

**NORTH CAROLINA HOUSING FINANCE AGENCY**  
**MULTIFAMILY ASSET MANAGEMENT COMPLIANCE GUIDANCE RELATED TO COVID-19**  
**Updates for 2021**

**2021 Compliance Training:** The North Carolina Housing Finance Agency (the Agency) will be offering virtual compliance training in 2021. Agency training requirements will be enforced for 2021. Developers are required to attend either Compliance 101 or Advanced Compliance within 12 months prior to receiving 8609s. To remain in the approved management company list, a supervisor from the management company must attend both Compliance 101 and Advanced Compliance every calendar year. An exception was granted for 2020 to allow alternate training. It is important for the Agency to provide effective training in order to help owners and management avoid instances of noncompliance.

Compliance 101 will be offered on Feb 9, July 20 and Nov 3.

Advanced Compliance will be offered on Feb 10, July 21 and Nov 4.

Virtual options for DHHS Targeting/Key Training will be announced at a later date.

Here is a link to register once registration is open: [NCHFA Owner and Manager Training Opportunities](#)

SHDP Compliance training and RCRS compliance training will be available on a dedicated YouTube playlist. Short videos are being produced to address specific topics, such as how to set up a user account in RCRS. Please bookmark this playlist a new content is expected to be added regularly. [NCHFA Asset Management YouTube Playlist](#)

**2021 Physical Inspections (updated 7/1/2021):** No physical inspections will be scheduled prior to September 1. Inspections will be scheduled once approved in an effort to protect the health of our staff, partners and tenants. Safety procedures and protocols are being developed for resuming inspections.

The IRS has provided monitoring relief through September 30, 2021:

<https://www.irs.gov/pub/irs-drop/n-21-12.pdf>

**2021 Tenant File Reviews:** Management is required to enter unit activity into the Rental Compliance Reporting System (RCRS) within 30 days of the effective date of the event. The tenant file documents must be uploaded for move-in events within this same time frame. Since people have adjusted to working remotely, no interruptions in the file review process are anticipated for 2021.

**Corrective Action Deadlines (no change from 2020 guidance):** If the property is in the corrective action period and an extension is needed, please request one in writing to [compliancehelp@nchfa.com](mailto:compliancehelp@nchfa.com).

Staff can grant extensions for up to six months if there is good cause. If the issue is related to noncompliance with the Housing Tax Credit Program and required to be reported to the IRS on form 8823 staff cannot provide a corrective action period of more than six months without federal guidance.

If the issue is not a matter that is required to be reported to the IRS on form 8823, staff may have some flexibility in extending corrective action deadlines further. Please explain in the request how COVID-19 is preventing the correction of the issue and the date that the matter is expected to be resolved.

**Tenant Files (no change from 2020 guidance):** The Agency has always permitted electronic records. Applications, leases, verification of income and assets and student status can all be completed electronically. Digital signatures on forms (both property management and household) are and have been acceptable. If you are not set up to complete paperwork electronically, please use appropriate social distancing to get signatures and forms completed. If you are not set up to complete paperwork electronically and have no method of converting to this format presently, it is permissible to follow the guidance below on recertifications and to forgo new move-ins if the owner and other interested parties agree to allow the unit to be vacant.

**Treatment of future stimulus payments and unemployment:** No future stimulus checks are anticipated at this time, and most of the pandemic unemployment benefits have been exhausted. To the extent there are any new temporary benefits, it is anticipated that they will be exempted as were 2020 benefits. Regular unemployment benefits, including any state extensions, must be annualized in the manner prescribed in the HUD 4350.3 Handbook, which means multiplying the weekly benefit x 52 weeks, regardless of the fact there is an anticipated end date. If currently unemployed, future employment should not be anticipated since it is impossible to predict when employment will resume.

**Treatment of New/Temporary Income due to COVID-19 (no change from 2020 guidance):** Income that is not specifically excluded by HUD is required to be included in annual income, including overtime, bonuses and shift differentials. Some employers are paying essential workers additional pay to keep them working during the pandemic. The type varies: bonuses, higher hourly rate that will be reduced once the pandemic is over, allowances for overtime that may or may not continue. For those not receiving additional pay, some have become self-employed to help meet their household expenses during the pandemic. Even though this additional income is not expected to be permanent, these income sources are typically included, and must continue to be included. If there is an indication of an end date, this may be used to calculate the annual income. If no end date is provided, then the amount must be annualized. For example, if the employer states the tenant will receive \$2/hour more for 6 months, then only count the added pay for 6 months. If the employer indicates the additional \$2/hour is until the pandemic ends, you will count for the full year. Likewise, the tenant may not intend to continue their new business after the end of the pandemic, but the self-employment must be annualized unless an end date can be clearly established, such as subcontract work with an established contract end date.

