

# Asset Management Policies and Guidelines

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## Overview

The mission of the Portland Housing Bureau (“PHB”) is to solve the unmet housing needs of the people of Portland. PHB invests in the development of affordable housing and helps ensure the housing’s long-term health through the Bureau’s asset management program. As stewards of public funds, PHB is accountable to the people of the City of Portland for the buildings and units in its portfolio. As a recipient of funding through the Department of Housing and Urban Development (“HUD”), the Bureau is responsible for all federal monies that pass through the bureau.

PHB’s Asset Management (“AM”) team monitors compliance within PHB’s portfolio of affordable housing investments. Specific compliance requirements for each project are detailed in executed legal agreements. Compliance reporting data is used to provide information and analysis to PHB’s multifamily investment team and management, as well as external stakeholders.

These Asset Management Policies and Guidelines (these “Guidelines”) are designed to help PHB’s borrowers and sponsors understand their roles and responsibilities as recipients of PHB funding.

These Guidelines will be reviewed annually. The Director of PHB, or a designee, has the authority to make changes to these Guidelines as is necessary to meet changing program requirements.

## Life Cycle of the Project

AM staff will be involved to varying degrees during all phases of a project’s life cycle: application through underwriting and closing, construction, and occupancy.

### **Application through Closing Phase**

Sponsors are required to prepare and submit several preliminary documents during the application phase. The Borrower Asset and Property Management Plan, also referred to as the Asset Management Plan (“AMP”), defines the sponsor’s project goals, policies, and procedures. Sponsors must submit an AMP prior to loan closing. As part of the closing process, AM staff will review the AMP and determine whether it has met PHB standards. AM staff use the approved AMP to evaluate property management during the compliance period.<sup>1</sup> The AMP may require the following main components (detailed in the appendices):

- Property Management Plan
- Resident Services Plan

In addition, the following supporting documentation must also be attached to the AMP:

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<sup>1</sup> The AMP may be revised with the written consent of PHB and the sponsor.

- Rent Schedule
- Project Operating Pro Forma (submit in Excel format)
- Affirmative Fair Housing Marketing Plan (AFHMP)

## **Construction Phase**

While the project is in construction, the elements of the AMP are refined and finalized if necessary. During this phase, AM staff will introduce themselves via a welcome letter. Below are common deliverables (not all deliverables will apply to all projects).

- Completion of the AMP
- Confirmation of Reserve Account(s) funding levels and initial funding
- Confirmation of Deferred Developer Fee
- Final Pro Forma

No later than 180 days prior to the estimated construction completion date, sponsor must submit the Rent Schedule, which provides the information necessary to ensure that income and rent restrictions satisfy all funding sources and regulatory restrictions.

## **Occupancy Phase (Ongoing Compliance through Affordability Period)**

Currently, PHB projects typically have an affordability and compliance period of 99 years. Annual reporting allows for proactive management during this period, ensuring that projects benefit the targeted population, comply with funding sources, and operate in a manner which is compatible with long term sustainability.

At 95% occupancy, sponsor will confirm that the project is fully leased by submitting tenant data electronically using the Web Compliance Management System (“WCMS”).

After receipt and review of the data in WCMS, the first-year annual reporting cycle will be established. Sponsors are expected to begin financial reporting following the first full 12 months of a property’s fiscal year.

## **Data Submission**

There are two paths to data submission, the WCMS and the AM team group email: [assetmanagement@portlandoregon.gov](mailto:assetmanagement@portlandoregon.gov)

### **[assetmanagement@portlandoregon.gov](mailto:assetmanagement@portlandoregon.gov)**

The team email is for submission of required documentation. This may include, but is not limited to:

- the AMP
- the Static Data Sheet
- financial reports
- insurance certificates
- inspection reports
- audited and unaudited financials

- replacement reserve statements
- responses to compliance testing and PHB HOME inspections

### **Web Compliance Management System (WCMS)**

WCMS is the annual reporting website for tenant, rent, and income data for PHB. In order to complete the annual reporting, sponsors must register at <https://phb.hdsoftware.net/WebCompliance/>. After registration, contact the AM team at [assetmanagement@portlandoregon.gov](mailto:assetmanagement@portlandoregon.gov) to be assigned to the correct projects. Sponsor, or its agent, will enter tenant data as required by the loan and/or regulatory documents. Please refer to the *WCMS User Guide* for detailed instructions at <https://www.portlandoregon.gov/phb/article/653318>.

