



**STATE OF NEVADA  
DEPARTMENT OF BUSINESS & INDUSTRY  
HOUSING DIVISION**

**HOME INVESTMENT PARTNERSHIPS PROGRAM  
AND  
LOW-INCOME HOUSING TRUST FUND**

**COMPLIANCE MANUAL**

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## **PREFACE**

This manual is a training and reference guide for administering the HOME Investment Partnership Program (“HOME”) and the Low-Income Housing Trust Fund Program (“Trust Fund”). It is designed to answer questions regarding the procedures, rules, and regulations that program managers, project developers, management companies and on-site management personnel (“Recipients”) may have regarding the two programs. Additionally, this manual sets forth the procedures and policies which will be followed by the Nevada Housing Division (the “Division”) in monitoring projects for non-compliance within the provisions of 24 CFR Part 92 which governs the HOME Program, and NRS 319.500 which governs the Trust Fund Program. It is extremely important that this manual be used as a supplement to existing laws, regulations and rules, as it is intended to provide information only, and should not be relied upon exclusively.

In the State of Nevada, Recipients may receive HOME and Trust Fund dollars from various agencies. This manual has been written to ensure compliance with the Division’s policies, and may differ slightly from other allocating agencies.

This manual may be amended and revised from time to time by the Division to take into account any applicable amendments or changes to the regulations which may affect the contents of this manual. All relevant program changes and/or revisions will be posted on our web site ([www.nvhousing.state.nv.us](http://www.nvhousing.state.nv.us)) as they occur. The Division recommends that project developers and management staff refer to our web site on an ongoing basis for updated information. This site is our source of information delivery.

## **BACKGROUND**

The HOME and Trust Fund Programs provide funds to State Recipients, Sub-recipients, Community Housing Development Organizations (CHDO’S), developers, owners and contractors to support affordable housing initiatives. Regulations require that the Division monitor the performance of each Recipient throughout the Period of Affordability to ensure compliance within the provisions of the HOME Final Rule and the Trust Fund NRS and NAC requirements.

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# 1. RESPONSIBILITIES

## 1.1 The Nevada Housing Division

The Division is the allocating agency for the HOME and Trust Fund Programs. Funds may be used for: Homebuyer Programs (Down Payment Assistance), Homeowner Rehabilitation Programs (with or without Acquisition), Rental Housing (acquired and/or rehabilitated and new construction), and Tenant-Based Rental Assistance. The Division will:

- A. Conduct the required Environmental Assessment Review for HOME-funded projects (multi-family new construction or acquisition/rehab only);
- B. Issue a Written Agreement to be executed by all parties, which will include the project criteria, as well as the period of affordability for compliance;
- C. Conduct inspections of multi-family projects during construction or rehabilitation to ensure compliance with state and federal regulations.
- D. Conduct a Risk Assessment of each State Recipient, Sub-recipient and project using the Risk Assessment Worksheet (Exhibit N) to determine the frequency of compliance reviews. At a minimum, the Division will conduct reviews as required by program regulations;
- E. Review semi-annual compliance reports;
- F. Perform reviews of client and/or tenant files and conduct on-site inspections of the project (multi-family projects); and
- G. Perform reviews of Recipients to ensure compliance for programs administered by them.

## 1.2 The Recipient

Each Recipient has requested to receive funding from the HOME and/or Trust Fund Programs, and in exchange has agreed to certain responsibilities that will benefit low-income residence. These responsibilities include, but may not be limited to:

### A. Application Requirements

Recipients have or will provide comprehensive information showing the overall economic feasibility of the project. Prior to the allocation of funds, the Division must be in receipt of the following items, which are less than one (1) year old:

- ?? Complete Application;
- ?? 15 Year Pro Forma;
- ?? Letter of Support from the local government (except for homeowner activities);

- ?? Phase 1 Environmental Review;
- ?? Environmental Assessment for Recipients who are program managers of homeowner activities (Refer to Exhibit O-Environmental Review Procedures for Down Payment and Homeowner Rehabilitation Programs);

B. Proper Administration

The Recipient is responsible to the Division for insuring that the HOME and Trust Fund Programs are being properly administered. The Recipient must make certain that the on-site management team (if applicable) complies with all appropriate statutes, rules, regulations and policies that govern the project. The Recipient is responsible to provide a copy of the Written Agreement to the management company and make certain that the on-site management receives and utilizes all new revisions and updates to this manual in a timely manner.

C. On-going Administration and Notification (multi-family only)

It is the responsibility of the Recipient to inform the Division of any major changes that are made to the project throughout all phases of construction, rent-up and operation.

**1.3 Management Company and On-Site Personnel**

The management company and all on-site personnel are responsible for implementing the HOME and/or Trust Fund program requirements correctly. Any management company who is authorized to lease units to tenants should be thoroughly familiar with all federal and state laws, rules and regulations governing certification and leasing procedures. It is also important the management company provide information, as needed, to the Division, and submits all of the required reports and documentation in a timely manner.

If the management company determines the project is not in compliance with the HOME and Trust Fund program requirements, the Division must be notified in writing immediately.

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## 2. PROGRAM REQUIREMENTS

### 2.1 Income Limit Requirements

Before a prospective tenant is approved to occupy a unit, or a client is provided funds for homeowner activities or for tenant-based rental assistance, their income eligibility must be documented with source documents, such as wage statements, interest statements, etc., or 3<sup>rd</sup> party verifications. Income eligibility is based on **anticipated** income, including earnings on all assets, and the calculation used to determine eligibility must be documented in the client's file. The Division requires that HUD's Section 8 definition of income be used to qualify all HOME and Trust Fund-assisted clients. The calculation must include the income of all household members 18 years of age or older. Income need not be reexamined at the time assistance is actually provided unless more than six months has elapsed since the initial income verification was processed.

Income limits are to be adjusted for family size, based on the adjustments used under the Section 8 Program. HUD publishes median income information for each individual county or metropolitan statistical area (MSA) in Nevada on a periodic basis. Upon receipt of this information from HUD, the Division will provide the new income limits to all HOME and Trust Fund Recipients and property managers. The income limits will also be placed on the Division's web site at [www.nvhousing.state.nv.us](http://www.nvhousing.state.nv.us).

#### A. HOME Program Requirements

All HOME funds allocated by the Division must be used to assist clients and tenants with annual gross incomes at or below 80 percent of area median income ("80% Rule"). Rental projects must ensure compliance with the 80% Rule for the entire period of affordability (compliance period). Homebuyer and Homeowner Rehabilitation programs do not require ongoing compliance with the 80% Rule, as clients only need to meet the 80% Rule during the application process.

