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### **Important Notice**

#### **Special Needs/Vulnerable Persons Set-Aside Preference Frequently Asked Questions (FAQ)**

The Asset Management Department of the Missouri Housing Development Commission (MHDC) is offering this FAQ regarding special needs priorities. This FAQ is based on actual situations and questions posed since this priority has been implemented.

**Q.** How do I know if my property has a special needs requirement?

**A.** If applicable, property specific special needs requirements can be found on the Land Use Restriction Agreement (LURA) or Regulatory Agreement (RA). This information can also be found on the firm commitment documents and the Exhibit B. You may also contact MHDC with any questions.

**Q.** What does the Lead Referral Agency (LRA) do?

**A.** The LRA should evaluate referrals based on the Special Needs definition/special emphasis in the related Developer's Guide for the year associated with the project award of funding. Consult the MHDC Firm Commitment and the agreement between your property and LRA for the specifics on your LRA's role in either providing services and/or special needs referrals. The LRA should provide the referrals and services that were agreed upon and documented in the signed referral and services agreement. If circumstances have changed, MHDC must be notified and a new referral and services plan must be approved. See the last question for more information.

**Q.** What are good faith efforts?

**A.** Good faith efforts can be shown through evidence of regular communication with the LRA. This communication must be substantial and continuous (i.e., ongoing). Beyond communication, progress towards implementing the special needs set aside requirements must be demonstrated.

The special needs priority comes with the expectation that the property's owner, management company and LRA will work together diligently toward filling and maintaining all units with qualified special needs residents. To determine compliance, MHDC looks at whether all special needs units have been filled, along with the program implementation and efforts made in their entirety. For example, use of referral forms is one way to show that the property and LRA are working together to place and properly document qualified special needs residents.

**Q.** The relationship with the LRA is not working. Can I change the LRA?

**A.** Yes, with prior approval from MHDC. You must notify MHDC that you would like to change your LRA and to whom you would like to change your LRA. This request will be reviewed by Asset Management and Community Initiatives. After review and approval, the LRA can be changed.



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**Q.** What is a targeted unit?

**A.** Targeted units are those units set aside for tenancy by persons with special needs. Targeted units must be rented to households referred to the property by the LRA.

**Q.** Can special needs units float?

**A.** Special needs units are fixed only when specified in the legal agreements. Otherwise, they are considered floating.

**Q.** What happens when a special needs household becomes over income?

**A.** When a special needs household becomes over income, you must refer to your Developer's Guide, for the year associated with the project funding, and/or the LURA or Regulatory Agreement. If those documents are silent, the special needs over income household defaults to tax credit rules. You may also contact MHDC with questions.

**Q.** Is the special needs lower rent tied to the special needs unit?

**A.** It depends.

Take, for example, the scenario where the designated special needs units are all filled, and the LRA refers another special needs resident. Since there are no special needs units available, this special needs new referral (now resident) will pay the tax credit rent.

Next, an existing special needs resident moves out. The newly referred special needs resident in the tax credit unit becomes a special needs resident and pays the special needs rent instead of the tax credit rent. The unit designation changed from tax credit to special needs.

**Please note that existing residents that were not referred by the LRA do not qualify as special needs residents.** In the example above the newly referred resident was referred by the LRA before moving into the property.

**Q.** How do I lease special needs units initially?

**A.** At initial leasing, special needs units must be held for special needs residents for ninety (90) days. This applies in cases of a single building property and across multiple building properties with varying initial lease up dates. The units must be actively marketed and communication with the LRA must be ongoing and substantive. This marketing must be documented as MHDC will look to this and other aspects to determine compliance.

**Q.** What happens if I don't have the required number of special needs units?

**A.** This is reported in AMRS. The units must be actively marketed and communication with the LRA must be ongoing and substantive. This marketing must be documented as MHDC will verify evidence of



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ongoing communication between the property and the LRA to determine compliance. An example of documentary evidence could be weekly emails.

**Q.** What happens if a special needs unit becomes vacant and there are no special needs applicants on the waiting list?

**A.** If there are no special needs applicants on the waiting list but there are non-special needs applicants on the waiting list, the vacant special needs unit may be immediately leased to a non-special needs household following confirmation with the LRA that there are currently no special needs households to be referred to the property. Please be advised that MHDC will look for documentation of regular and frequent (ongoing) correspondence between the management company and the LRA documenting that there have been no households on the special needs waiting list. Or if there were special needs households on the list within a reasonable time prior to unit vacancy (e.g. 60 days), those households are no longer actively seeking housing at the property. As stated previously, evidence of ongoing communication between the property and the LRA could be regular email correspondence.

When another unit becomes vacant and a qualified special needs household is on the waiting list, then the vacant unit must be leased to the qualified special needs household.

