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DATE: August 2008
TO: HOME Rental Rehabilitation Program Administrators
FROM: Minnesota Housing HOME Rental Rehabilitation Team
SUBJECT: Program Update

This memo provides important program information. Please review and retain it for your records.
Your organization will be held responsible for knowing its content.

2008 Application Round: Commitment Schedule

Thank you to all administrators for your continuous work on this year's applications. We appreciate your efforts in putting together successful HOME Rental Rehabilitation proposals, and we are looking forward to committing funds to these projects as efficiently as possible.

As we outlined in the last Administrative Update, we remain focused on maintaining open communication with administrators and streamlining the process of bringing loans to commitment.

Compliance & Monitoring

As we work on improving the application process, the HOME Rental Rehabilitation staff must also renew its focus on project compliance and monitoring throughout the Effective Period of a loan (as defined by HUD in the HOME program regulations). Any lack of documentation of compliance with HUD standards brings unnecessary financial risk to the HOME program, Minnesota Housing, and Administrators. Strict adherence to Compliance standards is expected moving forward, and we will make every effort to clarify these standards through trainings, Administrative Updates, and technical assistance from your Regional Representatives.

An important part of this effort is ensuring we are receiving annual Characteristics of Tenant Household (CTH) Reports on a timely basis and with accurate data for every HOME project in its Effective Period. We have already spoken with some administrators regarding properties that are not in compliance with this standard.

Next week we will be notifying each administrator of any of their properties for which we are missing reporting information. We are asking administrators to recover the missing tenant data, or report why the property owner has not submitted the data by September 9. Because we realize you are also working on applications, we are moving back the application due date to October 1.

Please note that to demonstrate continuous compliance, the CTH report must include information not only on the current tenant, but also a separate row of data for each tenant household who occupied the unit since the last CTH report. This means that you may need

more than one row of information for a single unit. Please refer to the CTH Report Instructions on Sheet 1 of the reporting form.

As always, if you have questions about CTH reporting or any of the compliance policies outlined below, please contact your Regional Representative.

Tenant Income Determination- Reminders, Resources & Training

Administrators are also responsible for ensuring that property owners are following HUD's guidelines when performing the initial income verifications of a tenant household. These must be performed at the first occupancy of each HOME unit and each time a new tenant moves into the unit.

As explained in the *HOME Rental Rehabilitation Administrative Procedural Manual*, this program uses the annual income definition for the Section 8 program and requires source documentation or third-party verification in determining each tenant's income. Asset income must be included in these calculations. We recommend using the forms provided in the "Technical Guide for Determining Income and Allowances for the HOME Program" (fondly referred to as 'the purple book'), which was prepared by HUD and is available on their website at <http://www.hud.gov/offices/cpd/affordablehousing/library/modelguides/1780.cfm>.

The HOME Income Determination Training held by Minnesota Housing Partnership on September 17 & 18 will help us all ensure that we are calculating tenant incomes to HUD's standards. **This training is mandatory, so be sure to register at www.mhponline.org if you have not already done so.** If you are staying overnight, be sure to reserve your room at the Roseville Radisson by August 26, to receive the discounted rate for this training. If you have already attended this training within the past 2 years, please tell Meg Stinchcomb.

Local Housing Quality Standards- Clarification

According to HUD regulation, HOME projects must meet local housing quality standards as well as any applicable local codes, rehabilitation standards, ordinances, and zoning ordinances. This must be documented at the time of project completion, and kept in the project's file. **If there are no comprehensive local housing quality standards, then HUD's HQS standards under 24 CFR 982.401 should be used.** Inspections do NOT need to include 2 sets of comprehensive standards, nor a determination of which standards are most stringent.

If a locality's property standards include only a small number of minor requirements, the inspection should be done to HUD's HQS standards, with adjustments made for the locality's standards.

Remember, as an Administrator, you are required to perform on-site property inspections of all HOME-assisted units in the development at project completion and according to the following monitoring schedule:

- 1-4 units/every 3 years during the Effective Period
- 5-25 units/every 2 years during the Effective Period
- 26+ units/yearly during the Effective Period

Inspections must be documented, reported to your Regional Representative at Minnesota Housing, and kept in the project file. We are in the process of revising our HOME Rental Rehab Program property inspection forms. Updated forms will be available on our website in

September. Until then, please indicate on your inspection report whether a local standard exists. If there is a local standard, inspect to that standard and provide Minnesota Housing with either a copy of the standard, or the local ordinance citation for the standard. You need to do this only once for each city, but keep a copy of the standards for future reference.

Fair Housing and Section 8 Vouchers- Reminder

Are your property owners refusing to rent to voucher holders?

Property owners cannot refuse to lease HOME-assisted units to a voucher holder based solely on the status of the prospective tenant as a holder of such voucher.

If you learn that one of your property owners is not accepting voucher holders, it is important to do the following to immediately remedy the situation:

Send a letter to the property owner/manager reminding them of their obligation under their loan to not refuse a unit to a prospective tenant because they hold a rent voucher and require written confirmation that they understand the requirement and have amended their management practices to be in compliance.

Retain all written correspondence in your property files.

If the owner/manager remains non-compliant, contact your Regional Representative to discuss possible further action.

HOME Rents and Income limits- Reminder

Annually, HOME Rent and Income limits change, but not at the same time as those under the Housing Choice Voucher Program. If you become aware of changes in HCV Rent and Income limits, do not use them for HOME. Though the HOME programs Rent and Income limits are the same as under the Housing Choice Voucher program, the implementation and effective date of the new limits for the HOME program are always delayed. Minnesota Housing will notify you when new HOME limits become effective.

October & November Monitoring Visits by Minnesota Housing

Minnesota Housing's HOME Rental Rehabilitation staff will be using new monitoring checklists this year based on a HUD audit and an internal review of our Compliance and Monitoring procedures. We are in the process of creating the new checklists and will send them out as soon as they are finalized.

Updated HRR Program Timeline

September 9	Outstanding CTH Reports and Inspections Due
September 17, 18	Income Determination Training (mandatory)
October 1	Final Submission Deadline for ALL Completed Applications
October-November	Monitoring Visits and Inspections by Minnesota Housing staff
December 3	Commitment Deadline for projects that submitted ALL completed application materials by October 1.
February, (TBD)	2009 Administrators' Workshop and Roundtable

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