



Section 811 Project Rental
Assistance Program
(PRA)

Monitoring Policy

August 2020

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Projects with 811 Project Rental Assistance (PRA) program are subject to compliance monitoring for the program requirements and the memorandum of understanding between New Mexico Mortgage Finance Authority and New Mexico Human Services Department.

Monitoring of the Local Lead Agency (LLA) will be conducted remotely via MFA Section 811 Database and MFA Secure File Transfer. Any deficiencies noted will be submitted to the Local Lead Agency within 30 days. The Local Lead Agency will have a 30-day correction period to submit a complete response through the MFA Secure File Transfer.

Monitoring of the owner/agent (O/A) to the extent possible will occur as a Section 8 Management & Occupancy Review. A modified On-Site Questionnaire and Addendum A File review removing and adding as applicable to the 811 PRA Program will be used to complete the on-site review portion of the Management and Occupancy Review. Attempt will be made to align the 811 PRA monitoring with the Tax Credit monitoring. Any deficiencies noted will be submitted to the owner/agent within 30 days. The owner/agent will have a 30-day correction period to submit a complete response through the MFA Secure File Transfer.

MONITORING REVIEWS

Each of the following sections outlines the areas of compliance to be demonstrated during the monitoring review and if the owner/agent, local lead agency or both are subject to monitoring. The scope of the review is indicated.

AFFIRMATIVE FAIR HOUSING MARKETING PLAN COMPLIANCE (O/A; LLA)

Review of the owner /agent's affirmative fair housing compliance, outlined in Section 4b and 5c of the approved HUD-92243PRA, will be conducted at each monitoring review. Annual compliance with marketing and fair housing training must be maintained and available at each monitoring review.

Review of the local lead agency's affirmative fair housing compliance, outlined in Section 4b of the approved HUD-92243PRA, will be requested annually through the Secure File Transfer.

Success in attracting individuals in target populations who are least likely to apply will be evaluated by MFA using data from the Programmatic Report and market to evaluate success.

WAITING LIST (LLA)

The Local Lead Agency will maintain the waiting list for each property in the MFA Section 811 PRA Database. The waiting list must be submitted monthly to the Section 811 PRA Program Coordinator through the database. Compliance with the tenant selection plan and Section 811 PRA waiting list policy will be reviewed annually.

The waiting list review will be conducted using MFA-9834 form. The HUD-9834 is used as a guide to create the review questionnaire only the following section will apply:

E. LEASING AND OCCUPANCY

14. Application Processing and Tenant Selection: parts h-l will reviewed; all other parts apply only to the owner agent on-site review covered below.

FY13 PROGRAMMATIC REPORT (O/A; LLA)

HUD provides MFA around the end of each quarter the programmatic report. MFA collects the data from the owner/agents and local lead agencies and compiles to complete for submission to HUD. After receiving from HUD, MFA will provide the owner/agents and local lead agencies the report for completion including the due date on the request.

Information for the programmatic report from the local lead agency will be received through the waiting list monthly submissions. Data from each property's monthly submissions is totaled at the end of each quarter and combined on MFA's report submission to HUD.

The owner/agents will submit data on the programmatic report and provide to MFA quarterly via e-mail.

Failure to provide the report on time or with inaccurate data will be noted as non-compliance at the time of annual review.

MONTHLY HOUSING CHECKLIST (LLA)

During the annual compliance monitoring review, MFA will request from the Local Lead Agency submission of the Monthly Housing Checklists via MFA Secure File Transfer from each referring services provider.

In-home housing visits are completed to assure the tenant's well-being; the property is well maintained by both property manager and tenant; the tenant has good relationships with the property manager and their neighbors; the tenant is paying rent and utilities regularly; and the tenant has not received any tenant warning notices or eviction notices. The monitoring review of the checklists will ensure the residents are being visited at least monthly as required.

