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DATE: July 31, 2020

TO: Properties with Low Income Housing Tax Credits, HOME, and/or HAP Contracts

FROM: Scott Hanak, Director of Asset Management Department, MHDC

RE: Guidance on COVID-19 (Coronavirus) - Update #6

The Missouri Housing Development Commission (MHDC) thanks you for your patience as we continue to monitor the Covid-19 situation and how it continues to impact the health, safety, and well-being of our employees, residents, and owners/agents, and the financial disruption that this virus is causing for our partners, the Affordable Housing Industry, and Housing Finance Agencies across the Country. Below are the most recent and up to date changes MHDC is making during this difficult time:

Office Re-Opening: MHDC has re-opened both the Kansas City and St. Louis offices. Offices will remain closed to outside visitors until further notice. Effective immediately, mortgage payments may now be sent to our Kansas City main office.

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920 Main, Suite 1400
Kansas City, MO 64105

MHDC Saint Louis Office
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HUD Supplemental Payments Announcement for PBCA Properties

On July 23, 2020, the U.S. Department of Housing and Urban Development (HUD) released [Notice H 20-08](#), announcing the availability of COVID-19 supplemental payments for properties receiving project-based rental assistance under the **Section 8, Section 202 or Section 811 programs**.

The supplemental payments will help address operating cost increases incurred to prevent, prepare for or respond to COVID-19 at housing properties. Activities and purchases eligible for the COVID-19 supplemental payments include increased cleaning and disinfecting costs, temporary staffing increases and personal protective equipment. HUD will consider reimbursement of eligible costs incurred between enactment of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) on March 27 and July 31. The deadline for owners of properties assisted under the Section 8, Section 202 or Section 811 programs to apply for the COVID-19 supplemental payments is August 5, 2020.

Property owners and management agents should contact their assigned HUD Account Executive or Contract Administrator with any questions about property eligibility for a CSP. [Please visit the Multifamily home page](#) for the most recent Q&A and other guidance about the COVID-19 pandemic.

If MHDC is your Contract administrator, please send your application to asset.mgmt@mhdc.com.

IRS Notice 2020-53 for the LIHTC Program

Please note the following MHDC guidance pursuant to IRS Notice 2020-53:

Recertifications

When applicable, a late/missing LIHTC recertification due beginning on April 1, 2020 and ending on December 31, 2020 will be noted as an observation on the inspection report. An Owner of a low-income building is not required to perform income recertifications under § 1.42-5(c) (1) (iii) in the period beginning on April 1, 2020, and ending on December 31, 2020. The Owner must resume the income recertifications as due under § 1.42-5(c)(1)(iii) after December 31, 2020. (Grant of relief pursuant to §1.42-13(a), IRS Notice 2020-53). Please be sure to add a note to file explaining why the recertification is missing/late. The Owner/Agent must continue to follow tax credit student status regulations and monitoring during this relief period. If the property is in the IRS Compliance period, you must still verify student status using the required Exhibit M: LIHTC Certification of Student Eligibility form.

Inspection/Compliance Monitoring

For purposes of § 1.42-5, an Agency is not required to conduct compliance-monitoring inspections or reviews in the period beginning on April 1, 2020, and ending on December 31, 2020. The Agency must resume compliance-monitoring inspections or reviews as due under § 1.42-5 after December 31, 2020. MHDC will continue to conduct electronic desk reviews for resident files. Owner/Agent failure to supply all requested documentation in order to conduct an electronic desk review will result in non-compliance.

For the physical portion of the review, MHDC has proactively cancelled physical inspections through December 31, 2020. Keep in mind this is applicable to the LIHTC program only. Other program requirements must be considered and could still lead to a physical inspection being required during 2020.

MHDC will update this action as deemed necessary to protect the health of our staff, partners, and residents. Following December 31, 2020 all inspections will resume unless federal relief is granted in regards to monitoring. The Owner/Agent must continue to follow tax credit student status regulations and monitoring during this relief period. If the property is in the IRS Compliance period, you must still verify student status using the required Exhibit M: LIHTC Certification of Student Eligibility form.

HOME Waivers

MHDC is implementing the following HOME Program Regulatory Waivers pursuant to HUD's April 10, 2020 Memorandum, "Availability of Waivers and Suspensions of the HOME Program Requirements in Response to COVID-19 Pandemic."

1. Income Documentation Waiver – In order to use this waiver, properties must first notify MHDC.

Following notification to MHDC, properties may use Self-Certification of Income, as provided at §92.203(a)(1)(ii), in lieu of source documentation to determine eligibility for HOME assistance of persons requiring emergency assistance related to COVID-19.