**The Division normally requires that a project target a lower income population and will reflect the lower requirements within the Written Agreement.**

All projects, regardless of income restrictions reflected in the Written Agreement, must adhere to the 80% Rule. For tenants whose income increases to above 80 percent of area median income in a "**fixed**" unit, the rent must be increased to 30 percent of their **adjusted** gross income. If the tenant's income increases to above the 80 percent of area median income in a "**floating**" unit, the tenant's rent must be increased to 30 percent of their adjusted income; however, the rent **may not exceed** the market rent for a comparable, unassisted unit in the neighborhood. The next available HOME-assisted unit must then be rented to a tenant that meets the HOME criteria. (See Section 2.3 for "Fixed" and "Floating" designations). The adjusted gross income is to be

calculated using the Section 8 allowances. For a detailed discussion of calculating annual and adjusted income under the HOME rule, refer to HUD's HOME manual "Technical Guide for Determining Income and Allowances for the HOME Program", which is available by contacting HUD at 1-800-998-9999.

B. Trust Fund Program Requirements

Trust Funds must be used to assist clients and tenants with annual gross incomes at or below 60 percent area median income ("60% Rule"), with 15 percent of the annual allocation serving clients at or below the federally designated poverty level. The Division will issue a Written Agreement that dictates the population to be served for every project and program funded with Trust Fund dollars. Although there is no regulation that specifically states the procedures for "over-income" tenants, the Division requires that the next available Trust Fund-assisted unit be leased to a qualifying tenant.

Because both programs impose occupancy restrictions over the length of the period of affordability (compliance period), projects must establish systems to recertify tenant income on an annual basis. Typically, each tenant's income will be examined on the anniversary of the original income evaluation or at lease renewal. However, the project may adopt an annual schedule and perform all verifications at the same time. The Division will review recertification records during the compliance review.

The HOME Program allows two additional methods of income recertification. In addition to collecting source documentation, projects have the option to recertify income with:

- ?? A written statement from the family indicating family size and annual income. This must include a certification from that family that information is complete and accurate, and must indicate that source documents will be provided upon request; or
- ?? A written statement from the administrator of another government program under which the family receives a benefit, and that examines the annual (gross) income of the family each year (such as Section 8 Voucher Program). The statement must also indicate the family size, or provide the current income limit for the program and a statement that the family's income does not exceed that limit.

If either of the two alternative methods described above is used, the project is still required to collect full source documentation every sixth year.

Note: If the assisted units are also Low-Income Housing Tax Credit units, then the Tax Credit rule of recertifying using the procedures for that program should be followed.

## 2.2 Rent Requirements

In addition to meeting the income limit requirements described in Section 2.1, the units must be rent restricted (limited to maximum allowable rents) for a project to be qualified as a HOME or Trust Fund project. The rents for a specific project or program will be described within the Written Agreement, and will be in place for the entire period of affordability (compliance period). The maximum allowable rents **must** be reduced if the tenant pays for utilities (other than telephone).

### A. HOME Program Requirements

Every HOME-assisted rental unit is subject to rent limits designed to help make rents affordable to low income households. The Division will issue a Written Agreement that will dictate the maximum rents of a project. These maximum rents are referred to as “HOME” rents, and are published by HUD on an annual basis. The HOME Program uses two rent levels-“Low” HOME rent and “High” HOME rent. These rents are calculated as follows:

?? “High” HOME Rent-The maximum HOME rent which is the lesser of the Section 8 Fair Market Rents for existing housing; or 30 percent of the adjusted income of a family whose annual income equals 65 percent of area median income;

?? “Low” HOME Rent-The maximum HOME rent which is no greater than 30 percent of the **tenant’s** monthly adjusted income; or 30 percent of the annual income of a family whose income equals 50 percent of area median income; or if a project has federal or state project-based rental subsidy and the tenant pays no more than 30 percent of his or her adjusted income toward rent, the maximum rent may be the rent allowable under the project-based rental subsidy program.

Rent limits published by HUD reflect five (5) different rent limits for each individual county or metropolitan statistical area: Low HOME Rent Limit; High HOME Rent Limit; Fair Market Rent; 50% Rent Limit; and 65% Rent Limit. The Division will normally choose the Low HOME Rent designation for projects funded by the Division, and will indicate such within the Written Agreement. Other allocating agencies may designate different rent limits, so property managers must be made aware of the terms of all Written Agreements for each project.

Tenant incomes are likely to increase over time. If these changes occur during the period of affordability (compliance period), the project must take certain steps to maintain compliance with rent and occupancy standards. The project must always maintain the correct number of High and Low HOME rent units, and rents must be adjusted for tenants whose incomes rise above 80 percent of area median income (refer to Section 2.1(A)).

Note: The maximum rent that can be received from a tenant on the Section 8 Voucher Program is the allowable HOME rent. The subsidy received **must not** exceed the HOME rent limits defined in the Written Agreement, unless the project is receiving **project-based** rental subsidy.

B. Trust Fund Program Requirements

Every Trust Fund-assisted rental unit is subject to rent limits designed to help make rents affordable to low income households. These maximum rents are also referred to as “HOME” rents, and are published by HUD on an annual basis. The Division will issue a Written Agreement that dictates the rent limits of a project.

Rent limits are adjusted for the number of bedrooms in a unit. HUD publishes the rent limit information for each individual county or metropolitan statistical area (MSA) in Nevada on a periodic basis. Upon receipt of this information from HUD, the Division will provide the new rent limits to all HOME and Trust Fund Recipients and property managers. The rent limits will also be placed on the Division’s web site at [www.nvhousing.state.nv.us](http://www.nvhousing.state.nv.us). New rents are effective upon receipt of the new HUD-published numbers. However, tenant’s rents may not be adjusted until their leases are renewed, as long as the tenant has received 30 days written notice before increases are implemented.

On the rare occasion when there is a decrease in the allowable HOME rent levels, the project is not required to decrease rents below the HOME rent limit that was in effect at the time of project commitment.

**2.3 Fixed or Floating Units**

For properties with both assisted and non-assisted units, the Division will select “fixed” or “floating” units at the time of project commitment. This designation will be described in the Written Agreement, and will be in place for the entire period of affordability (compliance period):

A. Fixed Units

When HOME or Trust Fund-assisted units are fixed, the specific units that are designated HOME or Trust Fund units at time of lease-up (and therefore subject to rent and occupancy standards) are designated and never change.

B. Floating Units

When HOME or Trust Fund-assisted units are floating, the units that are designated HOME or Trust Fund units may change over time, as long as the total number of assisted units in the project remains constant. The assisted units must remain comparable to the non-assisted units over the period of affordability (compliance period) in terms of size, features and number of bedrooms.

The floating designation gives the project owner some flexibility in assigning units, and can help avoid stigmatizing the HOME or Trust Fund-assisted units. It also allows the ability to designate a new HOME or Trust Fund-assisted unit if a tenant in a current assisted unit has an increase in their annual gross income, causing them to exceed the maximum allowable income limit.

