



**TO: Property Owners and Management Agents**  
**FROM: Compliance and Asset Management**  
**DATE: August 3, 2020**  
**SUBJECT: UPDATE: COVID-19 Compliance Monitoring Activities**

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## **Virginia Housing Compliance Monitoring Operations for CY2020**

On-site physical inspections of buildings and units will not be scheduled for the remainder of calendar year 2020. However, to ensure the fiscal and physical health of the properties in our portfolio, Virginia Housing will continue certain compliance monitoring activities.

### **Electronic Tenant File Reviews**

Virginia Housing will initiate electronic tenant file reviews of initial tenant files for certain properties included in the 2020 audit schedule. The owner and management agent will be given notice of the audit, along with the process and timeline to submit documents to a secure online portal. Additional instructions will be provided in the audit notice.

### **8823 Noncompliance Reporting**

Any noncompliance discovered in a desk review of the online Tenant Certification System Occupancy and Demographics report of tenant activities, or the electronic review of tenant file records may result in a report of noncompliance to the IRS using form 8823.

**Monitoring Before 4/1/2020** – Scheduled Audits or reports of casualty loss processed before 4/1/2020 will be reviewed and submitted to the IRS as usual under the same review and response timelines.

**Monitoring 4/1/1/2020-12/31/2020** – Although annual certifications are waived for the remainder of this calendar year, all other tenant compliance requirements must be maintained in onsite operations.

### **Compliance Monitoring Audit Extensions**

Without additional guidance from the IRS, Virginia Housing is only permitted to grant extensions on tenant file and physical inspection findings up to a total of 6 months before the noncompliance must be reported to the IRS. Email extension requests to your assigned regional Compliance Officer.

Include **COVID-19 Audit Extension Request** in the email subject line.

## Virginia Housing Compliance Monitoring Operations for CY2021

Effective January 1, 2021 the compliance monitoring activities may resume. Virginia Housing will continue to monitor and follow federal, state, and local requirements for interstate travel and recommended guidelines for social interactions. On-site monitoring visits will be scheduled and conducted as needed with appropriate safety precautions within our portfolio.

Expected Compliance Activities for the Virginia Housing Portfolio

1. **HFA Monitoring** - Properties included in the 2021 audit schedule will be conducted as usual.

Audits waived in the 2020 calendar year, due from 4/1/2020-12/31/2020 are waived according to IRS guidance.

**Annual Tenant Annual Certifications** - The project owner is required to complete and document annual tenant certifications for existing households as applicable. Tax Credit and Tax Exempt Bond properties must ensure all annual certifications due in 2021 are completed on-time. This means the document collection for all certifications due in January should begin before the end of the 2020 calendar year.

2. **Unit Sample Requirements** - The number of units to include in the scheduled audit sample is expected to remain the same, which is the lesser of 20% of the total units in the project or the REAC inspection chart.

**See the Proposed IRS Rule** in the [Federal Register, Vol. 85, No. 130 Tuesday July 7, 2020](#).

There is a 60-day comment period, which ends 60 days after the July 7<sup>th</sup> publication date, September 5, 2020.

Email your questions to [compliance-assetmanagement@virginiahousing.com](mailto:compliance-assetmanagement@virginiahousing.com) or contact the Compliance Officer assigned to your property. The department contact information can be found on our website.

<https://www.vhda.com/BusinessPartners/PropertyOwnersManagers/Pages/Compliance-AM-Staff.aspx>