the tenant. Request must also be submitted in the DCA required format. This Rental Increase Form may be found in the Compliance Mandatory Forms.

## Section 10

## Calculating Utility Allowances

### Tenant-Paid Utility Allowances

If the cost of any utilities (other than telephone) for a residential rental unit is paid directly by the tenant(s), the gross rent for that unit includes the applicable tenant-paid utility allowance. Any changes in utility type or source must be approved by DCA Compliance.

For projects submitted in 2009, Project Owners should establish utility allowances for the property as follows:

1. *USDA–Assisted Buildings* – If a building receives assistance from the USDA (formerly called the Farmer's Home Administration, or FmHA), the USDA-prescribed utility allowance applies to all rent-restricted units in the building. The USDA-approved allowance applies even if the building is assisted by any other program or agency. Examples of USDA assistance include assistance provided under the USDA Section 515 rural rental loan program and USDA rental assistance.
2. *Buildings with USDA-Assisted Tenants*. If any resident of a building receives USDA rental assistance, the USDA-approved utility allowance applies to all rent-restricted units in the building. This is even the case if residents of some units receive rental assistance from the U.S. Department of Housing and Urban Development (HUD).
3. *HUD-Regulated Buildings*. If neither a building nor any resident in the building receives USDA assistance, and HUD annually reviews the rents and utility allowances for the property (such as for Section 8 and Section 236 projects), the HUD-prescribed utility allowance is used. This rule doesn't apply to buildings that have only FHA-insured mortgages.
4. *DCA HOME/Tax Credit buildings*. If a building is neither a USDA-assisted nor a HUD-regulated property, and no tenant in the building receives USDA rental assistance, there are two possible methods for establishing the utility allowance. These include:

a) The allowance established by the local Public Housing Agency (PHA) administering the Section 8 Program in the locality where the property is located OR if none the DCA Section 8 utility allowance. However, the electric allowances may be calculated as outlined in Section B below.
b) Many Public Housing Agencies utility allowance tables for the Section 8 Program include a deduction for “elderly”. This deduction can only be used at DCA funded properties that are 100% PBRA properties and which satisfy DCA’s definition of Elderly.

## Section 11

## Vacant Unit Rule and Next Available Unit Rule

The owner must actively market the vacant unit, retain evidence of the marketing efforts for monitoring purposes (i.e., newspaper, flyers and signage) and the vacant unit must be suitable for occupancy. In addition, owners are required to annually certify that the project has met this requirement.

Down units are those units that are not suitable for occupancy. (Some examples of down units are those units that are missing parts of the HVAC system, missing appliances, units that are trashed, units that have infestation, unsecured units, and units with mold and/or mildew). A down unit is not suitable for occupancy and does not satisfy the vacant unit rule. Down units must be reported on the Occupancy Status Report as Down not Vacant.

When households vacate fixed HOME assisted units, they must be replaced by households in appropriate income categories. If a floating HOME assisted unit is vacated, the vacated unit must be reoccupied by an eligible household in the appropriate income category or another comparable unit must be occupied by an eligible household of appropriate income and substituted for the vacant HOME assisted unit.

## Section 12

## Transfer of Ownership

All changes in ownership interest or project participant structure must be reported to DCA Legal Affairs. Failure to promptly report a change could jeopardize or cause a default in the HOME Loan. Current and potential owners are reminded that early repayment of a HOME loan will not extinguish the LURA. If a transfer is approved, the previous owner must provide a completed Transfer of Ownership Interest form to DCA prior to disposition of the property.

## Section 13

## Additional Compliance Issues

Employee Units – DCA Policy: For 100% HOME funded projects any unit designated as an employee unit must house an income eligible household. If the HOME project is less than 100% HOME funded then the employee unit may be rented/furnished as part of the market units within the project.

## Section 14.

## Compliance Monitoring Reviews

To determine tenant eligibility, rental housing owners/developers will be required to verify the annual income of families living or applying to live in any HOME-assisted housing, using the income determination procedures described in HUD Handbook 435.3.. In order to verify information about household income and composition, owners/manager must have tenants complete a DCA approved Release and Consent form.

In addition, DCA compliance staff will conduct periodic compliance monitoring reviews of each project funded under the state Qualified Allocation Plan. DCA will contact project staff to schedule the review at least two weeks prior to the on-site review. Prior to the site review, the owner may be requested to submit certain information to DCA. It is the responsibility of the owner to ensure that all tenant income certifications are available and all units are accessible for physical inspection by DCA staff during the on-site review. DCA considers the failure to respond to monitoring requests or to provide access to tenant files or access to units to be major instances of noncompliance.

