

# VHDA Compliance Monitoring Topics

## 2018 CAHEC Partner's Conference

- 1 VA Top 5 File Review Deficiencies
  - Administrative Errors – Lack of due diligence and failure to adequately follow up on information provided by the applicant such as credit reports showing student loans, recurring payments in bank statements, miscalculation of income
  - WTCMS does not match signed and uploaded TIC (income, rent and subsidy amounts; move-in dates)
  - The required lease documents are not included in the file for VHDA programs, or are not completed timely
  - Insufficient documentation and/or Documents not properly scanned or for wrong household
  - Unorganized files and missing income calculation tape or steps showing the households calculation
- 2 VA Self-employment:
  - If a tax return has been filed, it should be used to establish income from self-employment.
  - Be aware of contract labor or wages paid to household family members.
  - If a tax return has not been filed, (e.g., self-employment is less than 1 year), obtain a similar self-employment schedule prepared by a bookkeeper or other tax professional showing salary, and business expenses
  - Least Acceptable - If neither of the above options is possible, a self-affidavit may be acceptable. The file must include sufficient documentation to reasonably determine income and household eligibility.
- 3 VA Annuities/Assets – Guidance provided in HUD Handbook 4350.3, Chapter 5
- 4 VA VAWA: Yes, it is important
  - For HUD properties, failure to implement and maintain required documents is an audit finding. Owner/Management must follow the HUD VAWA requirements, including using and in some cases bolstering the HUD forms:
    - Must utilize HUD VAWA forms, including the lease addendum describing specific protections for VAWA victims or contain VAWA language in main lease.
    - Recommend that the owner seeks additional guidance in creating and implementing the HUD VAWA Emergency Transfer Plan.
    - For Tax Credit properties, failure to implement the VAWA policies is not an audit finding – YET. VA is updating policies and monitoring procedures to incorporate a deeper dive into VAWA implementation in our portfolio.
- 5 How VA handles Income Averaging:
  - No decisions have been reached yet. Our QAP is updated every other year and we are in the midst of the updates for 2019 & 2020.
- 6 VA Program Requirement Conflicts:
  - Property should follow the strictest rule, where applicable
  - Evaluate statutory requirements (IRS, RD, HUD, Regulatory Agreements) vs HFA requirements vs Local Code or law
  - If there is no 'strictest rule', as with the student rules, the OWNER (not management) should decide which program will not be in compliance.

## VHDA Compliance Monitoring Topics 2018 CAHEC Partner's Conference

- 7 VA File Review & Property Inspection Sample Size & Frequency
  - Most properties are scheduled for a physical and tenant file inspection once every 3 years.
  - VA follows Revenue Procedure 2016-15 in the sample size chart when applicable
  - 20% of total LI units in each BIN (according to line 8b on the 8609 form) once every 3 years
  - Tax Credits in Extended Use – Inspect all vacant units and 20% of the total # of LI units for the tenant file review
  - VHDA Loans without Tax Credits – Inspect Lesser of 10% or total set-aside units or 10 units in a Lender inspection to include vacant units
  - Properties Risk or Watch are visited more frequently
  
- 8 Tax Exempt Bond Minimum Set-Aside review conducted annually using WTCMS
  
- 9 VA Top 10 Physical Inspection Deficiencies
  - Trip hazards in dwelling units and in outdoor locations
  - Blocked emergency egress at windows/doors
  - Property erosion
  - Missing or damaged splash blocks
  - Mold/Mildew observed in dwelling unit
  - Flammable materials stored in apartment
  - Broken window and door seals. Condensation observed or fogged.
  - Foil observed under stove heating element or under oven heating element
    - We note this as a fire hazard in our physical inspection report and request that the foil is removed immediately during the inspection
  - Bedroom and/or bathroom doors that do not close, latch and lock as intended
  - Missing or inoperable smoke detectors.
  
- 10 VA Trip hazards & housekeeping:
  - Trip hazards – Inspection protocol follows UPCS inspection requirements
  - Housekeeping is subjective and generally not reported to the IRS as Noncompliance; however it is noted in the physical inspection report as a ‘concern’ requiring follow-up in the cure response.
  
- 11 VA Blocked Egress – The furniture or items must be removed
  
- 12 VA Infestations - Infestations are reported as indicated by UPCS.
  
- 13 Most Reported Items on the 8823 form
 

UPCS Violation	Casualty Loss/Correction
Transfer of Ownership	Household Income Above Limit
Gross Rents Exceed Limits	Utility Allowance not Calculated Properly
Changes in Eligible Basis/App Fraction	*Annual Certification Not Submitted or Incomplete
  
- 14 **VA Expected Changes:**
  - VAWA Guidance for Tax Credit Properties
  - Updated QAP to include Income Averaging requirements and Target Population tenancy updates
  - Website Updates Coming Soon
  - Updates to Monitoring Guidance