

Technical Advisory



Oregon Housing and Community Services

Interim OHCS Inspection and Monitoring Policies

UPDATED April 17, 2020

In response to concerns related to COVID-19, OHCS is implementing the following interim policies for inspections and monitoring. OHCS's interim policy changes seek to minimize the spread of COVID-19 and protect the health of tenants, owners / operators, management agents, and OHCS staff. As we move forward, we will continue to re-evaluate the stated extensions and protocols.

If you have any questions related to this Affordable Rental Housing Advisory, please send to ARH.HCS@oregon.gov

The utmost priority should be placed on ensuring the health and safety of residents, applicants, and staff.

- Property management and owners should work to implement alternate ways for applicants and residents to fill out and sign & submit paperwork:
 - o Electronic signatures are allowable
 - o Following this are specific extensions applicable program areas; during this time it is our hope that projects can work to implement such protocols.

The safety of our affordable rental housing tenants, partners, service providers and staff are of the utmost importance. With the revised measures in place, OHCS will continue to work with its investment and development partners for the production of affordable housing units currently in the pipeline, and planning to apply for resources. Some OHCS staff may still work from our offices and others are set up to telecommute. The current circumstances may cause some delayed responses but we are committed to working with our partners through these times.

- For new construction, we expect that project sponsors and their development team including general contractors and their subcontractors will continue construction and development, including the coordination of lease with their management agents with social measuring practices in place.
- For compliance as well as acquisition and rehab when there are tenants on site; the priority is to keep residents safe, stable, minimize displacement and relocation.
- We have uploaded the [COVID-19 Job Site Practices](#) to help address questions related to projects currently under construction on our website.

HUD Project-Based Contract Administration Compliance



- In-person Management Occupancy Reviews (MOR) and file reviews have been suspended per HUD guidance.
- OHCS will continue to work with properties to close remaining MORs; please work closely with your HCA compliance officer and notify them of any issues meeting the required deadlines.
- Electronic signatures are allowable, as long as original signatures are obtained later; please visit this [Technical Advisory](#) for more information.
- HUD published an advisory memo that can be found here: <https://www.ncsha.org/wp-content/uploads/Annual-and-Interim-Recertification-Protocol-during-COVID-19-signed-1.pdf>

In this memo, HUD provides specific information regarding the:

- Use of Tenant Self-Certifications for Interim and Annual Recertifications
- Signatures
- Form HUD-9887/9887-A and Form HUD-50059
- Documentation for Certifications
- Tenant Rental Assistance Certification System (TRACS)

This information, in whole, applies to the HUD Project-Based Contract Administration Compliance.

- HUD's latest guidance can be found on their [HUD COVID website here](#).

OHCS Portfolio Compliance Inspections

- OHCS has currently suspended in person file and physical inspections through April 30, 2020. Electronic file inspections will continue as usual to the extent that established practices allow this to happen.
- We encourage all management entities to work toward the adoption of practices that allow this work to happen electronically with maintained social distance.

OHCS Portfolio Annual Income Recertifications for LIHTC:

- OHCS will allow a 60-day delay on Annual Income Recertification's (through May 17th), in order to allow property management to implement practices for meeting this requirement in a way that limits the need for personal contact. Management entities must submit an explanation of this delay in recertification and bring all units into compliance following this 60-day period.
 - This does not apply to initial income certifications, which are expected to be done as required per program regulations. (see below)
 - This does not apply to HUD Section 8, owners and agents are urged to work with tenants to adjust rent payments or enter in forbearance agreements to lessen the impact of COVID-19 prevention measures.
- OHCS is adopting HUD guidance regarding annual certification documentation and signatures for our LIHTC program (<https://www.ncsha.org/wp-content/uploads/Annual-and-Interim-Recertification-Protocol-during-COVID-19-signed-1.pdf>) Specifically:
 - Except as noted below, electronic signatures are allowable as long as original "wet" signatures are obtained within 90 days from the termination of Oregon social distancing guidance;
 - Lease agreements / addendums, family certifications of income, and state lifetime sex offender forms still require wet signatures.
 - Documents for Certifications: "Tenants experiencing extenuating circumstances due to the COVID-19 virus can provide the owner with documentation for the recertification by email or other electronic delivery at the owner's discretion. Document includes, but is not limited, to paystubs, Social Security / Supplemental Social Security, State Supplemental Program awards, bank statements, and public assistance documents. If electronic documentation is received by the



owner, and original documents are required by HUD...the owner must collect the original documents from the tenant at a later date.”