Increases in tenant annual income can affect the rents of fixed and floating units. For guidance on calculating rents for a tenant whose income has exceeded 80 percent of area median income refer to Section 2.1(A) of this manual.

## 2.4 Lease Requirements

The lease between a project and the tenant in a HOME or Trust Fund-assisted property must be for at least one year, unless by mutual agreement between the tenant and the project. The lease **must not** contain any of the following provisions:

- A. Agreement to be sued: Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with a lease;
- B. Treatment of Property: Agreement by the tenant that the owner may seize or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This provision does not apply to disposition of personal property left by a tenant who has vacated a property.
- C. Excusing owner from responsibility: Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent;
- D. Waiver of notice: Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;
- E. Waiver of legal proceedings: Agreement of the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;
- F. Waiver of a jury trial: Agreement by the tenant to waive any right to a trial by jury;
- G. Waiver of right to appeal court decision: Agreement by the tenant to waive the tenant's right to appeal or to otherwise challenge in court a court decision in connection with the lease;
- H. Tenant chargeable with cost of legal actions regardless of outcome: Agreement by the tenant to pay attorney's fees or other legal costs, even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

Owners may terminate tenancy or refuse to renew a lease only upon 30 days' written notice, and only for: serious or repeated violation of the terms and conditions of the lease; violation of applicable federal, state or local law; completion of the tenancy period for transitional housing; or for other good cause. The project must adopt written tenant selection policies and criteria that:

- ?? are consistent with the purpose of providing housing for very low-income and low-income families;
- ?? are reasonably related to program eligibility and the applicant's ability to perform the obligations of the lease;
- ?? provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and
- ?? give prompt written notification to any rejected applicant of the grounds for any rejection.

To maintain compliance with HOME rules, projects will need to ensure that the project is marketed to qualified applicants; tenants are screened for eligibility; rent and occupancy targets are observed; and adequate property maintenance is conducted.

## **2.5 Property Standards**

HOME and Trust Fund properties must meet certain minimum property standards as follows:

- ?? State and Local Standards;
- ?? Model Codes (for rehabilitation or new construction) for areas without state and local standards;
- ?? Housing Quality Standards;
- ?? Rehabilitation Standards (rehabilitation projects including homeowner rehabilitation);
- ?? Model Energy Codes (new construction);
- ?? Handicapped Accessibility; and
- ?? Site and Neighborhood Standards (new construction)

The Division will designate the appropriate property standard within the Written Agreement. Owners of rental properties must maintain the projects in accordance with property standards throughout the period of affordability (compliance period). This will require periodic **documented** inspections by the project manager at least annually and by the Division during the compliance review of the project.

The Tenant-Based Rental Assistance Program allows households to choose the rental unit of their choice. However, the unit must meet Section 8 Housing Quality Standards, and an inspection of the property must occur annually at recertification.

## **2.6 Federal Requirements**

The HOME Program is subject to the following cross-cutting federal regulations. It is

the responsibility of the program managers, project managers and sub-recipients to educate themselves on the following federal regulations:

A. Fair Housing and Equal Opportunity

No person in the United States shall on the grounds of race, color, national origin, religion or sex be excluded, denied benefits or subjected to discrimination under any program funded in whole or in part by HOME funds. Consequently, the Division must take measures to ensure non-discriminatory treatment, outreach and access to program resources. This applies to employment and contracting, as well as to marketing and selection of program participants. The regulations of fair housing and equal opportunity are as follows:

- ?? Title VI of the Civil Rights Act of 1964, As Amended (42 U.S.C. 20000 d et seq.)
- ?? The Fair Housing Act (42 U.S.C. 3601-3620)
- ?? Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259)
- ?? Age Discrimination Act of 1975, As Amended (42 U.S.C 6101)

The Office of Management and Budget (OMB) has implemented new requirements for the collection of race and ethnicity data. Under the revised policy, Recipients must begin collecting race and ethnicity data under the new categories as follows:

Race Categories:

- ?? White: A person having origins in any of the original peoples of Europe, the Middle East, or North Africa;
- ?? Black or African American: A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” or “Negro” can be used in addition to “Black or African American”.
- ?? Asian: A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam;
- ?? American Indian or Alaska Native: A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment;
- ?? Native Hawaiian or Other Pacific Islander: A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands;
- ?? American Indian or Alaska Native **and** White: A multi-race category;
- ?? Asian **and** White: A multi-race category;
- ?? Black or African American **and** White: A multi-race category;
- ?? American Indian or Alaska Native **and** Black or African American: A

multi-race category:

- ?? Balance of individuals reporting more than one race: Individuals who do not fit into one or more of the aforementioned racial categories.

#### Ethnic Categories:

- ?? Hispanic or Latino: A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. The term “Spanish origin” can be used in addition to “Hispanic or Latino”.
- ?? Not Hispanic or Latino: A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

Note: It is very important to remember that “Hispanic or Latino” is **not** a race category. Clients who indicate that they are “Hispanic or Latino” must also select one of the ten race categories.

#### B. Affirmative Marketing

Programs and projects must adopt procedures and requirements that include methods to affirmatively market housing assisted with HOME funds, including a description of what will be done to inform persons not likely to apply for housing.

#### C. Handicapped Accessibility

HOME regulations also require adherence to the following regulations governing the accessibility of federally-assisted buildings, facilities and programs:

- ?? Americans with Disabilities Act (42 U.S.C. 12131; 47 U.S.C. 155,201,218 and 225);
- ?? Fair Housing Act (42 U.S.C. 3601-19);
- ?? Section 504 of the Rehabilitation Act of 1973

#### D. Other Federal Requirements

In addition to the federal regulations already mentioned, the Division is required to ensure that the Recipient comply with additional requirements as follows:

- ?? Equal Employment Opportunity, Executive Order 11246, As Amended;
- ?? Section 3 of the Housing and Urban Development Act of 1968;
- ?? Minority/Women’s Business Enterprise (Executive Orders 11625,12432 and 12138)
- ?? Davis-Bacon and Related Acts (40 U.S.C. 276(A)7;

- ?? Contract Work Hours and Safety Standards Act, As Amended (40 U.S.C. 327-333)
- ?? Copeland (Anti-Kickback) Act (40 U.S.C. 276c);
- ?? Fair Labor Standards Act of 1938, As Amended (29 U.S.C. 201)
- ?? National Environmental Policy Act (40 CFR Parts 1500-1508)
- ?? Title X of the 1992 Housing and Community Development Act (24 CFR Par 35) regarding Lead Based Paint; and
- ?? The Uniform Relocation Act

## 2.7 **Projects with HOME/Trust Funds and Low-Income Housing Tax Credits**

Projects that combine HOME and Trust Funds with Low-Income Housing Tax Credits (“Tax Credits”) or other federal programs have a unique set of rules to follow in order for a project to be in compliance with all program regulations. The following is a list of areas where discrepancies may exist, along with recommendations to address them:

### A. Rents

For units to qualify as both Tax Credit and HOME/Trust Fund-assisted units, rents can not exceed either program limit. Low HOME rent units are subject to Low HOME rents *and* tax credit rents. If a unit is being counted under more than one program, **the stricter rent limit applies**. It will be necessary to have access to the current rent limits for all programs in order to make a determination of the correct rents to use. The maximum allowable rents **must** be reduced if the tenant pays for utilities (other than telephone).

