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[www.mhdc.com](http://www.mhdc.com)

DATE: December 22, 2020

TO: Properties with Low Income Housing Tax Credits and/or HAP Contracts

FROM: Scott Hanak, Director of Asset Management Department, MHDC

RE: Guidance on COVID-19 (Coronavirus) - Update #8

The Missouri Housing Development Commission (MHDC) thanks you for your patience as we continue to monitor the Covid-19 situation and how it continues to impact the health, safety, and well-being of our employees, residents, and owners/agents, and the financial disruption that this virus is causing for our partners, the Affordable Housing Industry, and Housing Finance Agencies across the Country. Below are the most recent and up to date changes MHDC is making during this difficult time:

**MHDC Office:** Both MHDC offices are open; however, both offices remain closed to outside visitors until further notice. All mail should be sent to our office addresses below. MHDC is no longer utilizing temporary P.O. Box mailing addresses.

**MHDC Kansas City Office**  
920 Main, Suite 1400  
Kansas City, MO 64105

**MHDC Saint Louis Office**  
505 N. 7th Street, 20th Floor, Ste. 2000  
St. Louis, Missouri 63101

**Physical Inspections:** MHDC inspections continue to be postponed until further notice. MHDC continues to monitor various program guidance as it relates to resuming inspections. MHDC's goal is to protect the health and safety of our staff, partners, and residents.

**Electronic Desk Monitoring:** MHDC is continuing with electronic desk file monitoring for our portfolio. MHDC compliance officers (COs) will reach out to the owner and management primary contact noted in the AMRS system to schedule file monitoring audits. Once scheduled, the CO will send the owner and management company contact Email #1 requesting a list of items required for the desk audit. The information will be required to be submitted within 5 business days of the original email. Once received, the CO will send Email #2 indicating the files selected for review. The owner/agent will have 24 hours to provide the supporting documentation. All files are required to be uploaded to [www.mhdc.com/bigfile](http://www.mhdc.com/bigfile).

The Compliance Officer will provide the owner/agent guidance on the electronic desk review procedure with Email #1. For additional questions, please contact Tasha Douglas at [tdouglas@mhdc.com](mailto:tdouglas@mhdc.com).

**Replacement Reserves:** MHDC is extending the relaxed replacement reserve requirements through June 30, 2021. This allows the minimum balance requirement for the replacement reserve account to drop to a minimum balance threshold of 18 months instead of the required 24 months. In addition, MHDC is waiving all useful life requirements and allowing owners/agents to submit requests for lost revenue and expenses incurred to provide extra cleaning and sanitation during the Covid-19 outbreak. However, if a property has available operating

reserves, operating reserves will need to be used first. Lastly, MHDC will waive the required three bid requirement for all advance reviews. Energy Star and supporting documentation requirements still apply.

### **IRS Notice 2020-53 for the LIHTC Program**

Please note the following MHDC guidance pursuant to IRS Notice 2020-53 is scheduled to expire December 31, 2020. MHDC is monitoring the situation closely, and will communicate as soon as further information is received.

#### *Recertifications*

When applicable, a late/missing LIHTC recertification due beginning on April 1, 2020 and ending on December 31, 2020 will be noted as an observation on the inspection report. An Owner of a low-income building is not required to perform income recertifications under § 1.42-5(c) (1) (iii) in the period beginning on April 1, 2020, and ending on December 31, 2020. The Owner must resume the income recertifications as due under § 1.42-5(c)(1)(iii) after December 31, 2020. (Grant of relief pursuant to §1.42-13(a), IRS Notice 2020-53). Please be sure to add a note to file explaining why the recertification is missing/late. The Owner/Agent must continue to follow tax credit student status regulations and monitoring during this relief period. If the property is in the IRS Compliance period, you must still verify student status using the required Exhibit M: LIHTC Certification of Student Eligibility form.

#### *Inspection/Compliance Monitoring*

For purposes of § 1.42-5, an Agency is not required to conduct compliance-monitoring inspections or reviews in the period beginning on April 1, 2020, and ending on December 31, 2020. The Agency must resume compliance-monitoring inspections or reviews as due under § 1.42-5 after December 31, 2020. MHDC will continue to conduct electronic desk reviews for resident files. Owner/Agent failure to supply all requested documentation in order to conduct an electronic desk review will result in non-compliance.

For the physical portion of the review, MHDC has proactively cancelled physical inspections through December 31, 2020. Keep in mind this is applicable to the LIHTC program only. Other program requirements must be considered and could still lead to a physical inspection being required during 2020.