ANNUAL USE AGREEMENT (O/A)

Owners of 811 PRA projects must certify annually by January 31st to the grantee that it is operating the project in compliance with this Agreement and, more specifically, that all assisted units and non-assisted units , as well as the physical structure of the project as a whole, for example grounds and

equipment, comply with all applicable codes and requirements of the agreement or that a remedial program to correct any existing deficiencies has been implemented.

SITE INSPECTIONS (O/A)

At the end of the calendar year following the first year after the Rental Assistance Contract (RAC) is signed, MFA will send a visit notice at least two weeks before the scheduled visit date. The visit letter will include the scope and requested documentation. Site inspections will be scheduled thereafter to align with the Tax Credit Inspection schedule.

NUMBER OF UNITS

100% of the occupied 811 PRA units and tenant files will be inspected at each scheduled review. At least one rejected application will also be reviewed.

TENANT FILE AUDIT

Review of the tenant files will be conducted during the monitoring review using HUD form Addendum A of form HUD-9834 omitting the following not applicable sections:

- A-10 Lead based-paint compliance
- B-2 Eligible immigration status or citizenship status

The section below has been added to the tenant file review:

Notice of Vacancy & Referral

COMPLIANCE REVIEW

The compliance review will be conducted either on site or remotely with documentation submitted through MFA's Secure File Transfer.

The HUD-9834 is used as a guide to create the MFA-9834 review form omitting all sections that are not applicable to the scope or program. The following areas will be reviewed:

A. GENERAL APPEARANCE AND SECURITY

1. General appearance: The general appearance of the property will be reviewed during the physical inspection of the site, building exterior, building systems, units and common areas.
2. Security: parts a-c will be reviewed

B. FOLLOW-UP AND MONITORING OF PROJECT INSPECTIONS

- 3. Follow-up & Monitoring of Project Inspections and Observations: parts a-b will be omitted
- 4. Follow-up & Monitoring of Lead-Based Paint inspection: parts a-b will be omitted

C. MAINTENANCE AND STANDARD OPERATING PROCEDURES

- 5. Maintenance: parts a-c and k-m will be omitted; parts d-j will be reviewed
- 6. Vacancy and Turnover: parts a-b will be reviewed; parts c-d will be omitted
- 7. Energy Conservation: will be omitted

D. FINANCIAL MANAGEMENT/PROCUREMENT

- 8. Budget Management: parts a-d will be omitted
- 9. Cash Controls: parts a-g will be omitted
- 10. Cost Controls: parts a-b will be omitted
- 11. Procurement Controls: parts a-l will be omitted
- 12. Accounts/Receivable/Payable: parts a-d will be omitted
- 13. Accounting and Bookkeeping: parts a-j will be omitted

E. LEASING AND OCCUPANCY

- 14. Application Processing and Tenant Selection: parts a-e, g, and n-p will be reviewed, parts f, h-m will be omitted
- 15. Leases and Deposits: parts a-f will be reviewed
- 16. Eviction/Termination of Assistance Procedures: parts a-c will be reviewed
- 17. Enterprise Income Verification (EIV) System Access and Security Compliance: parts a-l will be reviewed
- 18. Compliance with Using EIV Data and Reports: parts a-b will be reviewed
- 19. TRACS Monitoring and Compliance: parts a-b will be reviewed
- 20. TRACS/EIV Security Requirements: parts a-e will be reviewed
- 21. Tenant File Security: parts a-f will be reviewed
- 22. Summary of Tenant File Review: parts a-h will be reviewed

F. TENANT MANAGEMENT RELATIONS

- 23. Tenant Concerns: parts a-d will be reviewed
- 24. Provision of Tenant Services parts a and f-h will be omitted; parts b-e and i-j will be reviewed
- 25. General Management Operations: parts a-l will be omitted

G. GENERAL MANAGEMENT PRACTICES

- 26. Owner/Agent Participation: parts a-c will be omitted
- 27. Staffing and Personnel Practices: parts a-b will be omitted

PHYSICAL INSPECTION

Owners must comply with the HUD’s Uniform Physical Condition Standards (UPCS) and Inspection Requirements of 24 CFR part 5, Subpart G, and HUD’s Physical Condition Standards of Multifamily Properties of 24 CFR part 200, Subpart P.