OHCS Portfolio Initial Income Certifications for LIHTC:

- For new move-ins, owners can get initial certification requirements met through 100% electronic methods (including e-signature), as long as wet signatures should be obtained at a later date.
- We have gotten several questions from owners / managers about the treatment of households current income, when it may have been reduced by COVID-19? Following IRS guidelines the owner must use current circumstances to anticipate income. The owner calculates projected annual income by annualizing current income. Income that may not last for a full 12 months (e.g., unemployment compensation) should be calculated assuming current circumstances will last a full 12 months.
- On April 16th, HUD updated the [Multifamily Q&A for COVID-19](#) that includes a wide variety of additional guidance that we encourage you to look at. Notably, the guidance now includes information regarding the treatment of households in receipt of the stimulus payments and temporary increase to unemployment benefits provided by the CARES Act that also applies to LIHTC (page 9).
 - Household stimulus payments of up to \$1,200 (which is technically an advance tax credit) and the temporary \$600 per week federal enhancement to unemployment insurance provided by the CARES Act are not to be included in calculations of income.
 - HUD also notes that regular payments of unemployment insurance (issued by the state) are treated as income, as is customary under program rules.

Annual Certification of Continuing Program Compliance:

- OHCS is on target to conduct this compliance review for the portfolio; no due date adjustments are being recommended.

OHCS Portfolio Financial Reporting

- OHCS properties with 10 units or more funded with HOME, Low Income Housing Tax Credits (LIHTC), ARRA (TCAP and 1602 Exchange) and BOND (Risk Share, Elderly/Disabled and Conduit) or have an Operating Agreement in place are ordinarily due 90 days after the project's fiscal year end. This reporting will now occur in our new Procore system (see [advisory](#) for details)

Due to the COVID-19 pandemic, and in alignment with the federal government tax filing extension: **OHCS will extend the due date to July 15, 2020.** for fiscal year end December 31, 2019. If an extension beyond July 15th is necessary, please contact us.

Reserve Accounts: We are aware that the COVID-19 pandemic is, or will, have financial impact to projects through increased operational costs attributed to increased cleaning practices, and the potential income loss due to tenants not being able to pay all or part of their schedule rent.

- For those projects with OHCS issued Risk Share or Elderly and Disabled loans, OHCS has approval rights over replacement reserve accounts. During this time of COVID-19 hardship, OHCS is willing to review requests to utilize funds from these accounts on a case-by-case basis. If that review indicates that using of these funds may be appropriate, a proposal will be taken to the OHCS Finance Committee for final approval, modification or denial. If approved, at some point in the future, the funds used from the reserve account will need to be returned in order to ensure funds are available for future expenses for which the reserve account was established. Please contact your OHCS Senior Asset Management Analyst with any questions regarding any COVID-19 related



financial hardships, including requests to borrow from, or suspend deposits to, these replacement reserve accounts.

- OHCS only maintains control over replacement reserves in the Risk Share and Elderly Disabled loan portfolio projects. OHCS does not control operating reserve accounts. In all of these other circumstances, we recommend that projects seek guidance from their Lender(s) and investment partners regarding the use of any project reserve accounts to assist in covering operations and debt service costs that are not fully covered by project income due to the COVID-19 health crisis.

Required Construction Progress Site Inspections: These inspections are conducted at active construction sites with HOME and Housing Trust Fund funding or where OHCS is the primary funder. Please contact Kevin Burgee with any questions or concerns: Kevin.Burgee@oregon.gov

- Until further notice from the Department, interiors of occupied dwelling units are not to be included in the inspections.
- Other areas of the construction that may be of concern may be exempted if the project owner or the OHCS Inspector deem the proposed area to pose an unreasonable risk of Covid-19 exposure to themselves or others.
- We have uploaded the [COVID-19 Job Site Practices](#) to help address questions related to projects currently under construction on our website.

HOME/HTF Inspections for Award Closeout: These inspections are conducted at construction completion to begin close out of the funding award. Please contact Kevin Burgee with any questions or concerns: Kevin.Burgee@oregon.gov

- OHCS hereby suspends conducting any additional inspections until further notice.

HOME/HTF File Monitoring for Award Closeout: These monitoring s are conducted to close out the funding award. Please contact Kevin Burgee with any questions or concerns: Kevin.Burgee@oregon.gov

- Until further notice, all closeout file monitoring will be completed as desktop reviews (files sent to OHCS).

HUD 811 PRA: HUD 811 PRA properties have adopted isolation practices to limit contact; at this point all properties have confirmed that they have not suspended move-ins or recertifications.

Rural Development: Please visit Rural Development website for the latest guidance <https://www.rd.usda.gov/coronavirus>

HUD: Please visit HUD website for the latest guidance <https://www.hud.gov/coronavirus>

As we have additional information on these topics, it will be added to this document. We are investigating requirements regarding construction and other inspections; we will make updates to this document with more information in the coming days.

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In addition to this General Guidance, OHCS has prepared:

- **[General Interim Guidance on COVID-19](#)**
- **[Interim OHCS Fund Solicitation Policies](#)**