### **Annual Reporting**

There are three general categories of annual reporting:

1. Tenant Compliance: as defined in regulatory documents
2. Property Compliance: the physical condition of the project, Affirmative Fair Housing marketing practices and property management review (providing PHB with proof of insurance, readiness for inspection, prompt response to address and resolve findings etc.)
3. Financial Compliance: as defined in the loan documents

Annual reporting is due 90 days from close of the project's fiscal year. PHB will make every effort to respond to annual reports within 90 days of the reporting deadline.

<b>Fiscal Year End</b>	<b>Reporting Deadline</b>
March 31	July 1
June 30	October 1
December 31	April 1

### **Tenant Compliance**

The Regulatory Agreement or City Ordinance that pertains to the funding sources utilized by the project specify: the terms and conditions for program monitoring/tracking, the length of the affordability period, and the unit affordability mix. For some projects there may be multiple PHB funding sources with differing restrictions, terms, and conditions. Regulatory Agreements are recorded in the real property records of Multnomah County. The AM team evaluates compliance with the specific restrictions placed on the units through the PHB Regulatory Agreement and other written agreement(s), if applicable.

### Streamline Projects (OHCS)

PHB funds many projects in conjunction with Oregon Housing and Community Services (“OHCS”). OHCS allows tax exempt bond and tax credit projects in service before 2009 to use the HERA Special AMI limits. PHB will allow these projects to use the higher HERA limits with the exception of HOME-funded units.

OHCS may count units as compliant that are over the regulatory income limit due to special rules related to the funding source of the project. In these cases, PHB will defer to these rules (most often the 140% incomes rising in place and next available unit rules), except for HOME funded units. Projects funded with federal sources may have different or additional restrictions that will apply.

### Evaluation

Projects must comply with the income and rent restrictions set forth in the Regulatory Agreement(s). The sponsor is responsible to annually report tenant incomes and rents. These are tested against the property regulatory requirements. Compliance with the regulatory agreements is graded as detailed in Appendix B.

### Additional Requirements for HOME Projects

Projects funded with HOME Program funds must follow additional federal provisions and/or program regulations that include:

- Identification of HOME units as floating or fixed
- Maintenance of appropriate rent restrictions or guidelines addressing the use of HIGH HOME rents and/or LOW HOME rents
- Compliance with HOME tenant protections/ notices/ lease addendums
- Owner/Property Management Policy and practices
  - Waitlist process/management
  - Tenant qualification/screening process
  - Request for all increases in rent
- Maintenance of tenant files by either the sponsor or property manager
- Access to tenant units and all common areas for inspection
- Compliance with lead hazard identification and abatement procedures (properties built pre-1978)
- Violence Against Women Act (VAWA) Lease Addendum and Owner/Managers Policy

Non-compliance with any of the HOME Program requirements may lead to HUD demanding repayment of HOME funds. More guidance is available in Appendix G. HUD is the final authority on the HOME Investment Partnership Program. For more information, see 24 CFR Part 92 (2013 revision) at [2013 HOME rule](#).

HOME rents can be found at <https://www.portlandoregon.gov/phb/article/653273>.

## Property Compliance

Property compliance includes physical inspections, Affirmative Fair Market Housing Plan (“AFHMP”) and management practices.

### Physical Inspections

The physical condition of the property is monitored in order to meet local and federal standards. Physical monitoring is also intended to assess risks of which the owner may not be aware. It is PHB’s intention that all notices of inspection be provided to the sponsor and the property management agent 30 days prior to the actual inspection. In accordance with federal, state and local laws, tenants must receive no less than 24 hours’ notice of an inspection. All units must receive the notice regardless of whether they are chosen for inspection as unforeseen changes may occur.

Non-HOME funded projects (every 3 years)

Non-HOME funded projects are self-inspected. The sponsor is responsible for performing the inspection (or contracting with a third party) and reporting the results to PHB. Ten percent of total project units are required to be inspected once every three years. PHB has developed an inspection template for our borrowers who self-inspect. This template is based off of the Housing Quality Standards used for the Section 8 program, and additional local regulations. This template is available [Physical Property Self-Inspection Form Non HOME Template](#)

HOME funded projects (based on number of HOME units)

HOME funded projects carry additional federal inspection requirements. Frequency and inspection standards are established by HUD. Uniform Physical Code Standards (“UPCS”) are used and deficiency levels issued are based on the severity of the finding. In addition to UPCS standards, other supplemental items may also be included if not addressed in the UPCS, e.g., housekeeping, egress and other less extreme but important physical deficiencies. AM staff inspect HOME units per the schedule below. PHB may re-inspect any project and/or unit more frequently than the table below indicates.