Note: When a tenant receives additional subsidy through rental assistance programs such as the Section 8 Voucher Program, the rents of a HOME/Trust Fund-assisted unit may be raised to the rental assistance program limit **only** if three requirements are met:

- ?? The tenant pays no more than 30 percent of their adjusted income;
- ?? The subsidy is **project-based** (affects the entire project, not just a single unit); and
- ?? Tenant income is less than 50 percent of the area median income. If a tenant’s income exceeds 50 percent of area median income, as reflected on the HUD Income Limit publication, then the High HOME Rent limit must be used. The Tax Credit rule of allowing the tenant’s rent to be raised to the higher Section 8 rent limit as long as the tenant pays no more than 30 percent of their adjusted monthly income for housing does not apply when a unit is combined with HOME funds. Unless the subsidy is project-based (not tenant-based), the total HOME rent is the maximum amount from **all** sources that the project may receive for HOME/Trust Fund-assisted units, including utility allowances.

B. Assets

HOME/Trust Fund programs require verification of all asset income, whereas the Tax Credit rules require verification of asset income only if the household's assets are greater than \$5,000.00. For units that combine programs, the stricter HOME rules apply and all assets must be verified and documented in tenant/client files.

C. Lease Agreements

The Tax Credit program requires an initial lease term of six months minimum, whereas the HOME/Trust Fund program requires an initial lease to be at least one year, unless by mutual agreement between the tenant and the project. For units that combine programs, the Tax Credit rule of six months minimum may be accepted.

D. Re-examinations of Tenant Eligibility

If a Tax Credit project has received permission from the Internal Revenue Service to waive the annual re-certification of annual income, the HOME and Trust Fund-assisted units will still have to be re-certified annually, and verified with source documentation every six years in accordance with HOME regulations. Otherwise all units will have to be re-certified annually to comply with the Tax Credit rules, including the HOME and Trust Fund-assisted units.

E. Over-Income Tenants

The definition of an over-income tenant differs under the two programs. Tax Credit rules define "over-income" as having income above 140 percent of the project income limit. Under the HOME and Trust Fund regulations, tenants are considered over-income if their income rises above 80 percent for HOME units, and 60 percent for Trust Fund units. To resolve this conflict, HOME and Trust Fund rules state that when funds from both Tax Credits and HOME/Trust Fund programs are used on the same unit, the Tax Credit rule of 140 percent should be followed, and in no case can the rent be raised to exceed the limits set by the Tax Credit Program. HOME and Trust Fund regulations do require that once the tenant's income has exceeded 140 percent of the project's income limits, the next available unit of the same size be leased to a tenant that meets the HOME and Trust Fund criteria, as long as the original units were designated as **floating units** in the project's Written Agreement.

F. Property Inspections

HOME and Trust Fund program regulations require that property managers conduct their own unit inspections at least annually, and that evidence of such inspections must be maintained in the tenant's files. Inspection records will be reviewed by Division staff during the compliance review.

G. Fair Housing Activities

Projects that have received HOME funding must meet Section 504 of the Rehabilitation Act in addition to the Fair Housing Act requirements of the Tax Credit program. Projects must develop tenant selection criteria and waiting lists, which will be reviewed during the Division's compliance review. Rejected applications will also be reviewed to ensure that there have been no fair housing violations.

H. Period of Affordability

The Tax Credit program and the HOME/Trust Fund programs require annual monitoring to ensure compliance with program rules over the length of a pre-established period of affordability (compliance period). Under the Tax Credit program, the period of affordability is generally 30 years, unless the project has received preference points for an extended period (currently 50 years). Projects with HOME dollars may have a period of affordability of 5 – 20 years, depending upon the type of project and the amount of HOME dollars invested. As a result, projects with combined HOME and Tax Credits may be subject to two sets of affordability periods and should be monitored according to each specific project requirement. NOTE: Projects funded with Trust Funds have a period of affordability of 30 years, regardless of the amount of funds invested.

**2.8 Special Requirements for SRO's and Group Homes**

A. SRO

The HOME Program defines a Single Room Occupancy (SRO) as housing consisting of single room dwelling units or bedrooms that is the primary residence of its occupant or occupants. New regulations require that the unit contain food preparation or sanitary facilities (it may contain both) only if the project consists of new construction, conversion of non-residential space, or reconstruction. For acquisition or rehabilitation of an existing residential structure, neither food preparation nor sanitary facilities are required to be in the unit. If the units do not contain sanitary facilities, the building must contain sanitary facilities that are shared by tenants. An SRO consists of clearly identifiable, separate units or bedrooms.

Only units occupied by persons/families below 60% of area median income may be assisted, unless otherwise stated within the Written Agreement. In addition, for projects with 3 or more units, 20% of the units must be occupied by tenants with incomes below 50% of area median income.

If an SRO unit has neither food preparation nor sanitary facilities, or only one, then the rent may not exceed 75% of the Fair Market Rent (FMR) for a zero-bedroom unit. For an SRO unit with both food and sanitary facilities contained within the unit, at least 20% of the assisted units in each project

must be Low-HOME Rents. Rents include utilities, but do not include food or the costs of supportive services. The lease agreement should separate the costs of housing from the costs of food and supportive services.

**Note:** The total rent to be collected for the unit/bedroom must be divided by the number of beds in the room, as the project may not collect more than the allowable rent for the unit/bedroom.

B. Group Home

The HOME Program defines a Group Home as housing occupied by two or more single persons or families consisting of common space and/or facilities for group use by the occupants of the unit, and (except in the case of shared one bedroom units) have separate private space for each family. It also includes group housing for elderly or disabled persons. A Group Home is considered a one-unit project.

All occupants of single-units HOME-assisted projects must be occupied by persons/families below 60% of area median income, unless otherwise stated within the Written Agreement.

Rents in a group home are based on the appropriate Section 8 FMR for the unit size. For example, a group home with four bedrooms would use the FMR for a four-bedroom unit. Rent includes utilities, but does not include food or cost of any supportive services provided. The lease agreement should separate the costs of housing from the costs of food and supportive services.

