

# MaineHousing

## Section 8 Management and Occupancy Review Guide

Implemented 12/2021



**MaineHousing**  
MAINE STATE HOUSING AUTHORITY

For the purposes of this guide we are generalizing the requirements for Section 8 Multifamily projects which may include Section 8NC; Section 202; 23/8; etc.



# PBCA Contract

The PHA (MaineHousing) must conduct an on-site Management and Occupancy Review (MOR) of each assigned Section 8 project. The review must evaluate, analyze, or assess the owner's operating policies, procedures, and practices related to compliance with the HAP Contract as set forth in regulations, handbooks, forms, notices and guidance issued by HUD.



# What the Review Covers

- Desk Review
- Entrance Interview
- Project Files
- Occupancy Files
- Conduct a limited on-site review
- Close out Interview



# Desk Review

- EIV Reports
- HDS Reports
- Review REAC
- File Selection
- Contract Renewals/OCAF Processing
- Tenant Complaints
- Follow-up prior Management and Occupancy Review



# Entrance Interview

- Introductions
- Contact information for representatives from the Owner/Agent staff who will be available for questions during the review
- What the day of the review covers



# Project Files

- Master EIV
- Maintenance Logs
- Tenant Selection Plan
- Waitlist
- Application
- Affirmative Fair Housing Marketing Plan
- HUD 9834 Addendum C Other
- Signed HUD 52670 prior 12 months



# Occupancy Files

- Review for eligibility and proper waitlist selection
- Review family income and assets are properly verified and calculated
- Determine if all HUD required forms and verifications are obtained
- Determine if subsidy was properly paid
- Determine Owner/Agent compliance with civil rights regulations, including : Title VI, Title VII, the Americans' with Disabilities Acts; and Section 504 of the Rehabilitation Act of 1973.





# Conduct a Limited On-Site Review

- Examine conditions of all common areas, project exterior, grounds, office and vacant units if available
- Physical Plant issues outstanding from the last REAC Inspection
- Physical Plant issues outstanding from last MOR summary report



# Close Out Interview

Discuss with the Owner/Agent the results of the MOR (Management and Occupancy Review) and any preliminary findings and/or concerns that were identified.

Copies of property policies and procedures, tenant file documentation or other documents maybe requested for further view as necessary.

The meeting provides management with the opportunity to explain or comment on any observations or findings, it is not an opportunity to fix or create documentation that does not already exist.



# Day of the Review

- Protection of Personal Identifiable Information during a MOR

Personally identifiable information (PII) must be encrypted or transmitted to MaineHousing using Sharefile. Owners/agents and reviewers must comply with EIV Data Sharing Agreements to prevent any prohibited use of or access to EIV records.

- Completed HUD 9834 questionnaire
- Completed EIV Monitoring checklist
- EIV Master binder
- Documents as noted in the EIV Monitoring checklist and Reports as outlined in HUD 4350.3 Exhibit 9-5
- Signed HUD 52670 & HUD 52670-A last 12 months



# Day of the Review continued

- HUD 9834 Addendum B submitted in its entirety. Note: Pages 3, 4 and 5 must be fully completed and each page signed by the Owner or authorized representative
- HUD 9834 Addendum C Other: MSHA Documents Checklist
- Electronic MOR – Tenant file submission requirements by certification type
- Project Data Contact Sheet
- Financial records as outlined in the confirmation letter



# How To Best Prepare For The Review

- Be sure your EIV Master binder is maintained and up to date
- Application & Waitlist current and meets HUD minimum requirements
- Tenant Selection Plan current and meets HUD minimum requirements
- Proper tenant file maintenance. The file should include enough documentation to “tell a story”. By placing a memo in the tenant file someone else reviewing it should be able to follow your logic and able to understand how the result was arrived at.



# After The Review

- A written report is sent within 30 days which provides category ratings, an overall rating, outlines findings, cites violations and recommends corrective actions, as applicable. The report will include target dates for any findings or required correction actions.
- MOR response from owner is required within 30 days. An extension may be requested on or before the response due date.
- Each finding needs to be addressed whether it has been completed or not. An explanation must be provided along with the progress on each finding that remains outstanding. Send all responses, requested supporting documentation, summaries and written certifications for each finding at one time. The MOR cannot be closed out until all findings have been addressed. If applicable PII must be sent via secure mechanism i.e. Sharefile.
- MaineHousing will review the owners response within 30 days.



# Hot Topics

- New Requirements – HUD frequently publishes new or revised regulations. Also, MaineHousing is subject to a HUD Annual Compliance Review in which new initiatives may be brought to our attention.
- MaineHousing Asset Management staff work as a team. On occasion a topic is discussed and may become a new area for review.
- We have drafted a document entitled Most Common Findings –Section 8 Program which can be found in the MaineHousing Toolbox on our website.



# Scoring

- Categories: The management review form is broken into categories and is aggregated in an overall rating. There are four possible ratings: Superior, Satisfactory, Below Average and Unsatisfactory
  - Complete Scoring Criteria can be found in the HUD Handbook 4350.1 Rev-1 Multifamily Asset Management and Project Servicing Chapter 6
- The overall rating is determined by the category scores. An unsatisfactory rating may be reported by HUD in the Previous Participation and Compliance System (2530) and could cause a change in management and impact the Owner/Agent's ability to participate in HUD programs in the future.





