

On-Site Monitoring for HOME Program Participants

Use this guide to troubleshoot common questions or issues regarding on-site monitoring of projects in the HOME Program. Monitoring is a requirement of the program and comes in three formats: A Completion Inspection is performed after construction completion and prior to lease-up; Ongoing monitoring occurs on a three-year cycle and includes an on-site inspection and file review; and a Desk Review consists of only file review which can be done virtually, on-site, or at owner headquarters. The three primary goals of monitoring are to ensure accountability, ensure compliance with HOME and other Federal requirements, and evaluate organizational and project performance and project viability. To prepare for an upcoming monitoring or to craft a response to an Interim Letter, please review this sheet. For questions, please contact DEHCR staff at DOADOHAffordableHousingHelp@wisconsin.gov.

FINDING	CONCERN
A deficiency in program performance based on material noncompliance with a statutory, regulatory, or program requirement for which sanctions or corrective actions can be posed.	A deficiency in program performance not based on statutory, regulatory, or program requirements, and sanctions or correction actions are not posed.

Topic	Issue/Question	Finding or Concern	Solution	HUD Reg.
RHD Contract	There is a discrepancy between HOME units listed on the Contract, Completion Report, or Compliance Reports and which files are provided during review.	Finding	Tenant files requested and provided during review must reflect the contract or completion report. The annual data compliance report must also reflect the HOME-assisted units and their specific CMI designations (30%, 50%, 60%). Units are considered “fixed,” meaning their designation does not change throughout the Affordability Period. Please refer to the next question on LIHTC rules for when an over-income household now occupies a Low HOME rent unit.	24 CFR 92.252(j)
LIHTC Rules	What are the [Next] Available Unit Rule (NAUR/AUR) and the Unit Vacancy Rule (UVR)?		Both rules are applicable to issues of Low-Income Housing Tax Credit (LIHTC) program compliance, wherein WHEDA is the state’s lead on such matters. Refer to the Housing Tax Credit Program Compliance Manual for more information. If you have further questions, please seek competent professional, legal, and accounting advice regarding compliance issues. <ul style="list-style-type: none"> a. <u>[Next] Available Unit Rule</u>: Applied when a qualified household now earns more than 140% of the current qualifying income after recertification, and the building is at or below its applicable fraction. The next available unit of comparable or smaller size must be rented to a qualified low-income household. All comparable or smaller sized 	

			<p>units must be rented to qualified households until the percentage of low-income units entered into contract with is restored.</p> <p>b. <u>Unit Vacancy Rule (UVR)</u>: If a building is at or below its applicable fraction and a tenant vacates a qualified unit, reasonable attempts must be made to rent that or the next available unit of comparable or smaller size to a qualified low-income household before any units of comparable or smaller size in the project are rented to non-qualifying (market-rate) tenants.</p>	
Forms	The Annual Data Compliance Report is inaccurate or missing.	Finding	This is a required item on HUD Form 6C which is completed by an inspector for each ongoing monitoring or desk review. A corrected compliance report is required to satisfy this requirement.	24 CFR 92.252 (f)(2)
Forms	A Tenant Selection Plan (TSP) is not present or has not been submitted.	Finding	This is a required item on HUD Form 6C which is completed by an inspector for each ongoing monitoring or desk review. A TSP should be available at all times on-site or at owner headquarters. The owner should submit an appropriate TSP to satisfy this requirement, which conforms to 24 CFR 92.253 (Tenants protections and selection).	24 CFR 92.253(d)
Housing Quality Standards	The annual property or unit inspection records are incomplete.	Finding	This is a required item on HUD Form 6C which is completed by an inspector for each ongoing monitoring or desk review. Records of property maintenance and regular inspections (move-in, move-out, and annual) need to be on-site, in tenant files, or available digitally for review.	24 CFR 92.504(d)(1)(ii)(C)
Forms	There is no Waitlist or Affirmative Fair Housing Marketing Plan in place.	Finding	This is a required item on HUD Form 6C which is completed by an inspector for each ongoing monitoring or desk review. If a project or unit experiences frequent vacancies, the first item to be referred to is the waitlist or marketing plan. If either of these are insufficient or do not exist, a marketing plan must be established; HUD Form-935.2A is a best practice for applicable projects.	24 CFR 92.253(d) ; 24 CFR 92.253(d)(5)
Forms	The tenant files or records are incomplete. Each of these items <i>must</i> be available for review during a monitoring.	Finding or Concern	Tenant-signed lease, rental agreement, or lease renewal. The original and current leases, along with any lease renewal forms must be present. Tenant recertification/income information. Tenant Income Certification (TIC) forms are a best practice. Note that all subsidies, wages, and payments (including child support income) must be documented by a third party or source documentation.	Lease and VAWA 24 CFR 92.253(a) ; Recertification 24 CFR 92.203(a)