**Note:** Each family's rent will be its proportionate share of the total unit rent for the project.

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### 3. COMPLIANCE PROCEDURES

This section outlines the Division's procedures for the auditing of each program or project for compliance under the provisions of 24 CFR Part 92 which governs the HOME program, and NRS 319.500 and NAC 319.885 which governs the Trust Fund program. Monitoring each program or project is an ongoing activity that extends throughout the period of affordability (compliance period).

#### 3.1 Record Keeping and Record Retention Requirements

Each Recipient shall maintain records for each program or project as follows:

A. Rental housing

General records must be kept for five years after project completion. Tenant income, rent and inspection information must be kept for the most recent five years, until five years after the period of affordability ends.

B. Homeownership

Five years after project completion. Resale/recapture records must be kept five years after period of affordability ends.

C. Tenant-Based Rental Assistance

Five years after rental assistance ends.

D. Written Agreements

Five years after the agreement ends.

Records vary by type of program or project, and must be made available for review by the Division. The following are the types of records that should be on file for review:

1. All Programs/Projects

- ?? Evidence of compliance with applicable property standards (inspections to be performed at least annually);
- ?? Evidence of compliance with affirmative marketing requirements and the existence of acceptable marketing procedures which include the targeting of vacant units to persons not likely to apply for housing without special outreach programs. Recipients should have available their Affirmative Fair Housing Marketing Plan for review by the Division during compliance reviews;
- ?? Written Tenant Selection Policies and Procedures to eliminate the occurrence or appearance of unfair treatment of applicants. Included

should be instruction on the notification procedures of declined applicants;

- ?? Evidence of compliance with the federal requirements listed in Section 2.6 of this manual;
- ?? Evidence of compliance with income targeting requirements for the program or project;
- ?? Evidence of Comprehensive Fire and Hazard Insurance;
- ?? Evidence that the financial operations of the program or project are being conducted properly; and
- ?? Evidence of compliance with all other HUD HOME or Trust Fund regulations described with the Written Agreement.

## 2. Homeownership

- ?? Written Agreement signed by the homeowner and Recipient;
- ?? Evidence of income verifications of the homeowner;
- ?? Certification signed by the homeowner that the property is, or will be, the owner's principal residence;
- ?? Evidence verifying the applicant is the owner of the property (rehabilitation only). A deed alone is generally not considered acceptable. A title search or a recent review of recorded ownership information is adequate;
- ?? Evidence that the value of the rehabilitated property does not exceed 95 percent of the median property value of the area as determined by HUD;
- ?? Evidence that the property meets property standards, including local codes, zoning ordinances, rehabilitation standards and model energy codes;
- ?? Evidence the correct level of lead hazard evaluation and reduction was conducted;
- ?? Copies of recorded loan documentation, with applicable resale or recapture provisions incorporated into the Deed of Trust and Written Agreement;
- ?? Copies of written explanations provided to the homeowner that pertains to the resale/recapture provisions;
- ?? Evidence that all costs are eligible under the HOME and Trust Fund programs;
- ?? Evidence that there were no violations of the Uniform Relocation Act (HOME Program only).

## 3. Rental Housing

- ?? Signed application;
- ?? Signed lease agreement
- ?? Lease agreements that do not contain prohibited lease provisions as specified in Section 2.7(C);
- ?? Initial income verifications of all adult tenants occupying HOME and

- Trust Fund-assisted units;
- ?? Annual re-certifications of households occupying HOME and Trust Fund-assisted units;
- ?? Initial rent levels for HOME and Trust Fund-assisted units. Rents can not include utility allowances if utilities are paid by the tenant;
- ?? Current rent levels and utility allowances for HOME and Trust Fund-assisted units. Utility adjustments proposed by Recipients for specific projects that differ from the local public housing authority's allowances must be approved **in advance** by the Division, and must be supported by documentation;
- ?? Over-income tenants: For units that are designated as floating units, there should be evidence that the next available unit was leased to an eligible tenant whose income falls within the limits specified in the Written Agreement;
- ?? Evidence that rents are not increased until the lease has terminated, and that rents are within the HOME rents designated within the Written Agreement;

#### 4. Tenant-Based Rental Assistance

- ?? Executed application form;
- ?? Evidence that applicant income does not exceed limits designated within the Written Agreement;
- ?? Evidence that the applicant's income has been re-certified annually;
- ?? Evidence that housing selected by the applicant meets Section 8 Housing Quality Standards;
- ?? Date that assistance started;
- ?? Copy of tenant lease from landlord;
- ?? Evidence that the applicant is not paying more than 30 percent of their adjusted gross income towards rent;
- ?? Copies of notices sent to owners and tenants noting any changes in Recipient and tenant payments;
- ?? Termination information, with date and reason if applicable.

### 3.2 **Reporting Requirements**

#### A. **Semi-Annual Reports**

The Division will require that Recipients submit the following reports to the Division no later than January 15<sup>th</sup> and July 15<sup>th</sup> of each year during the period of affordability (compliance period). These reports will be reviewed by staff to ensure compliance with HOME and Trust Fund regulations:

- ?? Exhibit A-Semi-Annual Household Characteristics Report
- ?? Exhibit B-Move In/Move Out Report

Instructions for completing these reports are found on the Exhibit L-Reporting Instructions. These forms are available on the Division's web site at

[www.nvhousing.state.nv.us](http://www.nvhousing.state.nv.us).

A similar report system may be used in lieu of these forms, as long as all of the information requested is included. Any errors or violations of the HOME or Trust Fund regulations found by the Division will be reported to the Recipients for correction.

B. Annual Report-(Excluding Down Payment Assistance and Tenant-Based Rental Assistance Programs)

?? Contractor and Subcontractor Activities:

Regulations dictate that certain information must be supplied by Recipients each year for certain programs and projects funded with HOME dollars. This requirement is also reflected within each Written Agreement. The information to be reported to the Division is reflected in the Exhibit D-Annual Report of Contract and Subcontract Activity. A similar reporting system may be used in lieu of this form, as long as all of the information requested is included. The deadline to submit this report is July 31<sup>st</sup> of each year.

?? Financial Audits:

The Division will require certain Recipients to forward copies of annual financial audits for review of non-compliance findings in their Federal Program areas. This requirement only applies to State and Sub-recipients who receive program funding.

C. Completion Reports

Upon completion of a project funded with HOME and/or Trust Fund dollars, the Division will require Recipients to complete HUD's Project Completion Reports (HUD Forms 40096 or 40097 as reflected in the Exhibits/Forms Section of this manual). This report includes a breakdown of all funds allocated to the project, as well as certain data pertaining to household characteristics of tenants residing in the HOME or Trust Fund-assisted units. Vacant units are not considered assisted units until they are leased to a qualifying tenant.