<b>Number of HOME Units</b>	<b>Minimum Frequency of Onsite Inspections</b>
1 – 4	All units every three (3) years
5 or more	20% every three (3) years

Lead Safe Housing Rule (HOME units in properties built pre-1978)

Physical inspections must include visual assessments pursuant to the Lead Safe Housing Rule (“LSHR”). Annual physical inspections, performed by a certified lead risk assessor, and their subsequent reports, are required by PHB. LSHR reports must contain the name, license number and license expiration date for the risk assessor performing the assessment. LSHR reports must be made available during site

inspections, at any time upon request and submitted once a year pursuant to annual reporting requirements. An LSHR list of maintenance activities and disclosure information is located in Appendix F.

#### PHB HOME Inspections (file and physical)

PHB reviews HOME tenant files. These files will correspond to the units which have been physically inspected to assure that sponsors and their agents are complying with HOME funding requirements. The file audit consists of a review of the AFHMP, income certifications, the LSHR, project affordability mix, the Resident Services Plan (if applicable), and proof of building system inspections.

Sponsors are required to correct violations to PHB's satisfaction within 30 days from the date the inspection report is issued. Evidence of violation corrections must be made in one of the following ways: a work order with the tenant's and staff person's signature confirming that it has been completed, a picture or an invoice for the work performed. Non-compliances that involve exigent health and safety issues must be corrected within 24 hours, with confirmation and evidence of resolution sent to PHB within 72 hours. All replies must be emailed to the inspector within the required timeline.

Evaluation will include the responsiveness of the sponsor to correct non-compliance issues in a timely manner, completeness of the files, the overall condition of the unit including but not limited to deferred maintenance, common area and curb appeal, cleanliness of the overall property, use of proper rent and utility schedules, evidence of timely recertification(s), presence of lease addendums and annual lead risk assessments, if applicable.

#### Streamline Initiative HOME Inspections (file and physical):

Streamline Initiative (SI) project inspections are conducted when there is more than one lender in a project. If a PHB funded project also receives funding from Home Forward and/or OHCS, it is subject to Streamlining reporting processes. This is done to lessen intrusions on tenants and limit requests made to building owners/managers.

Inspections done through the SI may require additional document collection depending on the participating lenders. Notices are typically sent out 45 days prior to the review asking for various types of required documentation. Requested documents are to be provided approximately 14 days prior to the inspection.

#### AFHMP

The AFHMP is required by PHB and other funding sources when there are more than five units in a property. The AFHMP is required during the construction phase and used as the roadmap for leasing the project. The AFHMP must be updated at least every five years.

HOME funded projects must comply within 30 days of execution of HOME Restrictive Agreement, with 24 CFR 92.351(a) & b) Minority Outreach. Compliance is required for the entire period of affordability.



### Property Management Practices

Sponsors are responsible for ensuring projects are operated and maintained in compliance with all applicable laws and regulations. Sponsors must provide updated copies of any changes to lease and lease addendum. Sponsors are required to provide a copy of the current property management agreement to PHB. Any change in property management must be approved by PHB utilizing the appropriate checklist below.

### [Property Management Agreement Checklist Non-HOME](#)

### [Property Management Agreement Checklist HOME](#)

#### Additional Requirements for HOME Projects

Projects funded with HOME program funds must follow additional federal provisions and/or program regulations which include compliance with:

- HOME Lease Addendum – must accompany each new lease and lease revision and must be the most updated version for each renewal.
- Violence Against Women Act (VAWA) Lease Addendum - must accompany each new lease and lease revisions and be the most updated version for each renewal. ([VAWA Lease Addendum](#))
- VAWA Policy – Beginning 2015, every owner/manager is required to implement a policy to address the protections under the VAWA Act. (See Appendix G)
- Lead Safe Housing Rule, All properties built prior to 1978 have additional requirements under the Lead Safe Housing Rule. (See Appendix F)

### Evaluation

The property compliance portion of the annual reporting process is based on the evaluation of inspection report grading, timely and complete AFHMP updates, and compliance as approved in the AMP.

