

STREAMLINING COMPLIANCE PROJECT

Agenda Item 3c

PRELIMINARY RECOMMENDATIONS OF THE INSPECTIONS SUBCOMMITTEE:

Members:

Brian Bieler, REACH CDC
Ben Sturtz, Washington County Community Development
Heather Pate, OHCS
Leslie Johnstone, Princeton Property Management
Nancy Thomas, NOAH
Kathy Rock, Clackamas County
Consultant: Margaret Mahoney

Background: The Inspections Subcommittee reviewed a variety of materials and procedures relating to inspections required by the participating lenders, and discussed options for improving efficiency. The materials and procedures reviewed included:

1. The inspection standards used for measuring compliance and insuring maintenance of the housing asset: the UPCS (Uniform Physical Condition Standards, the HQS (Housing Quality Standards), and adaptations of the HQS used by local HOME participating jurisdictions.
2. The Memoranda executed by the Washington State Finance Commission and several of the partners in the Washington Combined Funders Group.
3. The inspection standard and process for completing inspections under the Washington Combined Funders' process, including the specific inspection protocols and forms used by the Washington Department of Commerce, King County and the City of Seattle Office of Housing. The key components of the process adopted by the Washington Combined Funders Group include:
 - a. A Memorandum of Understanding is executed between the Washington State Housing finance Commission and most of the participating jurisdictions. King County and several other local jurisdictions do participate, but have not executed MOUs. The MOU specifies that (1) the signing entities are joint funders of a group of housing projects; (2) on behalf of the Finance Commission, the local jurisdiction or the Department of Commerce will conduct physical inspections of the joint projects; (3) on behalf of the local jurisdiction or the Department of Commerce, the Finance Commission will review resident certifications for all joint projects and will determine eligibility.
 - b. Representatives of each participating jurisdiction sit on the Funders Group committee. Those representatives appoint others from their respective organizations to sit on other subcommittees, such as the Inspections Subcommittee and the WBARS reporting system Subcommittee.
 - c. Responsibilities for serving as Funders Group chair and subcommittee chairs rotate, as does the hosting of group and subcommittee meetings.

PRELIMINARY RECOMMENDATIONS OF THE INSPECTIONS SUBCOMMITTEE:

- d. The Funders Group and its subcommittees develop common procedures and forms, and work with Joint Project owners to implement procedures and reporting protocols.
- e. The MOU does not replace any participating jurisdiction's responsibilities and obligations under their respective funding sources.

Recommendations: While there have been some efforts to coordinate inspections among Oregon lenders, the members of the Inspections Subcommittee feel that there are greater efficiencies that could be achieved for lenders and property owners/managers through a more focused effort to combine and coordinate inspections.

The group suggested that the greatest efficiency could be achieved in the cities and counties where there are local HOME participating jurisdictions, but that significant improvements could also be achieved in rural areas where OHCS has responsibility for HOME funded projects.

1. Inspection Standard

The Uniform Physical Condition Standard (UPCS) is already the inspection standard for public housing, Section 8 Project Based properties, FHA/HUD assisted and insured properties, and Tax Credit projects. Currently the inspection standard for HOME financing is the Housing Quality Standards (HQS) or local housing codes. The Inspection Subcommittee recommends that the UPCS be adopted as a common inspection standard for properties receiving tax credits, state bond funding, HOME and CDBG funds, as well as local bonds and general funds.

2. Combined Funders Group to Coordinate Site Monitoring/Inspections

The Inspections Subcommittee recommends that the public and nonprofit lenders in Oregon mimic the coordinated system developed in Washington, as follows:

A. Convene a coordinating group of member lenders that would meet at least annually, but as needed, to develop and administer a coordinated reporting and inspection process;

b. The coordinating group would prepare an annual calendar of required inspections/site monitoring and develop an agreement on which lender will handle yearly inspections and site visits on behalf of joint lenders/funders in order to reduce the cost of compliance for all parties and to reduce intrusion on tenants;

c. The coordinating group would develop and maintain a common listing of all joint funded projects, the lender responsible for the current year site monitoring/inspection, the time schedule for completion of compliance monitoring/inspections, and the results of the monitoring/inspections;

d. The coordinating group would arrange for compliance officers with each participating funder to attend training on the UPCS;

e. The coordinating group could also serve as a forum for discussing potential problems with jointly funded projects and for identifying strategies for workouts or other assistance to improve troubled projects.

3. HOME Compliance – Updating Consolidated Plans

Each HOME Participating Jurisdiction that elects to be a part of the Combined Funders Group would amend their Adopted Consolidated Plan to identify the common process being used by the group and how each entity coordinates monitoring and inspections and accepts reports from other jurisdictions participating in the group.

Example – City of Tacoma:

Affordable housing projects which receive funding from the City of Tacoma, Tacoma Community Redevelopment Authority or HOME funding from the City of Lakewood are required to report on a number of items on an annual basis. These three entities are jointly known as The Tacoma Consortium with regards to the federal funding they receive for housing. Many of our local projects also receive funding through the Washington State Housing Trust Fund (WSHTF) and the Washington State Housing Finance Commission (WSHFC). Each of these funders also requires an annual report on items similar to the Tacoma Consortium.

The Tacoma Consortium has partnered with the WSHTF and WSHFC to jointly monitor projects. We believe that we will be better able position to assist your organization with project evaluation and asset management through this partnership. In return, your organization should see a decrease in staff time expended in the reporting and monitoring process by reducing the number of reports and site visits. To this end, a combined funders report has been developed and is required by all three funders. You are responsible for ensuring that a completed copy of the report is provided to all applicable funders in your project(s) by the deadline each funder has established.