

Instructions for Writing Monitoring Plan Vacant Rental Program (VRP)

*This document is intended to provide supplemental guidance for creating a plan for monitoring property owner compliance over the full 10-year regulatory period. A written monitoring plan is required to detail how each Local Program Administrator (LPA) will verify the property owner's compliance with the program's policies and procedures. The plan may be included as part of other documentation (e.g., embedded in a various parts of a procedures handbook). *

A. Overview of Property Owner Obligations Subject to LPA's monitoring:

The Monitoring Plan should be focused on monitoring activities related specifically to the property owner's required obligations. Each year, a participating property owner must certify the following to the LPA:

- 1) Continue to be the legal owner of the assisted property.
- 2) Any new tenants in the past year have been income-verified to meet the program's income requirements.
- 3) The rent charged to tenants of assisted units does not exceed the maximum rent allowable.
- 4) The assisted units are being maintained in good operating order and condition.

In addition to this certification requirements, the Property Owner has obligations related to any transfer or sale of the property, including providing advance notice of intent to sell (and receiving permission), disclosing program requirements to prospective buyers, and ensuring the new owner assumes the VRP requirements. See section B3 of this document for additional details.

B. Meeting Minimum LPA Monitoring Requirements:

A summary of the minimum monitoring activities required of LPAs to meet their monitoring obligations are as follows:

- 1) **Collect a signed re-certification form** from the property owner each year that includes the property owner's attestation that they have complied with the four (4) program requirements (indicated in Section A). Verify that the attestation is accurate.

The LPA has discretion to determine the most appropriate method of documentation and verification of the owner's attestation. If LPAs do not collect documentation for each assisted property on an annual basis, a system should be developed to collect documentation from a reasonable sample size of VRP assisted properties each year.

Examples of documentation that the LPA may wish to consider requiring include, but are not limited to:

- **Verification of Continued Ownership:** deed, property tax records, or others
- **Verification New Tenants Have Been Income-Verified:** Documentation would generally be based on the LPA's income verification policy, which may include

pay stubs, tax returns, and other documents used to verify income. Note that if the LPA is verifying the income of tenants on behalf of owners, this documentation will already exist “in-house.”

- **Verification that Rent Charged to Tenants Does Not Exceed VRP Rent Limit:** copies of executed lease agreements, attestations from tenants, or others

2) **Conduct site inspections to verify that the property and assisted units are kept in good order and condition.** The LPA must document that assisted units have not fallen into disrepair and/or been neglected by the property owner for maintenance. The LPA’s obligations for this verification are achieved by the following:

- Collecting the signed attestation/statement from the property owner that they have kept the unit(s) in good order and condition (see above).
- Conducting periodic site-visits to inspect assisted units in accordance with the following:
 - The LPA must inspect at least 20% of all its VRP-assisted units each year (i.e., each assisted unit will generally be inspected at least twice over the 10-year period)
 - Annual visits to each unit are not required.

3) **Verify that the property owner is following all requirements for the sale or transfer of the property:** The LPA is required to ensure that the Property Owner is following the necessary steps once the property owner advises the LPA of the intent to sell or transfer the property within the Regulatory Period. This includes the following:

- a. Notifying the Office of Community Renewal (OCR) when notified by a property owner of their intent to sell or transfer property.
- b. Verifying that the owner is disclosing the requirements of the program to prospective purchasers (e.g., review the property listing information to make sure it is disclosed).
- c. Ensuring the new owner signs an attestation assuming the responsibilities (in consultation with OCR).
- d. Providing permission to move forward with the sale (in consultation with OCR).

4) **Identifying and Documenting Instances of Non-Compliance and Good Faith Effort to rectify issues:** The LPA has an obligation to identify issues of non-compliance and to notify property owners of the issue. The LPA must provide guidance to the property owner on how to cure the issue.

For issues that can’t be remedied:

- LPAs are responsible for recapturing grant funds for repayment to the Housing Trust Fund Corporation (HTFC).
- LPAs must exhaust all reasonable efforts to recapture and document such efforts.
- HTFC has discretion to modify the LPA’s repayment obligations if reasonable and good faith effort has been made and documented.

C. Writing the Monitoring Plan

The monitoring plan should be written and documented, but the LPA has flexibility in the form of that plan. For example, LPAs are welcome and encouraged to utilize existing monitoring plans and procedures for their current programs to satisfy the VRP requirement. The following is recommended guidance for how to assemble a monitoring plan.

Staff Roles: A monitoring plan should clearly identify the monitoring roles and responsibilities of any staff positions involved in monitoring activities. Examples of roles and responsibilities include:

- Sending a re-certification form each year to property owners.
- Reviewing re-certification documents such as lease agreements.
- Verifying the income of tenant applicants on behalf of the property owner (if owner and LPA choose this approach).
- Reviewing the income verification of tenants done by the owner (if owner chooses this approach).
- Notifying property owner of any instances of non-compliance and providing guidance on how to remedy issues.
- Conducting site inspections.

Inspection Procedures: As previously discussed, the LPA must conduct a site visit of 20% of assisted units each year. Inspection procedures should be clearly written and include the following:

- How the 20% of units will be selected (e.g., based on order completed or other prioritization based on specified criteria)
- Procedures for notifying property owner and tenants (e.g., number of days advance notice)
- How a unit will be inspected and what criteria will be used to determine a unit is in good operating order and condition. This should be standardized such as through an inspection form.

Documentation and Verification Procedures: The plan should include specific procedures for how the LPA will document property owner compliance with the income and rent requirements, as well as continued ownership of the property. The types of documentation that will be required should be specified.

Max Rent Limit Procedures: Indicate how and when the maximum rent limit will be calculated and communicated to property owners (max rent will change annually as AMI changes per the online calculator).

Re-Certification Process: Detail the procedure for completing the re-certification process. Such as, when property owners will be sent a re-certification form, what the deadline is for returning the form, what documents are required to be submitted (see above), and any other information being required from the property owner. Include the process for reviewing documents and determining compliance or non-compliance. Detail the process for notifying the property owner of compliance/non-compliance.