### **Financial Compliance: Loan and Project Performance**

AM staff monitors the project's financial performance to ensure compliance with PHB loan documents. Sponsors must annually submit property income, expenses, debt service, and reserve deposits in a PHB approved format, typically submitted to [assetmanagement@portlandoregon.gov](mailto:assetmanagement@portlandoregon.gov). In addition, the sponsor must submit supporting documentation: an audited financial or, in the case the property is consolidated and there is not a supplemental schedule detailing property revenue and expenses, an unaudited year-end financial statement.

For properties with repayment provisions via excess cash flow share, AM staff will use PHB loan documents to guide their review. After the financial review has been completed, if the property has excess cash flow, a separate invoice will be sent to the sponsor for collection. Payments are due 30 days from the date of the invoice. PHB's Finance and Accounting Team is responsible for the collection of the excess cash flow due to PHB as stated in the invoice issued. The sponsor may submit payment prior to PHB's invoice using its own calculation. After PHB's calculation any overpayment will

be applied according to the terms of the loan and PHB will invoice for any outstanding balance due.

Typical required financial documents are as follows:

- Annual Compliance Testing (ACT) [Workbook](#) – including Reporting Certification, Operating Statement, and Replacement and Operating Reserves tab.
- Property audit or year-end financial statement (as applicable)
- Reserve Account Bank statement reflecting deposits made and year-end balance
- Other supporting documentation, such as a balance sheet showing the outstanding deferred developer fee

### Evaluation

To ensure long term financial viability, PHB evaluates a project's financial performance based on the grading system found in Appendix D.

***Recently, changes have been made to PHB's accounting and billing processes which eliminated the flexibility the AM Department may have had to retroactively adjust the results of default and penalty provisions potentially contained in your property documents. In order to avoid financial penalties or late fees, please ensure your payments are received by PHB by the due date.***

### Non-Compliance and Resolution

A project may be found non-compliant if the terms of the regulatory documents are not met, for example:

- Failure to remit cash flow payment
- Not meeting rent or income restrictions
- Not completing annual compliance reporting
- Observation of ongoing deferred maintenance
- Unresponsiveness to requests for documentation
- Changes in property management agents without proper documentation and updated practices.
- Projects found to have health/safety issues or a "Does Not Meet" inspection score (may also be subject to more frequent physical inspections)

A project that has been found to be non-compliant may be subject to more frequent monitoring and may impact the sponsor's eligibility for future NOFA awards. If PHB determines that the problem jeopardizes the long-term success of the project, the safety and/or security of the tenants, or PHB's access to the federal and state funding sources from which the project is funded, more immediate remedies may be pursued. These remedies may include, but are not limited to, pursuing legal action (see default) and/or a complete restructuring of the project. If a property's Annual Compliance Test ("ACT") is finalized with outstanding compliance issues, the sponsor must resolve those issues

within the 90-day period to cure. The scores on the ACT will not be updated after finalization; any 'Does Not Meet' score may be cause for closer monitoring.

PHB may initiate the restructuring process if the following issues are identified:

- Unable to pay structured debt
- Unable to fund the reserve account per agreement
- Consistently receiving 'Does Not Meet' score
- Identified deferred maintenance issues which have not been resolved by sponsor to PHB's satisfaction

## Default

The terms of default are identified in each project's documents. Should a default occur, AM will work with the City Attorney to issue a notice of default. If sponsor fails to cure the default within the stated cure period(s) as specified by the loan documents, PHB may issue a notice of an event of default, as well as pursue any other legal remedies necessary to preserve the asset and PHB's investment.

## Appendices

**Appendix A – Asset Management Plan Details**

**Appendix B – Tenant Compliance Evaluation Grading Standards**

**Appendix C – Property Compliance Evaluation Grading Standards**

**Appendix D – Financial Compliance Evaluation Grading Standards**

**Appendix E – PHB Inspection Evaluation Grading Standards**

**Appendix F – LEAD Maintenance Activities**

**Appendix G – Important HOME Program Details**

## Appendix A – Asset Management Plan Details

The AM plan must be submitted to PHB as a condition of loan funding for all projects. Borrowers are to submit the Plan for PHB's review and acceptance prior to loan closing. [Asset Management Plan](#)

### Property Management Plan/Agreement

This plan details how the sponsor will conduct the day-to-day property operations, either with in-house staff or by third-party property management, in which case a submission of the contract to AM is required. This must be approved by PHB AM team. If this is a HOME project, the Plan will be reviewed for federal compliance.