### Annual Owner Reporting Requirements

**Annual HOME Certification**: DCA requires that an annual owner certification report be completed and returned to DCA on or before February 28th of each year. Effective in January 1, 2007, DCA requires that the property's Affirmative Fair Housing Marketing Plan be sent with the Annual HOME Certification. This plan will no longer be reviewed at the time of the site visit but will be reviewed each year with the Annual HOME Certification.

**DCA Monthly Lease-Up Occupancy Status Reports for HOME.** Effective March 1, 2009, DCA also requires that Occupancy status reports be prepared on a monthly basis for each HOME property that has not converted to permanent statis. Monthly reports will be due on the 15th of each month following for the previous month.. (Therefore, the report for the January will be due on February 15th.) Once the property satisfies all conversion requirements and conversion is complete the property will be required to complete the Annual HOME Certification. Failure to report on a monthly basis during lease-up and stabilization will be considered a major instance of non-compliance.

HOME only properties must provide Occupancy status reports on a *semi-annual* basis throughout the period of affordability.

**Exceptions for Tenant Income Certifications**

- Properties that were financed through the Farmers Home Administration (FmHA) Section 515 Program and complete the FmHA Tenant Income Certification Form 1944-8 for each household annually (with all adult household member's signatures) do not have to complete the DCA Tenant Income Certification form.

- Properties that receive project-based Section 8 rental assistance and complete the Form HUD-50059 or HUD-50058 annually (with all adult household members' signatures and income and asset verifications no older than 90 days) do not have to complete the DCA Tenant Income Certification form.

## <u>On-Site Inspections</u>

**HOME PROPERTIES.**

**Initial HOME Inspection.**

During DCA's annual on site review, DCA staff will review tenant files to determine whether documentation is adequate and that it supports the information in the certification and compliance reports. The Owner may be required to submit additional documentation to DCA at anytime during the period of affordability.

Additionally, in Projects that receive HOME funds, DCA staff and representatives will make an on site visit when the project is complete to monitor physical compliance. The following requirements are reviewed at project completion to determine that the project has met all HOME requirements:

- Property Standards
- Only eligible costs have been reimbursed
- Construction Management records
- Lien waivers from both general contractor and all subcontractors
- Proper data is collected to prepare women business enterprise and minority business enterprise reports and tenant data report
- Relocation records (if applicable)

**Frequency of HOME inspections.** DCA Compliance staff will inspect the property at least once during the lease up period. In addition, during the period of affordability, DCA will inspect each project on a regular basis to ensure that the project continues to meet or exceed applicable property standards. During an on site visit, DCA will usually inspect 10 to 20% percent of the HOME assisted units in a project and a minimum of one unit in every building.  If compliance problems are found, additional units and records may be inspected.  Frequency of inspections for HOME properties will be as follows:

1-4 Units – every 3 years
5-25 Units- every 2 years
26 or more units – annually

**Additional Monitoring and Reporting Requirements**
Additional monitoring and/or reporting requirements may be established for those properties that DCA considers being at greater risk of performance or compliance problems. Factors contributing to risk of poor program performance or compliance violation include, but are not limited to: lack of progress in spending HOME funds, past difficulty, staff turnover, inexperienced staff, program complexity, inaccurate submissions, audit findings, failure to meet agreed upon schedules, or poor performance or compliance history.

## Section 15.

## Non Compliance Procedures

Approximately three weeks following a property inspection or review, the owner of a project will receive:

- A letter outlining the findings noted during the inspection or review and requesting additional clarification or documentation; or
- A letter which indicates that there were no reportable findings.

The owner must submit follow-up documentation within 30 days of the date of that letter. DCA reserves the right to request follow-up documentation with 24 hours for noncompliance relating to health and safety issues.  The follow up documentation must address whether the non-compliance issues have been cured or corrected and must be submitted in DCA Required Format Response. The definitions of cure and correct are as follows:

- Cure - Documentation provided clearly supports the eligibility of the household during the time period in question.
- Cure -Documantation provide clearly supports that physical issues in units, common-space or on grounds have been properly repaired or replaced.

Non compliance may also be considered a default under DCA’s HOME loan documents.