**NOTE: This requirement supersedes/clarifies previous guidance in the Developers' Guide.**

**Q.** Is there a special needs occupancy reporting requirement?

**A.** Yes. Special needs occupancy is required to be reported monthly in AMRS. Occupancy is to be reported as of the last day of the previous month and is due by the 10<sup>th</sup> of each month. **For example,** September 30<sup>th</sup> occupancy is due by October 10<sup>th</sup>. Ownership/Management must report how many units are occupied by qualified special needs households. Ownership/Management must provide vacancy information for each previously occupied special needs unit if the number of qualified special needs households living at the property is less than the total required per the special needs agreement.



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Below is a screen shot of special needs reporting in AMRS:

Special Needs	Total Units	How Many Occupied By Qualified SN HH	Occupied %
	5	1	20%

**Special Needs Details**

**Vacant Special Needs Units**

Unit #	First day of vacancy	First day of tenancy by Non-Qualified Special Needs Household
2685	8/23/2017	
2689	5/8/2017	
2695	8/13/2017	
2653	8/26/2017	

Date of last contact with Lead Referral Agency: 8/22/2017

Outreach efforts for vacant Special Needs units:

**Q.** What if there is a change in the funding source and/or the housing emphasis?

**A.** If there is a change in the funding source and/or the housing emphasis the new program guidelines must comply with what was originally agreed upon and cannot contradict MHDC requirements.

**Q.** May I lease special needs units to people that are not referred by the LRA?

**A.** In order for the unit to qualify as a special needs unit, the occupant must be referred by the LRA.

**Q.** Do residents have to participate in services?

**A.** Residents do not have to participate in services. This is not mandatory. Leases cannot be terminated due to non-participation in service. Services are not a condition of housing.

**Q.** What if the services we offer no longer fit our population or the service provider isn't providing services?

**A.** A service provider should provide services that make sense for the residents of the property. For example, an afterschool program may be more suited to a multi-family property but not an elderly property. With prior approval from MHDC, you may change service providers. You must notify MHDC that you would like to change your service provider and to whom you would like to change. This request will be reviewed by Asset Management and Community Initiatives. After review and approval, the service provider can be changed.



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For other questions regarding Special Needs properties, please contact:

Asset Management  
Missouri Housing Property Commission  
505 N. 7<sup>th</sup> Street, 20<sup>th</sup> Floor, Suite 2000  
St. Louis, MO 63101  
314-877-1350 (main)



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**Important Notice**  
**Service Enriched Frequently Asked Questions (FAQ)**

The Asset Management Department of the Missouri Housing Property Commission (MHDC) is offering this FAQ regarding service enriched housing. This FAQ is based on actual situations and questions posed since this priority has been put in place.

**Q.** How do I know if my property has a service enriched requirement?

**A.** If applicable, property specific service enriched requirements can be found on the Land Use Restriction Agreement (LURA) or Regulatory Agreement (RA). This information can also be found on the firm commitment documents and the Exhibit B. You may also contact MHDC with any questions.

**Q.** What does it mean when MHDC asks the owner to sign a modification of the LURA which includes service enriched language?

**A.** Signing the modification of the LURA does not mean the owner is being required to do anything more or less than what was originally agreed to at the outset of the deal. The application submitted to MHDC and the firm commitment include the commitment to provide services for the residents and a plan for how those services will be provided; The modification ensures that the LURA is consistent with the other agreements.

**Q.** What does the Lead Referral Agency (LRA) do?

**A.** The LRA should evaluate referrals based on the Special Needs definition/special emphasis in the related Developer's Guide for the year associated with the project. Consult the MHDC Firm Commitment and the agreement between your property and LRA for the specifics on your LRA's role in either providing services and/or special needs referrals. The LRA should provide the services that are planned for your property unless circumstances have changed.

**Q.** What documentation is MHDC requiring to assess compliance with the service-enriched component?

**A.** During inspections and at other times if compliance needs to be verified, MHDC expects the property to have documentation available and on-site including, but not limited to, the types and frequency of services provided, the number of residents attending (e.g., sign-in sheets), transportation provided, if applicable, and notices provided to tenants about the services.

**Q.** Do services need to be provided on site?

**A.** In addition to the service-enriched plan submitted to MHDC with the project application, etc., properties need to consult the Qualified Allocation Plan (QAP) and Developer's Guide to MHDC Multifamily Programs associated with the year of their tax credit allocation (see the MHDC project number) and review the service-enriched information provided to determine general supportive service



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provision requirements that year. Typically, services must be provided on-site or near the property and a service coordinator employed. Service coordinators may be required to work a specific number of hours based on the number of rental units.

**Q.** What if the services we offer no longer fit our population or the service provider isn't providing services?

**A.** A service provider should provide services that make sense for the residents of the property. For example, an afterschool program may be more suited to a multi-family property but not an elderly property. With prior approval from MHDC, you may change service providers. You must notify MHDC that you would like to change your service provider and to whom you would like to change. This request will be reviewed by Asset Management and Community Initiatives. After review and approval, the service provider can be changed.

For other questions regarding Service Enriched properties, please contact:

Asset Management  
Missouri Housing Development Commission  
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