# Scoring

Category	Percentage of Overall Rating		
	% of Overall Rating	Performance Indicator Value	Calculation (Points)
A. General Appearance and Security	10%	75	7.5
B. Follow-up and Monitoring of Project Inspections	10%	85	8.5
C. Maintenance and Standard Operating Procedures	10%	75	7.5
D. Financial Management/Procurement <i>Not rated HUD Staff only</i>	0%	Not Rated	
E. Leasing and Occupancy	25%	85	21.25
F. Tenant/Management Relations	10%	85	8.5
G. General Management Practices	10%	75	7.5
TOTALS Overall Rating	75%	Above Avg. 81	60.75

Category D, is weighted 25% but is not rated by MH therefore only 75% is the overall scale. Divide the total points achieved (60.75) by 75% to result in an overall rating.

- MaineHousing's policy is to assign all scores on the 5's For Example: 65 Below Average, 75 Satisfactory, 85 Above Average or 95 Superior

Performance Indicator	Performance Indicator Value
Superior	90 - 100
Above Average	80 - 89
Satisfactory	70 - 79
Below Average	60 - 69
Unsatisfactory	<=59



# Scoring

Brief description of Categories rated:

- **General Appearance and Security:** Appearance of the property's exterior and common areas and whether sufficient security procedures exist.
- **Follow up and Monitoring Project Inspections:** Were there any deficiencies found during the site inspection and most recent REAC inspection? Were EH&S deficiencies from the prior REAC cleared? Have tenant calls come in to MaineHousing and HUD throughout the prior year. If applicable follow up of Lead Based Paint Inspection.
- **Maintenance and Standard Operating Procedures:** Review project files and procedures –assess adequacy of maintenance procedures: Are turnover times excessive? Are there backlogged work orders? Are annual Inspections conducted, is preventative maintenance performed timely?
- **Financial Management/Procurement:** This category is not scored or completed by MaineHousing
- **Leasing and Occupancy:** This category has the highest percentage of the overall rating. Policies and Procedures are reviewed. Some examples include but are not limited to: Tenant Selection Plan, Grievance Process, Reasonable Accommodation Process. File review findings are scored in this category. Are previous findings unresolved? Repeat findings? Are there calculation errors? Are errors systematic or incidental? Findings that affect HAP are weighted heavily.



# Scoring

Brief description of Categories rated continued:

- **Tenant/Management Relations:** Involvement with residents, active Tenant Association, amenities for residents, number of tenant complaints. Resident Services Coordinator (RSC) Explanation of Rating: \* No RSC - 75 Satisfactory \*RSC on staff - 85 Above Average \*If no RSC but management provides services through another administrative position and details provided – 85 Above Average \*RSC on staff, full time position and numerous services on site – 95 Superior
- **General Management Practices-** Physical condition of the property, staffing levels, Staff knowledgeable of HUD requirements, Property Management and Maintenance Skills

- The Summary Report includes Comments and Observations or Findings as applicable.
- Observation vs Finding: An observation could be an item that was a one-time oversight that has since been corrected.

For example: A tenant application from 2009 is not time and date stamped. The time and date stamp were completed on the applications found for all other tenant files reviewed and is current management practice. We would recommend this application be documented regarding this deficiency for future reference.

- A finding is a deficiency that requires Owner/Agent action.

For example: Unit 5 AR 1/2/2020 tenant file was missing a Declaration of Citizenship. This document is required and must be obtained even if only missing in one file and why it cannot be an observation.



# Appeals

The O/A may appeal if they receive an overall score of “Below Average” or “Unsatisfactory” as indicated on HUD form 9834 Summary Report using the following process:

**INITIAL APPEAL:** must be submitted in writing to the CA-Contract Administrator (MaineHousing) and postmarked within 30 calendar days from the date of the report.

- The appeal must explain the factual basis supporting a change in the rating, with sufficient specific examples provided to warrant further evaluation.
- The CA is responsible for evaluating the additional information, including if necessary, another on-site visit for only those items in dispute.
- The initial appeal decision must be in writing and transmitted to the O/A by the CA within a 45 calendar day period following receipt of the appeal.

**FINAL APPEAL:** If the O/A does not agree with the CA appeal decision, they must submit a final appeal to the Multifamily Hub Director which must be in writing and postmarked within 15 calendar days of the transmittal date of the initial appeal decision letter from the CA. See Chapter 6 Section 6-14B of the HUD the 4350.1 for additional information.



# Best Practices

## Be proactive and not reactive in your approach

- Conduct your own Quality Control Review, use the HUD 9834 and do a complete self-audit. The HUD 9834 Addendum A lists the tenant file documentation that is reviewed.
- Implement check lists for processing an application, move in (MI), move out (MO), annual (AR), etc. and organize files in a consistent manner to eliminate missed/lost documents, reduce errors and facilitate the review process.
- Use an independent third party to spot-check your files.
- Conduct frequent physical inspections of the property and units.



# Additional Resources

## See MaineHousing Toolbox:

[www.mainehousing.org/partners/partner-type/asset-management](http://www.mainehousing.org/partners/partner-type/asset-management)

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- MOR Toolbox
  - [Form - HUD 9834 - Questionnaire 2021 Version](#)
  - [Form - Documents Checklist to be made available by Owner Agent Site](#)
  - [HUD 9834 - Addendum A Reference Guide](#)
  - [Form - Tenant File Review Submission Requirements](#)
  - [Commonly Used HUD Forms](#)
  - [Most Common Findings - Section 8 Program](#)
  - [Form - Documents Checklist to be submitted by the Owner Agent](#)
  - [Form - Application & Waitlist Checklist](#)
  - [Form - EIV Monitoring Checklist](#)
  - [Form - Tenant Selection Plan Checklist](#)
  - [Other Resources HUD Handbooks and Web Links](#)