### Resident Services Plan

If PHB allows for resident services as an expense, the sponsor must submit a plan including the following information:

- o Programs and services being provided to tenants
- o Full/Part Time Employees (FTE/PTE) associated with coordinating these services
- o Costs and funding sources for these services
- o Goals and outcome measurements for the plan, including contingency plans for funding shortfalls
- o Annual outcome evaluation metrics

NOTE: If the State of Oregon requires a similar plan, PHB will accept the same document.

### Supporting Documentation

- **Rent Schedule:** Details unit numbers, bedroom sizes, and affordability restrictions for rent and incomes. [Rent Schedule Template](#)
- **Project Operating Pro Forma:** Used to monitor a property's long term viability. The Pro Forma, as attached to the loan agreement, guides allowable expenditures for the project.
- **Affirmative Fair Housing Marketing Plan (AFHMP):** Outlines how the borrower intends to market the units to the targeted tenant population(s). This plan must be reviewed and resubmitted at least every five (5) years.<sup>2</sup> [AFHMP](#)

Sponsors must also submit the **Static Data Sheet:** This sheet provides details about the development team, the sources and uses for the project, and any other pertinent property or project development information.

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<sup>2</sup> The Placed in Service date is defined as the date of issuance of the Certificate of Occupancy for new construction. For rehabs, the Certificate of Substantial Completion serves as the Placed in Service date when a Certificate of Occupancy is not issued by the City. For HOME properties it occurs when all money owed to the project is drawn down and IDIS (HUD system) has been closed.

In addition, sponsors are required to execute agreements and documents pertaining to the reserve accounts established to maintain asset quality and mitigate risk to the property and PHB. These include:

**Replacement Cost and Capital Improvement Reserve Agreement:** PHB defines replacement reserves as those project-specific funds to be used for capital items. The Replacement Cost and Capital Improvement Reserve Agreement outlines required initial and annual contributions to the replacement reserve account, the minimum balance that must be maintained, and the approval process to withdraw funds from the replacement reserve account. Generally, this Agreement will be in effect for the applicable PHB affordability term.

**Operating Reserve Agreement:** PHB views operating reserves as those project-specific funds to be used for costs that are not capital in nature. The Operating Reserve Agreement outlines the conditions which the sponsor will contribute and may use operating reserve funds. If applicable to the project, sponsor must follow the same procedures for verification of the status of this account as those applicable to the Replacement Cost and Capital Improvement Reserve Agreement.

If Reserve Agreement specifies that sponsor must receive PHB approval for reserve withdrawals, the following form may be used to request reimbursement. If senior lenders must approve withdrawals, PHB will accept their form. [Replacement Reserve Request Form](#)

All referenced forms are available at PHB's Asset Management webpage. If a link is broken, please contact PHB. [assetmanagement@portlandoregon.gov](mailto:assetmanagement@portlandoregon.gov)

## Appendix B – Tenant Compliance Evaluation Grading Standards

Projects must comply with agreed upon income and rent restricted thresholds outlined in the regulatory agreement(s). The AM team compares tenant income and unit rents against PHB regulatory requirements. Tenant data is collected via the Web Compliance Management System, or WCMS. For more information visit <https://phb.hdsoftware.net/WebCompliance/> (login required).

Tenant compliance is assessed on the following factors:

- Units meet income and rent restrictions\* set per Regulatory Agreement(s)
- Tenant Income certifications and re-certifications current and complete

\*PHB may defer to Federal or State rules on incomes rising in place for projects with federal, tax credit or tax exempt bond financing

Below are the thresholds at which a project is considered to “exceed”, “meet” or “does not meet” standards.

Rating	Threshold
<b>Exceeds Standards</b>	100% of units in compliance
<b>Meets Standards</b>	80% or more of units in compliance
<b>Does Not Meet Standards</b>	Fewer than 80% of units in compliance

## Appendix C – Property Compliance Evaluation Grading Standards

Property compliance is assessed on three components: Inspection; AFHMP; and Management. If a project does not have a reporting requirement for one of these components, they are exempt from that set of criteria.

