



**TO:** Property Owners and Management Agents  
**FROM:** Neal Rogers, Director of Compliance and Asset Management  
**DATE:** March 23, 2020  
**SUBJECT:** Compliance & Asset Management COVID-19 Compliance Monitoring Guidance

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Virginia Housing remains open for business, but working remotely. Our mission is to help all Virginians attain a quality affordable home. In response to concerns related to COVID-19, effective immediately, VHDA is implementing the following guidance on program rules and compliance monitoring activities. These changes are imposed to abide by the advice provided by the CDC and Governor to protect the health of residents, stakeholders, and staff. VHDA will continue to monitor the situation and provide updates as federal, state, and local guidance changes.

#### **Contact Compliance & Asset Management**

Regional Compliance Officers and Asset Managers are available by email during normal business hours if you have questions. We intend to allow for flexibility in the timeline of the Compliance and Asset Management monitoring activities. Contact information for the Compliance & Asset Management regional teams is on our website.

See the Contact Us page on our website,

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

#### **On-site Compliance Monitoring Cancelled & Suspended**

VHDA's Compliance & Asset Management Department is canceling all scheduled on-site tenant file reviews and physical inspections and will not schedule new on-site inspections until further notice. If you received a notice of a file review or inspection, the assigned regional Compliance Officer or Asset Manager will contact each property directly.

#### **Compliance Monitoring Audit Extensions**

Without guidance from the IRS, VHDA is only permitted to grant extensions on tenant file and physical inspection findings up to a total of 6 months before the non-compliance 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.

### **Audited Financial Statements and Monthly Operating Statements (MOS) Extension**

C&AM will grant a 30-day extension for audited financial statements with a due date of **April 30, 2020**. The submission of monthly operating statements will be extended to 45 days from the end of the reporting month.

### **Property Operations Guidance**

**Tenant Engagement & Communication:** All property owners and management agents must communicate policy or procedural changes with all impacted residents and families. Low to moderate income-qualified resident households may be released from work or have reduced hours, which may affect their ability to pay rent. At this time, the full and long-term impact of COVID-19 is unknown. The owners and management agents must provide a direct and open line of communication accessible by all tenants, along with a willingness to review and accommodate requests for assistance in an effort to work through this time of hardship and maintain stability.

**Limiting Tenant Access:** At the time of this written guidance, federal, state, and local officials strongly recommend limiting social interaction for gatherings of **10 or more people**. With this in mind, VHDA understands that the properties may limit or restrict access to tenants and the general public in common areas and amenities within the property, such as the rental office, community room, laundry room, business center, exercise and activity rooms, and public meeting areas, to include the playground, pool, and picnic areas.

Given our current circumstance, any action taken by the sites to limit social gatherings and protect tenants and staff is considered reasonable.

**Policy & Procedure Changes:** Project owners and managers must document all efforts and policy changes implemented during this time and maintain the information on site. Maintain all documentation of action taken to notify tenants of changes in policies, procedures, or property operations, which affects the tenant and owner commitments included in the written lease agreement, the EUA, or Regulatory Agreement. All properties must ensure that the Fair Housing regulations and other regulatory and statutory program requirements and obligations are considered and maintained in all property operations.

### **Web Tenant Compliance Management System (WTCMS) – Online Tenant Activity Updates**

VHDA relies upon the information entered in this system to monitor the property requirements.

Until further notice, we will permit up to 30 days for the tenant information to be updated in the WTCMS online system. All tenant activities, including, move-in, move-out, annual re-certifications, change in unit designation must be updated in the online WTCMS.

### **Tenant File Reviews**

VHDA may conduct desk reviews of tenant files and request tenant file information to be submitted electronically. The assigned Compliance Officer or Asset Manager will contact your property with additional instructions.

## Maintaining Tenant Files – Extenuating Circumstances

**Annual Re-Certifications:** Under the current state of affairs, VHDA understands that it may be more challenging to obtain the required signatures or documents needed to complete the annual re-certifications in the property tenant files from tenants and employers in requests for employment income verifications.

VHDA will permit a grace period of **up to 120 days** to complete required annual re-certifications for all programs in the VHDA Rental portfolio.

- Annual re-certifications completed with documentation dated within 120 days of the original effective date fall within this grace period will be retroactively effective as of the original effective date.
- Annual re-certifications completed later than 120 days with documentation older than 120 days will be effective at the time it is completed, and may be considered a late annual re-certification.

The tenant file must be documented with all efforts to complete the required annual re-certifications within 120 days of the effective date. WTCMS must also be updated with all completed tenant activities as they occur.

**For Tax Credit properties,** be aware that without guidance from Treasury, the project owner may not be relieved of the program requirements included in the IRS Code (Section §42, Section §142). VHDA guidance does not replace the IRS Code requirements and does not release the project owner of any regulatory or statutory commitments and obligations.

**Electronic Signatures:** The use of electronic applications and signatures **is permitted** for our affordable housing portfolio. The owner must notify VHDA **before** implementing the use of electronic signatures. A written request via email to the Compliance Officer assigned to the property is sufficient.

**NOTE:** Electronic records **are not permitted** for **Rural Development or Section 8 tenant files.**

The request must include the following information:

1. The name of the computer software used to capture the signatures, along with details on how the files will be stored and the retention policy.
2. All tenant files must be made available in a format compatible with VHDA software. Microsoft Office applications and PDF are acceptable file methods. Other file formats require additional review.
3. Hard copies of the tenant files must be provided to VHDA upon request.
4. The company policy must provide accommodation to residents who want to review and sign hard copies of documents.
5. Owner/Management policy and procedure for the use of electronic signatures. This policy change may be included in the Tenant Selection Criteria.

**VHDA Response:** VHDA will forward a written response before the requested implementation date. VHDA reserves the right to deny requests to use electronic signatures. If the request is denied, the VHDA response will include the reasons for the denial, and provide the owner with the opportunity to provide clarifications or other documents for reconsideration of the denial.

The owner is ultimately responsible for ensuring that the tenant files are in accordance with IRS and/or HUD rules and regulations and that the signature belongs to the tenant. Should issues arise as a result of electronically signed documents or other recurring audit issues with the tenant files, VHDA reserves the right to deny the request to use electronic signatures for all tenant files.

## Utility Allowance Procedures

**Effective March 1, 2020**, the VHDA utility allowance procedures were revised. VHDA will continue to review all utility allowance requests and provide a written approval.

### ➤ **Required 90-day Notification to Tenants and VHDA**

Per the utility allowance guidelines published in the Federal Register, July 29, 2008, the project owner (or management agent on behalf of the owner) must submit copies of the proposed utility allowances to VHDA (the agency) **and** make the proposed utility allowance available to all tenants **at the** beginning of the 90-day period **before** the utility allowances are used in determining the gross rent. The 90-day review period is determined using this guidance, and in some instances may affect the proposed effective date of the utility allowances

Review the guidance posted to our website, and contact your assigned regional Compliance Officer, or send an email to [utility\\_allowances@vhda.com](mailto:utility_allowances@vhda.com) if you have additional questions.

<https://www.vhda.com/BusinessPartners/PropertyOwnersManagers/LIHTCCompliance/Pages/LIHTCCompliance.aspx>

## HUD Section 8 Housing Choice Voucher Questions

Unfortunately, VHDA can only respond to inquiries related to the assisted properties within our portfolio where VHDA is the assigned Administrator. Please refer all questions to your local HUD office or PHA.