MFA will conduct the physical inspection of the property according to UPCS. UPCS requires properties to be in “decent, safe and sanitary condition and in good repair” and requires inspection of the following five major areas:

1. Site: The site must be free of health and safety hazards and be in good repair. Areas to be inspected include: fencing and retaining walls, grounds, exterior lighting, mailboxes, signs (such as those identifying the development or areas of the development), parking lots/driveways, play areas and equipment, refuse disposal, roads, storm drainage and walkways.
2. Building Exterior: Each building on the site must be structurally sound, secure, habitable and must be free of health and safety hazards, operable and in good repair. Areas to be inspected include: doors, fire escapes, foundations, lighting, roofs, walls and windows.
3. Building Systems: Each building’s systems must be free of health and safety hazards, functionally adequate, operable and in good repair. Areas to be inspected include: domestic water, electrical system, elevators, emergency power, fire protection, HVAC and sanitary system.
4. Units: Each dwelling unit within a building must be structurally sound, habitable and must be free of health and safety hazards, functionally adequate, operable and in good repair. Areas and aspects of the dwelling unit include: bathroom items, call-for-aid, ceilings/doors, electrical systems, floors, hot water heater, HVAC (where individual units are provided), kitchen items, lighting, outlets/switches, patio/porch/balcony, smoke detectors, stairs, walls, windows, hot and cold running water, and at least one battery-operated or hard-wired smoke detector, in proper working condition, on each level of the unit.
5. Common Areas: The common areas must be structurally sound, secure and functionally adequate for the purposes intended. All common area ceilings, doors, floors, HVAC, lighting, outlets/switches, smoke detectors, stairs, walls and windows, to the extent applicable, must be free of health and safety hazards, operable and in good repair. Common areas to be inspected include: basement/garage/carport, restrooms, closets, utility rooms, mechanical rooms,

community rooms, day care, halls/corridors, stairs, kitchens, laundry rooms, office, porch, patio, balcony, and trash collection areas.

6. Exigent Health and Safety: All areas and components of the housing must be free of health and safety hazards. Exigent health and safety issues include: air quality, electrical hazards, elevators, emergency/fire exits, flammable materials, garbage and debris, handrail hazards, and infestation.

MONITORING REPORT, RESPONSE AND CLOSEOUT

The owner/agent and the local lead agency will each receive a separate report within 30 days from the scheduled review date detailing the scope and results for all review areas. Deficiencies will be noted including the Condition, Criteria, Cause, Effect and Corrective Action:

- The condition describes the problem or deficiency
- The criteria cites the statutory, regulatory or administrative requirements that were not met
- The cause explains why the condition occurred
- The effect describes what happened because of the condition
- The corrective actions outlines the specific actions that must be taken to clear the deficiency.

The owner/agent and the local lead agency respective responses will be due 30 days from the report date via MFA Secure File Transfer. All items marked as deficient should be addressed in a formal response letter with all supporting documentation and explanations requested in the corrective action attached.

Failure to provide complete responses will result in additional non-compliance notices sent to the property and will affect the compliance status of the property.

Once a complete response is received the review will be closed and a review letter noting the closure will be sent.

APPEALS PROCEDURES FOR OWNERS/AGENTS

If an owner/agent receives a “Below Average” or “Unsatisfactory” overall rating as indicated on the form MFA-9834, Summary Report, the owner/agent may appeal the rating using the following process.

- The appeal must be in writing, forwarded to MFA and postmarked within 30 calendar days of the Summary Report date.
- The appeal letter must explain the factual basis supporting a change in the rating, with sufficient specific examples provided to warrant further evaluation.
- MFA will evaluate the additional information, including another on-site visit for only those items in dispute, if necessary and if resources are available.

- The initial appeal decision must be in writing and transmitted to the owner/agent by MFA within a 45-calendar day period following receipt of the appeal.