### **HOME Waivers**

Missouri Housing Development Commission (MHDC) is implementing the following **HOME Program Regulatory Waivers** pursuant to HUD's April 10, 2020 Memorandum, "Availability of Waivers and Suspensions of the HOME Program Requirements in Response to COVID-19 Pandemic"

<https://www.hud.gov/sites/dfiles/CPD/documents/HOME-General-Susp-and-Waivers-Revisions-Final.pdf> and the Revision, Extension and Update of April 2020 Memorandum, Published December 4, 2020.

<https://www.ncsha.org/wp-content/uploads/HOME-General-Susp-and-Waivers-Revisions-Final.pdf>

#### **1. Income Documentation Waiver**

NOTE: This Income Documentation supersedes the previous one. Revisions by HUD are show in italics.

The waiver applies to applicants and existing tenants who meet the requirements as described further below in "Applicability" Section. **In order to use this waiver, properties must first notify MHDC.** Following notification to MHDC, properties may use Self-Certification of Income, as provided at §92.203(a) (1)(ii), in lieu of source documentation to determine continuing eligibility for HOME.

**Requirement:** Source Documentation for Income Determinations

Citations: 24 CFR 92.203(a)(1) and (2), 24 CFR 92.64(a) (Insular Areas)

Explanation: These sections of the HOME regulation require initial income determinations for HOME beneficiaries by examining source documents covering the most recent two months. 24 CFR 92.64(a) applies these requirements to Insular Areas.

**Justification:** This waiver permits the PJ to use self-certification of income, as provided at 24 CFR 92.203(a)(1)(ii), in lieu of source documentation to determine eligibility for HOME

assistance of persons requiring *assistance where source documentation does not accurately reflect current income and/or where social distancing measures make submission of source documentation unduly difficult*. Many families affected by actions taken to reduce the spread of COVID-19, such as business closures resulting in loss of employment or lay-offs, will not have documentation that accurately reflects current income and will not be able to qualify for HOME assistance if the requirement remains effective. *Additionally, the waiver is necessary to help PJs comply with national, state, or local health authorities' recommendations on social distancing to reduce the risk of spreading COVID-19.*

**Applicability:** *The waiver applies to individuals and families who are applying for admission to a HOME rental unit or a HOME tenant-based rental assistance program, **and individuals and families that are existing tenants of HOME rental projects or current recipients of tenant-based rental assistance, who would be placed at risk or experience hardship by submission of source documentation, as determined by the PJ, in consideration of national, state or local health authorities' COVID-19 guidelines.***

If a PJ chooses to use this waiver, the PJ must ensure that the income self-certification takes into consideration all income including any unemployment and emergency benefits. *However, the Department determined that the FPUC benefit was temporary in nature and excluded from income under 24 CFR 5.609(c)(9) and the Lost Wages Supplemental Payment Assistance is excluded from income under the Stafford Act, in accordance with 24 CFR 5.609(c)(17). The FPUC benefit and Lost Wages Supplemental Payment Assistance therefore must not be taken into consideration when determining eligibility or level of TBRA subsidy under the HOME program. In addition, a PJ may choose to re-determine income, according to its policy, in cases where the income self-certification included the FPUC benefit and/or Lost Wages Supplemental Payment Assistance and resulted in the ineligibility of an applicant. **The PJ must conduct rent and income reviews in accordance with 24 CFR 92.203(a) (1) and (2) within 120 days after the end of the extended waiver period.*** The PJ must include tenant income self-certifications in each project file.

*This waiver is effective from the date of this memorandum and remains in effect through the extended waiver period, September 30, 2021.*

Properties must maintain a list of all tenants using this waiver and provide that list to MHDC upon request. Following the end of the waiver period, MHDC will conduct rent and income reviews and will contact the property to coordinate review of the tenant files within the timeframe specified by HUD.

\*Please use **HUD's Sample Self-Certification of Annual Income Form** once you have notified MHDC that you are implementing this waiver. This form applies to individuals and families that have lost employment or income either permanently or temporarily due to the COVID-19 pandemic and **who are applying for admission** to a HOME rental unit or a HOME tenant-based rental assistance program.

<https://www.hudexchange.info/resource/6069/home-sample-self-certification-of-annual-income-form/>.

Information regarding the use of HUD's Self Certification form can be found in MHDC's Covid-19 AM Update #6.

## 2. On-site Inspections of HOME-assisted Rental Housing Waiver

MHDC conducts on-site physical inspections of HOME Program properties every two years to determine compliance with the HOME Program property standards at §92.251 and to verify the information submitted by the owners in accordance with the income and rent requirements of §92.252. MHDC is implementing this waiver and suspending all on-site HOME program inspections through September 30, 2021. The waiver is also applicable to on-site reviews to determine a HOME rental project's compliance with rent and income requirements if the project owner is unable to make documentation available electronically.