This waiver applies to individuals and families that have lost employment or income either permanently or temporarily due to the COVID-19 pandemic and who are applying for admission to a HOME rental unit. This waiver also applies to homeless individuals and families who are applying for admission to a HOME rental unit. Timely provision of this assistance will reduce the spread of COVID-19.

If a property chooses to use this waiver availability, the property must ensure that self-certified income takes into consideration all income, including any regular unemployment and emergency benefits the applicant will receive. However, for purposes of an applicant's self-certification, emergency tax relief (commonly referred to as stimulus payments) and temporary weekly federal enhancement to

unemployment insurance provided by CARES Act are not to be included in calculations of income. For more information on determining tenant income see HUD's Multifamily Coronavirus Guidance:

https://www.hud.gov/sites/dfiles/Housing/documents/HUD_Multifamily_Corona_QA_FINAL.pdf

The property must include tenant income certifications in each project file.

This waiver remains in effect through December 31, 2020.

Properties must maintain a list of all tenants using this waiver and provide that list to MHDC upon request. Following the end of the waiver period, MHDC will conduct rent and income reviews and will contact the property to coordinate review of the tenant files within the timeframe specified by HUD.

Please use **HUD's Sample Self-Certification of Annual Income Form** once you have notified MHDC that you are implementing this waiver: <https://www.hudexchange.info/resource/6069/home-sample-self-certification-of-annual-income-form/>

2. On-site Inspections of HOME-assisted Rental Housing Waiver

MHDC conducts on-site physical inspections of HOME Program properties every two years to determine compliance with the HOME Program property standards at §92.251 and to verify the information submitted by the owners in accordance with the income and rent requirements of §92.252. MHDC is implementing this waiver and suspending all on-site HOME program inspections through December 31, 2020. The waiver is also applicable to on-site reviews to determine a HOME rental project's compliance with rent and income requirements if the project owner is unable to make documentation available electronically.

Waiving the requirement to perform ongoing on-site inspections will help protect MHDC staff and property staff and tenants and limit the spread of COVID-19. Note that the waiver is applicable to ongoing periodic inspections and does not waive the requirement to perform initial inspections of rental properties upon completion of construction or rehabilitation.

Following the end of the waiver period, MHDC will contact the property to coordinate physical inspections of the units that would have been subject to on-going inspections during the waiver period, within the timeframe specified by HUD.

CARES Act Eviction Moratorium and HOME

The Coronavirus Aid, Relief, and Economic Security (CARES) Act established a 120-day moratorium on evictions in certain federally-backed housing, including housing assisted with funds from the HOME Program, as well as properties receiving federal low-income housing tax credits or project-based Section 8. See HOME FAQ COVID-19 for additional details: <https://www.hudexchange.info/sites/onecpd/assets/File/HOME-FAQs-COVID-19.pdf>

Although the federal eviction moratorium period expired on July 25, 2020, the CARES Act also requires that tenants be provided a written notice to vacate at least 30 days before an eviction for nonpayment of rent may be filed. In addition, MHDC requires all its properties to abide with all applicable laws and regulations regarding evictions. MHDC encourages you to work with your tenants to avoid eviction; however if an eviction is unavoidable, please consult your legal counsel to ensure compliance with all requirements of the CARES Act before evicting any tenants. In addition, MHDC has compiled links to housing resources throughout the state at <https://www.mohousingresources.com/>.

Maintaining Habitable Condition

The owner is responsible for ensuring that the property is maintained in a decent, safe, and sanitary condition in accordance with appropriate standards. Failure to do so is a reportable act of noncompliance. The owner guarantees that all units are suitable for occupancy by meeting Uniform Physical Condition Standards (UPCS) requirements, local health, safety and building codes are taken into account, and that the on-site management

team complies with all applicable rules, regulations and policies which govern the property. This includes following policies and regulations pertaining to lead-based paint and asbestos disclosure and/or remediation where required.

MHDC thanks you for your continued patience as we work together to provide safe, decent, and affordable housing for Missouri. This work is even more important during this health crisis.

Previously issued Asset Management updates are available here:

[Covid-19 Asset Management Update #1](#) dated March 13, 2020.

[Covid-19 Asset Management Update #2](#) dated March 19, 2020.

[Covid-19 Asset Management Update #3](#) dated March 26, 2020

[Covid-19 Asset Management Update #4](#) dated April 17, 2020

[Covid-19 Asset Management Update #5](#) dated May 13, 2020