			<p>Student-verification form. The management owner must verify the head of household for each unit is not a student who is not eligible. A student verification form should be part of the annual income recertification process.</p> <p>Annual HOME addendum or program information. This is a Concern. Tenants must be informed that their unit is HOME-assisted through the HOME Investments Partnerships Program. This information should be presented to tenants annually and signed.</p> <p>Annual VAWA (Violence Against Women Act, form HUD-91067) addendum. This information must be presented to tenants annually.</p>	<p>(1)(ii); Students 24 CFR 92.2</p>
Income	Tenant income above HOME limits.	Finding or Concern	<p>HOME-assisted units continue to qualify as affordable housing despite a temporary noncompliance caused by increases in the incomes of existing tenants if actions satisfactory to HUD are being taken to ensure that all vacancies are filled in accordance with program rules until the noncompliance is corrected.</p> <p>Tenant income above HOME limits (and exceeds highest CMI). The unit is Out of Compliance. Tenants who no longer qualify as low-income must pay as rent the lesser of the amount payable by the tenant under State or local law or 30 percent of the family’s adjusted income—except those governed under section 42 must pay rent in accordance with section 42.</p>	<p>24 CFR 92.252(i)(1) and (2)</p>
Rent	The tenant rent is above HOME limits.	Finding	<p>A unit does not qualify as a HOME-assisted unit if the rent charged is not equal to or less than the following equation:</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> $\text{Tenant Rent} + \text{Subsidy} + \text{Utility Allowance}$ </div> <p>In the event of a rent overcharge, the owner must provide evidence that the tenant has been reimbursed the overcharged amount for each month the rent limit was exceeded. Corrective action may take place in a manner preferred by the owner, often in one of two ways: Either by a check issued to the tenant in the total amount of the overage, or as a rent credit on the tenant’s account to be used for future rent payments.</p>	<p>24 CFR 92.252(a) (b)(f)</p>
Housing Quality Standards	The property failed one or more Housing Quality Standards (HQS) inspection item/s.	Finding	<p>Failed HQS items should be repaired to ensure the unit meets the applicable HOME RHD property standards in accordance with 24 CFR 92.251(f). Documentation of repairs including copies of receipts, pictures, and/or tenant verification, should be submitted to DEHCR. Except in the case of emergency (life-threatening) violations requiring corrections within</p>	<p>24 CFR 92.504(d)</p>

			24 hours, the owner will receive a 30-day written notification via the Interim Letter to correct any deficiencies.	
Housing Quality Standards	How much is too much debris or clutter?	Finding	Garbage and Debris – From HUD’s HQS Inspection form, part 8.4: “Heavy accumulation’ means large piles of trash and garbage, discarded furniture, and other debris (not temporarily stored awaiting removal) that might harbor rodents. This may occur inside the unit, in common areas, or outside. It usually means a level of accumulation beyond the capacity of an individual to pick up within an hour or two.” While this is subjective to the inspector, a “Fail” rating in this category will require clean-up of the area and photos attesting to the newfound cleanliness.	24 CFR 92.504(d)
Forms	Where do I find the HOME addendum, VAWA addendum, and Affirmative Fair Housing Marketing Plan?		The format of the HOME addendum (or any information presented to the tenant regarding the HOME-assisted unit and the Home Investments Partnerships Program) is up to the owner. Many use a separate addendum complete with Prohibited Lease Provisions (referenced in 24 CFR 92.253), others add a clause or special section to the lease. The HOME program must be mentioned by name and details of the program supplied, presented to tenants annually. The VAWA addendum can be found on HUD’s website . The AFHMP (Form HUD-935.2A) can be found here .	
Income	How do I navigate tenant income changes?		Agencies will often include a clause in their leases regarding tenant income changes. This can be something to the effect of: <small>6. Increased Income. If, upon annual recertification, Tenant's household income exceeds 80% of the applicable Program limits (HOME Program) or 140% of the applicable Program limits (LIHTC Program), Landlord may: (a) increase Tenant's monthly rent to market rate, or (b) move Tenant to a market rate unit, or (c) elect not to renew this Lease upon thirty (30) days written notice to Tenant. For HOME fund units, income can increase to 80% AMI before rent must be adjusted to be 30% of the tenant's income. 7. Certain Changes. Tenant shall notify Landlord immediately in writing if Tenant's household size changes, his or her income increases, Tenant become(s) a full time student, or begins to receive HUD assistance. Landlord may adjust Tenant's rent and/or utility allowances to reflect Tenant's status if Tenant becomes a HUD assisted tenant.</small> Having a policy in place provides the owner a protocol in the event a tenant becomes over-income. Any changes to tenancy or an increase in rent may occur as soon as the lease legally allows.	

Resources

- [Code of Federal Regulations \(CFR\): Home Investment Partnerships Program \(HOME\)](#)
- [CPD Monitoring Handbook](#)
- [RHD website](#)
- WHEDA’s [Housing Tax Credit Program Compliance Manual](#)