Waiving the requirement to perform ongoing on-site inspections will help protect MHDC staff and property staff and tenants and limit the spread of COVID-19. Note that the waiver is applicable to ongoing periodic inspections and does not waive the requirement to perform initial inspections of rental properties upon completion of construction or rehabilitation.

Following the end of the waiver period, MHDC will contact the property to coordinate physical inspections of the units that would have been subject to on-going inspections during the waiver period, within the timeframe specified by HUD.

*The owner is responsible for ensuring that the property is maintained in a decent, safe, and sanitary condition in accordance with appropriate standards. Failure to do so is a reportable act of noncompliance. The owner guarantees that all units are suitable for occupancy by meeting Uniform Physical Condition Standards (UPCS) requirements, local health, safety and building codes are taken into account, and that the on-site management team complies with all applicable rules, regulations and policies which govern the property. This includes following policies and regulations pertaining to lead-based paint and asbestos disclosure and/or remediation where required.*

## 3. Timeframe for Response to Findings of Noncompliance Waiver

**Requirement:** Corrective and Remedial Actions

Citations: 24 CFR 92.551(b)(1) and 24 CFR 92.64(a) (Insular Areas)

**Explanation:** 24 CFR 92.551(b)(1) requires that if HUD determines preliminarily that a PJ

has not met a provision of the HOME regulations, the PJ must be notified

and given an opportunity to respond within a time period prescribed by HUD, not to exceed 30 days. 24 CFR 92.64(a) applies this requirement to Insular Areas.

**Justification:** The waiver is necessary to permit HUD to provide PJs with an extended period to respond to findings of noncompliance in recognition of the unanticipated circumstances created by the COVID-19 pandemic. While HUD must continue its oversight function for the HOME Program, requiring PJs to respond to all findings of noncompliance within 30 days may interfere with a PJ's ability to address the unprecedented housing needs caused by the COVID-19 pandemic.

**Applicability:** The waiver applies to all findings of HOME regulatory noncompliance issued from the date of this memorandum through September 30, 2021. In the notice of findings, HUD will specify a time period for the PJ's response based on the nature of the noncompliance and required corrective action(s).

**Project Based Section 8 Special Claims:** MHDC is requiring all properties to fully submit all required Project Based Section 8 Special Claim HUD Forms 52670-A Part II, HUD Form 52671-A, and/or HUD Form 52671-C and supporting documentation to [www.mhdc.com/bigfile](http://www.mhdc.com/bigfile). MHDC will no longer accept these requests via mail. MHDC no longer needs “wet” signature pages of the required special claims forms *HUD Schedule 52670-A Part 2 and 52671-C or A*. This should help improve efficiency and cut down on delays getting the special claims processed.

When uploading, please upload the required *HUD Schedule 52670-A Part 2 and 52671-C or A* separately from the supporting documentation. Please contact Evelyn Sparkman at [esparkman@mhdc.com](mailto:esparkman@mhdc.com) with any questions.

#### **Eviction Moratorium**

The year-end omnibus legislation passed by Congress on December 21, 2020 will extend the Centers for Disease Control and Prevention’s eviction moratorium until January 31, 2021. The deadline had been December 31, 2020. Please continue to either notify residents or certify to MHDC compliance with the emergency public health order.

**The Missouri Emergency Rental Arrears Program (ERAP):** The Missouri Emergency Rental Arrears Program (ERAP) provides financial support for landlords and renters who are struggling due to the COVID-19 emergency in the State of Missouri. The program will reimburse landlords for past due rent payments (rental arrears) for the period beginning April 1, 2020. Applications will open in January 2021 and must be completed and submitted by landlords in collaboration with their tenant. A one-time payment of up to six (6) months of rental arrears will be made to the landlord on the tenant’s behalf. Visit [www.mohousingresources.com](http://www.mohousingresources.com) for more information.

**HUD COVID-19 Multi-family Guidance:** HUD has issued additional multi-family guidance as of October 14, 2020. The guidance is available on our website at [www.mhdc.com](http://www.mhdc.com)

MHDC thanks you for your continued patience as we work together to provide safe, decent, and affordable housing for Missouri. This work is even more important during this health crisis.

Previously issued Asset Management updates are available here:

- [Covid-19 Asset Management Update #1](#) dated March 13, 2020.
- [Covid-19 Asset Management Update #2](#) dated March 19, 2020.
- [Covid-19 Asset Management Update #3](#) dated March 26, 2020
- [Covid-19 Asset Management Update #4](#) dated April 17, 2020
- [Covid-19 Asset Management Update #5](#) dated May 13, 2020
- [Covid-19 Asset Management Update #6](#) dated August 3, 2020
- [Covid-19 Asset Management Update #7](#) dated September 3, 2020