Assessment	Factors
Exceeds Standards	<ul style="list-style-type: none"> <li>• Current inspection report received by PHB with 'Exceeds' or 'Meets' grade</li> <li>• AFHMP or update received by PHB within last 5 years</li> <li>• Receipt of current proof of property insurance with PHB as additional insured</li> <li>• Up to date leasing criteria and associated documents received by PHB</li> <li>• Owner or agent provides timely responses to PHB communication and requests</li> <li>• Project is NOT currently on the PHB Watch List</li> </ul>
Meets Standards	<ul style="list-style-type: none"> <li>• Current inspection report received, 'Meets' grade but with unaddressed concerns</li> <li>• AFHMP or update received but incomplete</li> <li>• Proof of property insurance does not list PHB as additional insured</li> <li>• Leasing criteria and associated documents need to be updated</li> <li>• Owner or agent provides late responses to PHB communication and requests</li> <li>• Project is currently on the PHB Watch List</li> </ul>
Does Not Meet Standards	<ul style="list-style-type: none"> <li>• No inspection report received OR project received a 'Does Not Meet' grade</li> <li>• No AFHMP received or no update within five-year period</li> <li>• Expired or no proof of property insurance with PHB as additional insured</li> <li>• Leasing criteria not met (not provided or does not meet funder requirements)</li> <li>• Owner or agent is non-responsive</li> <li>• Project has been on the PHB Watch List for two consecutive reporting cycles</li> </ul>

Note: PHB will accept property inspection reports from other funders (OHCS, Home Forward, etc.), capital needs assessments or other inspection reports that align to UPCS, HQS or city code standards. For property management assessments and owner conducted inspections, borrower must use PHB required non-HOME inspection template.



## Appendix D – Financial Compliance Evaluation Grading Standards

To ensure compliance with PHB loan documents sponsors must submit an Annual Compliance Testing (ACT) workbook. For properties with repayment provisions via excess cash flow share, AM staff will use PHB loan documents to guide their review. After the financial review has been completed, if the property has excess cash flow, a separate invoice will be sent to the sponsor. Payments are due 30 days from the date of the invoice. The following indicators are used to assess financial health.

Performance Indicators	Thresholds	Point Value
Cash Flow:	>\$1000 Cash Flow Breakeven (+/- \$1000) <-\$1000 Cash Flow	4 0 -4
Expense Ratio:	<65% 65%-75% >75%	3 0 -3
DCR:	average above 1.25 average 1.0 to 1.25 average below 1.0	2 0 -2
Alignment to Proforma NOI:	< 5% (exceeds proforma) variance +/-5%: meets > -5% (under proforma)	1 0 -1
<b>Overall Score:</b>	<b>7-10: Exceeds Standards</b> <b>0-6: Meets Standards</b> <b>Below 0: Does Not Meet Standards</b>	

## **Appendix E – PHB Inspection Evaluation Grading Standards**

PHB conducts inspections for HOME properties pursuant to federal requirements. These inspections have three components: file reviews, physical inspection and program requirements. These elements are scored as Exceeds, Meets, and Does Not Meet standards. Owners must respond to findings from an initial inspection report. Once all replies have been received, a close out letter will be sent informing the owner/manager of the final score. If the response from the owner does not address all findings in a satisfactory manner, the final score could be affected negatively.

### **FILE REVIEWS**

#### **EXCEEDS**

- o Files were organized in a consistent manner which allowed for an easy file audit.
- o No findings and no corrective actions needed were disclosed in the file review. Any notations are for recommended practices.
- o No repeat findings.
- o No eligibility issues.
- o Correct rent/income limits.
- o Correct utility allowance – updated annually with the correct and approved calculation methods used.
- o All current PHB required forms are being used and implemented in a timely manner.
- o The Inspection/Review response is received on-time by due date with completion of all physical and file findings and/or notes.

#### **MEETS**

- o Incidents of errors found in file review result in no major adverse findings; due diligence was shown to be established.
- o No repeat findings.
- o No eligibility issues.
- o Correct rent/income limits – use of wrong amounts are not a pattern and did not result in any eligibility issues.
- o Correct utility allowances – updated annually with the correct and approved calculation methods used.
- o All PHB required forms are being used; even if the latest version of each form has not been implemented at time of review.
- o The Inspection/Review response is:
  - Received on-time by due date;
  - Or, extension requested on-time before due date;
  - And, reasonable anticipated completion dates indicated for items still outstanding.

#### **DOES NOT MEET**

- o Pattern of repeat findings.
- o Incident(s) of errors disclosed in the file review that effect eligibility.
- o Open findings from previous year/s reviews.
- o Utility allowances not updated annually, failure to apply correctly, or failure to calculate the Utility Allowance with an approved method.
- o Failure to correctly certify residents at move-in or re-certify residents.
- o Fraudulent certifications performed by the owner/agent.