**2021 Verifications:** The preferred verification method for employment is pay stubs. The Agency does not generally allow the Work Number to be used for verification purposes, however, in the interest of completing move-in documentation in a safe manner, the Agency will continue to accept the Work Number as a valid verification method until **12/31/2021**.

**Streamlined Income Verification effective 6/8/2020 (no change from 2020 guidance):** HUD has published Final Regulations related to streamlined income determination covered by the FAST Act. If at least 90% of household income is from a fixed income source (SSA/SSI/SSDI etc.), the owner is allowed to apply the Cost of Living Adjustment (COLA) to the fixed income source for the 2 annual recertifications following the most recent income verification. For the non-fixed income (employment, etc), the owner is allowed to use the income from the previous year, provided there have been no substantial changes. If there have been substantial changes, such as a change in employers or job positions, the non-fixed income must be third party verified. Full third-party verification of all income sources must be conducted every 3 years. If less than 90% of household income is from a fixed source, all income must be third party verified annually. Here is a link to what is considered 'fixed income' as well as to further implementation guidance: [24 CFR section 5.657](#)

**2021 Recertifications:** Unless further guidance is provided, properties required to complete annual recertifications will be required to complete such recertifications for 2021. This includes tax credit properties that are not 100% low income, and any property with an Agency (RPP, PLP, ISHP) loan.

Properties not required to complete annual recertifications (100% low income with no Agency loan) must enter an Update unit event to provide occupancy, current rental rate, and student status (if required).

**2021 RCRS Reporting:** Unit events are required to be reported in RCRS within 30 days of the effective date, with an allowance of up to 90 days for properties in lease-up. This requirement will be enforced in 2021. Failure to report unit events timely will be considered state noncompliance.

**Utility Allowances (no change from 2020 guidance):** Utility allowance requests, approvals or implementation of new allowances have not been disrupted by COVID-19. Families will likely be using increased utilities as schools are closed and people are staying home more. This may impact rental income in the future. Please plan accordingly.

**2021 Income and Rent Limits:** At this time, it is not clear what kind of long-term impact COVID-19 will have on the nation's economy, unemployment and future income and rent limits. However, keep in mind that through the Housing and Economic Recovery Act, once a project is placed in service, the income and rent limits will not decrease.

**2021 Evictions (Updated 7/1/2021):** On June 29, 2021, Governor Roy Cooper's office released a statement that the state's eviction moratorium would end on July 1, 2021. Governor Cooper had requested that the Council of State extend the moratorium in line with the CDC eviction moratorium, but the Council rejected this extension.

Despite the decision at the state level, owners of multifamily properties must follow the CDC eviction moratorium, which was extended through the end of July. The US Supreme Court recently upheld the CDC eviction moratorium.

The HOPE Program is currently accepting applications for assistance with paying for rent and utilities. Qualified tenants under threat of eviction receive assistance in an average of 14 days. In addition, several counties in NC have their own assistance programs, and links are available to these

programs on the HOPE website. Please provide tenants struggling to pay rent with the following information:

- Renters with questions may get help from an expert by contacting (800) 569-4287 or going online to get contact information for a North Carolina HUD-approved housing counselor, [here](#).
- Complete details about the HOPE Program or a local Emergency Rental Assistance program, including eligibility requirements, program benefits and an online application, are available at [www.hope.nc.gov](http://www.hope.nc.gov). Applicants who cannot access the website may also call (888) 9ASK-HOPE or (888) 927-5467.
- Applicants who wish to apply for free legal help may call Legal Aid of North Carolina at (866) 219-5262 or apply online [here](#).

**Other Federal Laws (no change from 2020 guidance):** At this time, the Agency is not aware of any waivers of the requirements of the Federal Fair Housing Act, the Violence Against Women Act, Section 504 of the Rehabilitation Act or the Americans with Disabilities Act. Your property must continue to make reasonable accommodations and process transfer requests related to disabilities or VAWA protections.

**Vacant Units (no change from 2020 guidance):** Vacant program units must be leased to qualified households. At this time, there is no relief to use program units for any other purpose, even if it is related to COVID-19.