### **3.3 Compliance Review**

To ensure that programs and projects are in compliance with HOME and Trust Fund regulations, the Division will conduct the following procedures:

A. Projects Funded Directly by the Division

1. Project Completion Review

The Division will verify that all program requirements were met during

the construction/rehabilitation phase. Once the project is completed, an on-site visit will be conducted to review property standards, conduct a final review of eligible costs, and to review construction management records. Before the project reaches 95 percent or more occupancy, an on-site visit will be conducted to confirm that rent and occupancy standards have been met. The completion review and rent/occupancy review will likely occur during the same visit. Projects funded with Tax Credits will be reviewed at the same time as the tax credit compliance review.

## 2. Desk Reviews

Desk reviews will be performed on an on-going basis, as well as prior to an on-site review of a project. This will include examination of the following items;

- ?? Risk Assessment Worksheet;
- ?? Applications for funding;
- ?? Written Agreements;
- ?? Semi-annual reports received from projects;
- ?? Funding requests processed by the Division;
- ?? HUD Reports;
- ?? Correspondence;
- ?? Previous compliance review information;
- ?? Financial audits (if applicable).

The documentation reflected above will be reviewed by Division staff to ensure that the goals of the project have been met. Areas of concern or issues of non-compliance discovered during the Desk Review will be brought to the attention of the Recipient for correction. This information also will be reviewed prior to any scheduled on-site inspections and will be discussed with the Recipient or project manager during the visit.

## 3. On-Site Reviews

The Division is required to make on-going physical inspections of projects funded through the HOME and Trust Fund programs. Project reviews are based on the total number of affordable units in a project as follows:

- |                     |                   |
|---------------------|-------------------|
| ?? 1-4 units        | Every three years |
| ?? 5-25 units       | Every two years   |
| ?? 26 or more units | Annually          |

Once a determination is made to review a project, a telephone call will be made to schedule a date and time for the review. If time allows, a notification letter will also be sent to the Recipient to confirm the visit. This letter will include the date and time of the review, the scope of the review, and any specific areas that will need to be addressed during the visit.

The actual review has two objectives. The first is to inspect the documentation reflected in Section 3.1 of this manual in order to ascertain compliance with the HOME and Trust Fund regulations. The second step will be to inspect a percentage of actual units to ensure compliance with physical standards criteria. At least 20% of the assisted units will be inspected, along with an inspection of common areas and building exteriors.

Upon completion of the review, an exit interview will be conducted to discuss the results of the visit, and to review any areas of concern. Included in the exit interview will be a discussion of timeframes that the Division will allow the Recipient to correct any findings or areas of non-compliance. A follow-up letter will be issued to document the results of the review. Included in the letter will be the deadline to bring a project into compliance, along with any sanctions that may be imposed if the timeframe is not met. A copy of the letter will be maintained in the Division file, along with audit checklists and physical standards documentation.

#### B. Sub-Recipient Compliance Reviews

Sub-recipients funded by the Division for rental and/or homeownership programs and Tenant-Based Rental Assistance will be reviewed annually, and will consist of a review of project files to ensure that HOME and Trust Fund regulations have been followed. Files must contain the applicable documentation reflected in Section 3.1. If the Sub-recipient allocates the funds to another Recipient, then evidence that the Recipient has been monitored to ensure program requirements have been met must be documented in program files.

Once a determination is made to review a Sub-recipient, a telephone call will be made to schedule a date and time for the review. A notification letter will also be sent to the Sub-recipient to confirm the visit. This letter will include the date and time of the review, the scope of the review, and any specific areas that will need to be addressed during the visit

Upon completion of the review, an exit interview will be conducted to discuss the results of the visit, and to review any areas of concern. Included in the exit interview will be a discussion of timeframes that the Division will allow the Sub-recipient to correct any findings or areas of non-compliance. A follow-up letter will be issued to document the results of the review. Included in the letter will be the deadline to address any areas of non-compliance, along with any sanctions that may be imposed if the timeframe is not met. A copy of the letter will be maintained in the Division file, along with the audit checklists completed during the review.

### 3.4 Procedures for Non-Compliance

If a finding or area on non-compliance is discovered during a desk review or on-site review, the Division will establish a cure period for compliance, not to exceed six months, which will allow the Recipient the necessary timeframe for corrective action. Once the cure period has expired, the Division will arrange for a re-inspection, unless documentation has been provided to the Division which proves correction of the finding(s).

If the Division learns that the Recipient has not corrected the finding(s), a letter will be issued requesting the Recipient to document the steps that have been taken to implement the required corrective action(s). This letter will be issued within 30 days of the expiration of the cure period, and will advise the Recipient of the possible consequences that may result due to the failure to bring the project into compliance. Such corrective action could include, but is not limited to, the following:

- ?? Suspension or termination of the executed Written Agreement;
- ?? Forfeiture of all financial support; and/or
- ?? Repayment of the HOME or Trust Fund monies that the Recipient received from the Division for the affected project.

If the Division determines that the Recipient's response is not satisfactory, a follow-up letter will be sent specifying any additional action that may be required, and the date for completing the actions. In the event a Recipient is making a good-faith effort to implement corrective actions, but is unable to complete the required actions by the original due date, an extension may be given to allow additional time to correct the non-compliance issues. Once the Division has determined that the Recipient has successfully completed all required corrective actions, documentation that the findings have been corrected will be placed in the project file. The Division will also issue a letter to the Recipient stating that the findings have been corrected and the situation closed.

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## 4. QUALIFICATIONS OF APPLICANTS

Applicants for low-income, rent-restricted units must be advised early during their initial visit to the project that maximum income limits apply to HOME and Trust Fund-assisted units. The project manager or authorized representative must explain to the applicants that the anticipated income of **all** persons expecting to occupy the unit must be verified and included on an income certification prior to occupancy.

### 4.1 The Application

A fully completed application is critical to an accurate determination of eligibility. The information furnished on this application should be used as a tool to determine all sources of income including total assets and asset income.

It is the project manager's responsibility to obtain sufficient information for all applicants to completely process the application. The Division recommends roommates complete separate applications. The Application should include:

- ?? The name and date of birth of each person that will occupy the unit (legal name should be given as it will appear on the lease);
- ?? All sources and amounts of current and anticipated annual income expected to be derived during the twelve month certification period. This must include income derived from assets as well as other sources of income;
- ?? The signature of the applicant and the date the application was completed. It may be necessary to explain to the applicant that all information provided is considered confidential and will be handled accordingly.

### 4.2 Annual Income and Assets

Annual income is the anticipated total income from all sources received by the head of household and spouse (even if temporarily absent) and by each additional member of the family or household. Included should be all net income derived from assets for the twelve month period following the effective date of certification of income. HUD's Chapter 3 4350.3 Chg-27 defining income and asset inclusions and exclusions is included in this manual as an attachment. This information is also available in HUD's HOME manual "Technical Guide for Determining Income and Allowances for the HOME Program", which is available by contacting HUD at 1-800-998-9999.