- o Pattern of utilizing the incorrect rent and/or income limits, or the use of incorrect rent or income limits resulted in eligibility issue.
- o PHB required forms are not being used, or implemented in a timely manner.
- o The Inspection/Review response is:
  - Not received by due date, or extension was not requested before due date.
  - Reasonable anticipated completion dates not indicated for items still outstanding.

## PHYSICAL INSPECTION

### EXCEEDS

- o The property is in exceptional condition with no observable Exigent/Urgent Health & Safety (EH&S) issues/problems, or any other deficiencies.
- o No repeat findings.
- o <10% of the inspected units with physical findings or notes.
- o Responds timely to and corrects all REAC (Real Estate Assessment Center) inspection findings.

### MEETS

- o The property is in good condition and findings do not demonstrate a pattern of EH&S issues/problems or lack of management over-sight.
- o No repeat findings.
- o <20% of the inspected units with physical findings or notes.
- o Responds timely to and corrects all REAC inspection findings.

### DOES NOT MEET

- o Pattern of Exigent, Health & Safety or deficiencies demonstrates deferred maintenance issues; possible lack of management over-sight and/or lack of response to maintenance requests.
- o Pattern of repeat findings.
- o Not correcting or responding to previous inspections or information that is required.
- o Apparent or previously reported EH&S issues/problems that exist and have not been addressed.

## PROGRAM REQUIREMENTS

### EXCEEDS

- o Compliance clearly demonstrates the owner/agent has established consistent policies and procedures which are highly successful in carrying out the objectives of PHB housing programs (i.e. provisions of well-maintained housing at the lowest possible rents made available to households who qualify under the appropriate income limits with no mistakes).
- o Compliance clearly demonstrates the owner/agent strictly adheres to policies and procedures resulting in compliance with the regulatory agreement, loan agreements, restrictive use agreements and all other PHB documents governing the use of the property.
- o Documentation that clearly demonstrates the owner/agent has established an appropriately sufficient Affirmative Fair Housing Marketing Plan (AFHMP) for the property, documentation that the plan is periodically reviewed and updated to address any changing local demographics (Limited English, various levels of disabilities and family size), and documentation that the owner/agent engages in active outreach efforts to community groups and other organizations to attract a varied population.

- o Owner has current agreement or contract with a current property management company to ensure HOME compliances are met (if applicable).
- o Owner has evidence of lead based paint disclosures and has performed full property risk assessments by certified lead risk assessor: Annual visual inspections as well visual inspections at turn-over. Owner has provided PHB with lead assessment report in a timely manner.

#### *Resident Services (if applicable)*

- o The project has specific resident services provided or coordinated which are appropriate for the resident population.
- o Resident Services comparable to original RSP with documentation to demonstrate the resident services are provided and evaluated periodically to meet the needs of the current population.

#### *Complaints*

- o No fair housing findings or violations.
- o Documentation that demonstrates a timely resolution of all resident complaints.
- o Documentation that demonstrates management's involvement in the response and resolution of any complaint or issue received by PHB

#### **MEETS**

- o The Owner/Agent has established consistent practices which meet the objectives of PHB housing programs (i.e., provisions of well-maintained housing at the lowest possible rents made available to households who qualify under the appropriate income limits).
- o The Owner/Agent has clear knowledge of the regulatory agreements, loan agreements, restrictive use agreements or any other PHB documents governing the use of the property and appears to be in compliance with minimal errors.
- o The Owner/Agent has established an appropriate AFHMP for the property. The Owner/Agent demonstrates they are following the current AFHMP and the plan is updated as required.
- o Owner has an agreement or contract with a property management company if applicable.
- o Owner has evidence of lead based paint disclosures and has performed annual visual inspections as well visual inspections at turn-over. Owner has provided PHB with lead assessment report in timely manner.

#### *Resident Services (if applicable)*

- o Resident services are provided at the property and they are appropriate for the current resident population.

#### *Complaints*

- o No fair housing findings or violations.
- o Resident complaints are resolved in a timely manner.

#### **DOES NOT MEET**

- o The Owner/Agent's actions or failure to act have placed PHB's interest in jeopardy and/or stalled the achievement of the Bureau's housing objectives.
- o Violation of policies and procedures, resulting in non-compliance with the regulatory agreement, loan agreements, restrictive use agreements or any other PHB documents governing the use of the property.
- o Documentation provided does not demonstrate that the Owner/Agent employs affirmative marketing strategies which address changing local demographics. (Limited English, various

levels of disabilities and family size). The Owner/Agents outreach efforts are insufficient and/or unsuccessful in reaching community groups and other organizations to attract a varied population.