**2021 Treatment of Common Areas:** The Agency will continue to allow the temporary closing of common areas at tax credit properties, with the exception of laundry facilities. Laundry rooms must be kept open for tenants. The equipment and folding tables should be wiped down frequently. Limits may be placed on the number of people allowed in the laundry room at one time to comply with social distancing requirements.

**DHHS Targeting and Key Program Guidance (see next section for updates):** The Targeting Program serves very vulnerable populations, and this pandemic may be very distressing for them in the upcoming weeks. Please support these tenants that are isolated due to social distancing by offering them contact information to seek assistance if they are in distress, fearful or anxious. Contact information for tenants, as well as practical tips to take care of your own mental health, are available in a supplemental document provided by DHHS and posted on our website. A toll-free Hope Line has been established for older adults experiencing isolation from social distancing. Call 1-866-578-4673 or 1-866-578-HOPE.

Additionally, during this time DHHS is making some exceptions to policies and procedures to decrease barriers for applicants/tenants and cost burden for properties.

1. During COVID-19 and any future natural disasters in which social distancing is implemented DHHS will allow for hold payments starting at the 91st day if participant has been approved but cannot sign lease and if the hold will not jeopardize the owner's obligation to lease each unit by required date (typically end of CY two years post award). Tenant can sign lease and take possession of the unit at any time during the hold period. The management company will not charge the tenant his/her rent share between move-in date and end of hold period.

2. If properties implement social distancing during a natural disaster, DHHS asks that they provide emergency maintenance numbers and instructions on how to pay rent and make reasonable accommodation request.
3. During COVID-19 and any future natural disasters that require social distancing, management companies are asked to allow mailing of applications and lease agreements to decrease barriers for people participating in the Targeting Program only.

For questions related to COVID-19 and DHHS policies, please contact Stephanie Williams at [stephanie.williams@dhhs.nc.gov](mailto:stephanie.williams@dhhs.nc.gov).

#### **Abandoned Key Units and Eviction (Added 4/1/2021):**

Key Rental Assistance policy allows continuation of Key payments when tenants vacate units without returning keys while management companies pursue legal action to regain possession of units. This policy shall be applied to the extent that management 1) notifies DHHS as soon as there is indication a tenant may have vacated a unit without returning keys and 2) pursues timely legal action to regain possession of the unit.

At a time when inspections may not be occurring, there are signs tenants have vacated units not contingent on physical inspection of units such as:

- Tenants stop paying their rent share or
- Utilities for the unit have switched back to the name of the management company

When management contacts DHHS staff regarding tenant abandonment of units, DHHS staff follow up with service providers to ascertain tenants' whereabouts and facilitate the return of keys, if appropriate and possible.

If keys are not returned, management must attempt to regain possession of units through the courts, despite current eviction moratoriums. If the courts are not scheduling hearings or do not issue summary ejectments for tenants who have abandoned units, management can provide documentation to NCHFA and DHHS to this effect and Key payments will continue until the earlier of the annual income recertification due date or the date management regains possession of the unit. (Stating that legal action to regain possession of the unit was not taken because of eviction moratoriums does not satisfy the requirement to take timely legal action.)

If management companies fail to notify DHHS of tenancy issues and tenant abandonment of units whether suspected or confirmed and fail to pursue timely legal action to regain possession of units, the management company may have to repay the state for Key payments made during months the tenant was not living in the unit and/or may not be eligible for special claims. Additionally, DHHS will proceed to terminate the tenant's Key Rental Assistance.

**Eviction Filing for Reasons Unrelated to Non-payment of Rent (added 4/1/2021):**

Current eviction moratoriums apply only to non-payment of rent. Management can and should proceed with evictions due to other serious lease violations after they have reached out to DHHS Targeting Program staff to notify them of tenancy issues, providing opportunities for tenants to remedy lease violations with the assistance of DHHS staff and their service providers. The Targeting Program requires management to notify DHHS Targeting Program staff of issues affecting households' tenancy. NCHFA and DHHS appreciate the partnership displayed by managers to foster housing stability for tenants. There are situations; however, when eviction is unavoidable and delaying necessary action causes greater harm.

**2021 Key Recertifications:** Key households are required to recertify annually on the anniversary of the move-in month. Please follow the streamlined income determination rules in the sections above.

For questions related to Key payment issues connected to COVID-19, please contact Sandy Harris at [ssharris@nchfa.com](mailto:ssharris@nchfa.com).