### 4.3 General Income Verification Requirements

All anticipated sources of income and assets must be verified with source documentation or 3<sup>rd</sup> party verification of income **prior** to the execution of a lease and move-in. Initial verifications are required to include, at a minimum:

- ?? Income from all sources for each applicant, including asset income using wage statements, interest statements and unemployment compensation statements.

Annual re-certifications may include a written statement from the household indicating household size and annual income. This must include a certification from the household that information is complete and accurate, and must indicate that source documents will be provided upon request.

A written statement from an administrator of another government program (Section 8 Voucher Program) which states the annual gross income of the household is acceptable, as long as it indicates the family size, or provides the current income limit for the program and a statement that the family's income does not exceed the limit.

Projects are required to collect full source documentation every sixth year.

#### **4.4 Effective Term of Verification**

Income need not be reexamined at the time assistance is actually provided unless more than six months has elapsed since the initial determination. Projects funded in part with Tax Credits need to be aware that income verifications are valid for only ninety (90) days prior to move-in. After ninety (90) days, the information may be verbally updated for an additional thirty (30) days. After this time period, new income verifications must be obtained. Any verbal update must be documented in writing.

#### **4.5 Leases and Rent Limits**

The Division requires low-income tenants to be income certified, and all tenants must be reflected in the lease in order to occupy a unit. Leasing guidelines are as follows:

- ?? No tenant may occupy a HOME or Trust Fund-assisted unit prior to the execution of the initial lease;
- ?? The lease must include: the legal name of parties to the agreement; all other occupants; a description of the unit to be rented; the term of the lease; the rental amount; the use of the premises; and the rights and obligations of the parties. The lease **may not** include the prohibited lease provisions reflected in Section 2.4 of this manual;
- ?? Regulations require that the initial lease term be 12 months, unless by mutual agreement between the tenant and the project. Note: The Division will allow the initial term of the lease to be six months if the unit is also a tax credit unit;
- ?? Within the body of the lease, it must state an annual recertification will be required of all household income. Special attention should be directed at those tenants whose income exceeds 80 percent of area median income (or 140 percent if it is a Tax Credit project);
- ?? The lease must state that the project is required to conduct annual inspections of the unit, and that the unit may also be inspected by the Division during compliance reviews;
- ?? It is important for the lease to reflect the correct date of move-in, or the date the tenant takes possession of the unit.

## 5. GLOSSARY

**Adjusted Income** – Annual (gross) income reduced by deductions for dependents, elderly households, medical expenses, handicap assistance expenses and childcare.

**Affirmative Fair Housing Marketing Plan** – HUD’s requirement that Recipients develop a plan to attract prospective clients of all minority and non-minority groups in the housing market area regardless of race, color, religion, sex or national origin. It is to include guidelines to attract clients not likely to apply for housing without special outreach efforts.

**Annual Income** – The HOME Program allows the use of one of three definitions of annual income: Section 8 annual income; annual income as reported on the U.S. Census long form; and adjusted gross income as defined for reporting on IRS Form 1040. HOME Final Rule(24 CFR Part 92.203)

**Assets** – Items of value, other than necessary personal items, which are considered in determining the eligibility of a household.

**Assisted Unit** – A term that refers to the units within a HOME or Trust Fund project for which rent, occupancy and/or resale restrictions apply. The number of units designated as HOME or Trust Fund-assisted affects the maximum subsidies that may be provided to a project.

**Community Housing Development Organization (CHDO)** - A private, nonprofit organization that meets a series of qualifications prescribed in the HOME regulations. HOME Final Rule (24 CFR Part 92.2)

**Completion Reports**-HUD Forms 40096 & 40097 that provides completion data to the Division on projects funded with HOME and Trust Funds.

**Compliance** – The act of meeting the requirements and conditions specified under the law and the HOME and Trust Fund program.

**Compliance Review Checklist** – The document that is completed by the Division once the on-site review of a Recipient has been completed.

**Desk Review** – An examination of information and materials provided by the Recipients as a means to track performance and to identify potential problem areas.

**Division** – Nevada Housing Division

**Drawdown Requests** – The process of requesting and receiving HOME and Trust Funds from the Division.

**Exit Interviews** – A discussion between the Division and the Recipient to present the results and findings of an on-site compliance monitoring review.

**Fair Housing and Equal Opportunity Activities** – HUD requirement for Recipients to document that no person has been excluded from participation in, denied the benefits of, or

subjected to discrimination under any program or activity receiving federal financial assistance on the basis of race, color or national origin.

**Federal Rules** – Federal Requirements as set forth in the HOME Final Rule 24 CFR Part 92, Subpart H that are to be followed by all participants in the HOME and Trust Fund programs.

**Final Rule** - 24 CFR Part 92 of the Federal Register that is the regulation for the HOME Investment Partnership Program.

**Finding** – Any area of non-compliance discovered during an on-site compliance monitoring review.

**Fixed Units** – Specified units in a project that are designated as HOME or Trust Fund-assisted units, and can never change throughout the Period of Affordability.

**Floating Units** – Units designated as HOME or Trust Fund-assisted units, but may be rotated throughout the project as long as the total number of assisted units remains constant.

**Group Home** – Housing occupied by two or more single persons or families consisting of common space/and or facilities for group use by the occupants of the unit, and (except in the case of shared one-bedroom units) separate private space for each family.

**High HOME Rents** – The maximum rents as established by the Section 8 Fair Market Rents (FMRs) for existing housing; or thirty percent of the adjusted income of a family whose annual income equals sixty-five percent of median income.

**HOME Program** - The HOME Investment Partnerships Program was created by the National Affordable Housing Act of 1990 (NAHA) to support affordable housing initiatives to provide decent affordable housing to lower-income households.

**HOME Rents** – The rent limits established by HUD that are designed to help make rents affordable to low-income households.

**Household Characteristics** – The data (or similar data) requested in Exhibit A-Nevada Housing Division Quarterly Report of Household Characteristics for each unit of a HOME or Trust Fund-assisted project.

**Housing Quality Standards (HQS)** – Property standard criteria established by HUD to ensure “decent, safe and sanitary” housing for federal program recipients.

**Income Certification** – Document by which the tenant certifies his/her income, for the purposes of determining whether the tenant will be of low income according to the provisions of the HOME and Trust Fund programs.

**Income Verification** – Information from a third party which is collected in order to collaborate the accuracy of information concerning income provided by applicants to a project.

**Trust Fund Program** -The Low-Income Housing Trust Fund was established in 1989 by the Nevada Legislature to fund low-income housing activities, and to serve as a match credit for

required federally funded programs.

**Lease Agreements** – The legal agreement between the tenant and the project sponsor which defines the terms and conditions of the rental of a unit.