- o Change of Management Company without entering into an agreement or contract and/or failure to advise PHB of change.
- o Owner has failed to meet the requirements of the Lead Safe Housing Rule and/or has not provided lead assessment reports in a timely manner.

*Resident Services (if applicable)*

- o Resident services are not provided at the property as detailed in the Resident Services Plan and/or they are not appropriate for the current resident population.

*Complaints*

- o Fair housing findings or violations.
- o Resident complaints are not resolved in a timely manner.

## Appendix F – LEAD Maintenance Activities

For any property built prior to 1978, the property manager/owner is required to provide each tenant with a Lead Disclosure form and EPA pamphlet which requires the signature of each tenant, regardless of the tenant population and other compliance requirements with the Lead Safe Housing Rule. This form can be found at: <http://www2.epa.gov/lead/lead-residential-lead-based-paint-disclosure-program-section-1018-title-x>.

### MAINTENANCE ACTIVITIES

- ☐ Conduct visual assessments for deteriorating paint and the failure of any lead hazard reduction measures at unit turnover and every 12 months.
- ☐ Address deteriorated paint through paint stabilization unless an evaluation states that there is no lead-based paint.
- ☐ Repair enclosures or encapsulations.
- ☐ Perform other lead hazard reductions, as necessary.
- ☐ If the initial reduction activity required the treatment of soil, identify and treat bare soil.
- ☐ Provide a notice of lead hazard reduction activity.
- ☐ Provide a written notice in the language of the occupant, to the extent feasible, to occupants asking them to report deteriorated paint or failed encapsulation or enclosure. Include the contact name, address, and telephone number. CPD recommends that the notice be provided every 12 months or at unit turnover.

## Appendix G – Important HOME Program Details

HUD publishes HOME income and rent limits annually for the Portland-Vancouver Metropolitan Statistical Area. Sponsors must comply with annual adjustments. PHB posts HUD's AMI and Rent tables to the PHB website. [Area Median Income Rent Tables](#) Currently PHB uses the utility allowances published by Home Forward. These tables can be found on PHB's website (see link above) as well as Home Forward's.

Any increases in rents for HOME-assisted units are subject to the provisions of the HOME Rule. Every HOME tenant file must contain a HOME Lease and VAWA Addendum. This document can be found on the PHB Required Forms page at: [PHB Required Forms](#). Rent increase are reviewed and approved in the annual reporting process.

The HOME program allows tenants' incomes to rise in place and continue to qualify as affordable housing despite a temporary noncompliance caused by tenant income increases. Projects which have HOME floating units shall make every effort to float the tenant to a comparable unit at the appropriate affordability level. Tenants whose incomes increase beyond the 80% HOME limit eligibility maximum, shall be charged 30% of their adjusted gross income as prescribed in HOME federal requirements.

Sponsors must take all possible actions to ensure that vacancies are filled in accordance with the HOME requirements and population mixes stated in the Regulatory documents.

### Violence Against Women's Act (VAWA)

Since 2005, VAWA has provided protections to families applying for and receiving rental assistance payments under the Project Based Section 8 program. On March 7, 2013, President Obama signed the Violence Against Women Act Reauthorization which expands the housing protections to include HOME, LIHTC, USDA Rural Housing Properties, Section 236, 811 Supporting Housing for Persons with Disabilities, Section 221, HOPWA and McKinney-Vento.

**Effective January 3, 2015, all owners/managers of housing programs funded under HUD and/or the Tax Credit program must implement a policy to address the protections under the Violence Against Women Act (VAWA). A comprehensive description of what's required under this new legislation is available on PHB's website at: [VAWA Updates and Requirements 2015 Memo](#)**

HUD provides Owner guidance at the following link:

[http://portal.hud.gov/hudportal/documents/huddoc?id=19760\\_2009homerentalpo.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=19760_2009homerentalpo.pdf)

With regard to leasing and vacancy of HOME designated units, it is crucial to note that, within six months from the date of project completion, if a rental unit remains unoccupied, the sponsor must provide to PHB (who will in turn provide to HUD) information about current marketing efforts and, if appropriate, an enhanced plan for marketing the unit so that it is leased as quickly as possible. If efforts to market the unit are unsuccessful within 18 months from the date of project completion, and the unit is not occupied by an eligible tenant, HUD will require repayment of all HOME funds invested in the unit, as the costs associated with that unit are ineligible for the HOME program.