**Low HOME Rents** – For properties with five or more HOME or Trust Fund-assisted units, at least 20 percent of the units must have rents which are no greater than: 1) Thirty percent of the tenant's monthly adjusted income; or 2) Thirty percent of the annual income of a family whose income equals 50 percent of median income; or 3) For projects that have federal or state project-based rental subsidy and the tenant pays no more than thirty percent of his or her adjusted income toward rent, the maximum rent may be the rent allowable under the project-based rental subsidy program.

**Low-Income Housing Tax Credit Program** – Created by the Tax Reform Act of 1986 to encourage the development of affordable rental housing for low-income households.

**Median Income** – A determination made through statistical methods establishing a middle point for determining income limits. Median is the amount that divides the distribution into two equal groups; one group above the median and one group having income below the median.

**Monitoring** – Regulations governing the HOME and Trust Fund programs require the Division To monitor the performance of Recipients to ensure compliance with program requirements. In addition, the Division is required to monitor Recipients receiving HOME and Trust Funds to confirm that their activities are addressing the state's affordable housing needs.

**Monitoring Follow-up Letter** – A letter issued by the monitoring staff after on on-site compliance review that describes the results of the review.

**Move-In/Move-Out Reporting** – As units are vacated and re-rented, the activity should be noted by the Recipient in order to ensure maximum program compliance, and the information reported to the Division on a quarterly basis.

**Non-Compliance** – A violation of a requirement or condition specified under the HOME and Trust Fund regulations.

**Notification Letter** – A formal notification to a Recipient of an upcoming on-site compliance review that outlines the dates and scope of the review, along with a list of the data to be reviewed by the monitoring staff.

**On-Site Review** – An actual visit to a project to monitor areas of performance; assess Recipient compliance with program requirements; and determine whether records are adequate to document compliance. When performing an on-site review, the monitoring staff must complete the appropriate monitoring checklists and prepare a report summarizing the results of the review.

**Over-Income Tenants** – Tenants whose combined income rises above eighty percent of area median income, or whose income exceeds the income limitations as described in the Written Agreement.

**Period Of Affordability** – The length of time that a HOME or Trust Fund-assisted unit must meet the rent and occupancy restrictions as described in the Written Agreement.

**Project** – A site or an entire building or two or more buildings, together with the site or sites on which the building or buildings is located, that are under common ownership, management and financing and are to be assisted with HOME or Trust Funds, under a commitment by the owner, as a single undertaking.

**Recipient** – State Recipients, Sub-recipients, Community Housing Development Organization, local governments, developers, owners and contractors who participate in the HOME and Trust Fund programs.

**Rent Levels** – HUD established rents that are published at least annually for each county, and are utilized to determine the appropriate rents to charge HOME and Trust Fund-assisted tenants.

**Risk Assessment Worksheet** – An analysis used to assess a Recipient’s risk of performance or compliance problems, which will be used to determine the annual monitoring schedule for on-site compliance reviews.

**Sanctions** – Penalties imposed by the Division upon a Recipient for violations of the HOME and Trust Fund regulations.

**Section 3** – Requirement by HUD that economic opportunities generated by HUD financial assistance for housing and community development programs be targeted to low- and very-low income persons.

**Section 8 Of The U.S. Housing Act Of 1937, As Amended** – Regulations used in defining and determining income and Housing Quality Standards as required of section 103(b) of the Internal Revenue Code of 1954, as amended.

**Single Room Occupancy (SRO)** – Housing consisting of single-room dwelling units that is the primary residence of its occupant or occupants. The unit must contain food preparation and/or sanitary facilities if the project involves new construction, conversion of non-residential space, or reconstruction. If the units do not contain sanitary facilities, the building must contain sanitary facilities shared by the tenants.

**State Recipient** – A unit of local government designated by a state to receive HOME or Trust Funds. The state is responsible for ensuring that funds allocated to state recipients are used in accordance with the HOME and Trust Fund regulations and other applicable laws.

**Sub-recipient** – A public agency or nonprofit organization selected to administer all or a portion of the HOME or Trust Fund Programs. A public agency or nonprofit organization that receives funds solely as a developer or owner of housing is not a sub-recipient.

**Subsidy** – The difference between the amount a tenant can afford to pay for housing and the local rent standards is the definition of a subsidy, and can be paid for by funds from the HOME or Trust Fund Tenant Based Rental Assistance programs.

**Tenant** – Occupant(s) of a unit, age 18 and over, to whom the unit is leased.

**Written Agreement** – The contract between the Division and a Recipient that states the

conditions under which HOME and Trust Funds are provided.

**6. EXHIBITS/FORMS**

**Exhibit A** – Household Characteristics

**Exhibit B** – Move-in/Move-out Report

**Exhibit C** – Report of Fair Housing Activities (no longer in use)

**Exhibit D** – Annual Report of Contract and Subcontract Activity

**Exhibit E** – TBRA Client Information Set-up Form

**Exhibit F** – Welfare Set-Aside Client Information Form

**Exhibit G** - Sample Trust Fund Written Agreement

**Exhibit H** – Sample HOME Written Agreement

**Exhibit J** – Nevada Housing Division Minority/Women Business Enterprises Outreach  
(MBE/WBE)

**Exhibit K** – Nevada Housing Division Affirmative Marketing Program

**Exhibit L** – Reporting Instructions

**Exhibit M** – State Recipient Quarterly Reporting of Compliance Reviews

**Exhibit N** – Risk Assessment Worksheet

**Exhibit O**-Environmental Review Procedures for Down Payment and Homeowner  
Rehabilitation Programs

HUD Completion Forms (Rental, Homebuyer and Homeowner Rehabilitation), to be completed and returned to the Division at project completion.

Samples of Rental and Homeowner Rehabilitation Forms available from HUD's website at <http://www.hud.gov/offices/cpd/affordablehousing/library/forms/index.cfm>. (These forms are not mandatory, but do provide examples of what should be used for these programs.)

## **7. APPENDICES**

HOME Income Limits

HOME Rent Limits

HUD 4350.3 CHG-27 Income Inclusions and Exclusions

“Income Inclusions” guide from the HUD Building Home Manual

“Income Exclusions” guide from the HUD Building HOME Manual

“Other Federal Requirements for Homeowner Rehabilitation Activities” guide from Building HOME Manual

“Summary of Homeowner Rehabilitation Rules and How to Document” guide from Building HOME Manual

“Other Federal Requirements for Homebuyer Activities” guide from the Building HOME Manual

“Summary of Key Homebuyer Rules and How to Document” guide from Building HOME Manual

“Summary of Other Federal Requirements for Rental Housing Activities” guide from the Building HOME Manual

“Rules for Combining HOME Funds and Tax Credits” guide from Building HOME Manual

“SRO’s and Group Housing Compared” guide from the Building HOME Manual

Account for Low Income Housing NRS 319.500 – 319.510

Account for Low Income Housing NAC 319.885 – 319.950

HOME Final Rule (24 CFR Part 92)

