



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

GARY HEIDEL
ACTING EXECUTIVE DIRECTOR

TO: Property Owners/Managers

FROM: Troy Thelen-Acting Director of Asset Management

DATE: March 27, 2020

RE: Coronavirus Disease 2019 (COVID-19) Inspection and Monitoring Protocol

This document contains key updates to information previously posted. Frequently asked Questions and Answers has also been included at the end of this document.

In response to concerns related to COVID-19, the Michigan State Housing Development Authority (MSHDA) Asset Management Division is implementing the following protocols. These protocols are applicable for the following properties financed, assisted, or administered by MSHDA and including but not limited to: Section 8, Section 236, Low-Income Housing Tax Credit (LIHTC), Rural Housing, Tax-Exempt Bonds, Taxable Bonds, Neighborhood Preservation Program, TEAM, HOME, HOME TEAM Advantage and Pass-through.

We recommend submitting documents electronically when able. Draw requests and payments will be processed as usual, although you may face slightly extended timelines due to MSHDA compliance with state and federal health recommendations to practice social distancing and temporarily work from home.

Based on evolving best practices, it is recommended by the Authority that any scheduled evictions unrelated to issues of life safety be postponed. Displacement of residents can lead to a greater risk of exposure for those displaced, as well as a greater possibility of transmission of the virus if persons are placed into an unstable or transient housing situation. Further, with the likelihood that residents may face loss of employment due to business closures or cutbacks in hours, more residents may face a struggle to pay bills including rent. Please work to preserve tenancy as much as possible as we await measures to support those who have lost wages and will experience economic instability due to COVID-19.

Until further notice we will not be accepting walk-in payments at either our Detroit or Lansing facility. Any payments postmarked by the 15th of the month and received by the 20th will not be assessed late charges or considered late in relation to the Authority's Premium Management Fee Policy.

Our agency lobbies in Lansing and Detroit are currently closed to walk-in customers due to Governor Whitmer's "Stay Home, Stay Safe" Executive Order.

Other updates below in italics



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Affordability/Compliance Period Physical Inspections and File Monitoring

- Physical inspections will be postponed until further notice.
- ***Tenant file reviews will be scheduled and conducted through electronically secure submissions. On-site file review will be suspended until further notice.***

Quality Assurance Monitoring

- All visits are postponed until further notice.
- Quality assurance file reviews will continue to be conducted as usual.

Annual Owner Certifications

- There will be no interruption in reviewing the 2019 Annual Owner Certifications and Annual Rental Compliance Reporting.

Management and Occupancy Reviews (“MORs”):

- In conjunction with policy issued in HUD’s Question and Answer for Office of Multifamily Housing Stakeholders for COVID-19, all MORs are postponed until further notice.

Asset Management Monitoring

- All Asset Manager site visits are postponed until further notice.
- Desk reviews will continue to be conducted as usual.

Capital Needs Assessment Inspections

- Previously scheduled Site Visits may be completed with owner and agent approval. Future reports will be put on hold.

Monthly Income and Expense (MIE) Reports

- MIE reports for January and February remain due on March 20, 2020.

Annual Certified Audits

- ***Audit Submission due date has been extended to June 30th. Review of audits already submitted has begun and will continue uninterrupted.***

We strongly encourage you to work with your tenants to communicate procedures to ensure health and safety and any other policies you implement during this time.

HUD has published a guide, <https://www.hud.gov/coronavirus> for Public Housing, Housing Choice Voucher, and Project-Based Voucher Program and Native American Programs and the Office of Multifamily Housing. Even if your program is not specifically related to the programs listed, the general information is valuable to any affordable housing project.

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MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY Asset Management Division-FAQ

Telephone: 517-241-2560

Email: MSHDAASSETMGT@michigan.gov **Website:** Michigan.gov/MSHDA

In response to concerns related to COVID-19, the Michigan State Housing Development Authority (MSHDA) Asset Management Division has created a list of Frequently Asked Questions to serve as additional guidance for property owners and management agents. These protocols are applicable for the following properties financed, assisted, or administered by MSHDA and including but not limited to: Section 8, Section 236, Low-Income Housing Tax Credit (LIHTC), Rural Housing, Tax-Exempt Bonds, Taxable Bonds, Neighborhood Preservation Program, TEAM, HOME, HOME TEAM Advantage and Pass-through.

Q: Will MSHDA continue to hold Asset Review Committee meetings?

A: Asset Review Committee meetings will continue on as scheduled, though we could see a delay in getting final documents signed and distributed as key MSHDA personnel are also working from home whenever possible.

Q: With MSHDA recommending to property owners and managers that any scheduled evictions unrelated to issues of life safety be postponed, is MSHDA open to allowing short term payment relief on MSDHA-financed multifamily projects as they face reductions in rents collected?

A: Yes. MSHDA is committed to working with all project owners who are facing cash flow shortfalls stemming from increased unemployment in direct relation to the Covid-19 outbreak. Any project experiencing these shortfalls should contact Troy Thelen within the Office of Asset Management to work toward an expedient solution.

Q: If MSHDA lobbies are closed to walk in customers will all mortgage payments received after the 15th be considered late?

A: No. All payments postmarked by the 15th and received by the 20th will not be assessed late charges, nor will those payments have any affect on the Premium Management Fee.

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Physical Inspections and File Monitoring

Q: Will MSHDA continue on with physical inspections?

A: No. All physical inspections will be postponed until further notice.

Q: Will MSHDA be conducting on site Tenant File Audits?

A: No, all File Audits will be conducted electronically. Extensions will be granted on a case by case basis

Q: Will MSHDA grant extensions when scheduling File Audits if agents do not have an electronically-secure way to submit files?

A: Extensions will be granted on a case by case basis. Please request extensions (up to 30-days) with the contractor when scheduling.

Project Monitoring and Certifications

Q: Will Quality Assurance and Annual Owner Certifications continue?

A: Although onsite visits have been postponed, Quality Assurance file reviews, Annual Owner Certs, and Annual Rental Compliance Reporting will continue as usual.

Q: How about Asset Management's Development Reviews and MORs?

A: All MOR's have been postponed until further notice. Although Asset Manager's site visits have also been postponed, desk review will continue on. It's still possible that MSHDA staff will be in contact with regional management and site staff as we complete our annual desk reviews.

Resident Payment Concerns

Q: What type of on-site payment options are available to limit person to person contact?

A: MSHDA recommends the use of online payments and/or secure drop box. Not all residents have the ability to pay online so keeping the drop box available will ensure that all residents have a means to complete payments.



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Q: What steps should owners and agents take for subsidized residents who experience a reduction in income due to COVID-19? Can MSHDA provide any flexibilities for these recertifications under the circumstances?

A: MSHDA is following HUD protocol currently which states:

Current policy states that owners must process an interim recertification if a tenant reports a decrease in income that will last for more than one month. The owner should already have this policy in writing and apply it consistently. See [handbook 4350.3, chapter 7, section 2](#).

Since owners and agents are required to make interim re-examinations of a tenant's income upon tenant request within a reasonable timeframe, HUD encourages O/A to review and update their current policies to allow for expedited reviews of these requests. HUD will also work to expedite its review and approval of these interim certifications.

For owners/agents (O/A) that are continuing to work on recertifications for residents impacted by COVID-19, HUD will allow electronic signatures as long as they obtain original, "wet" signatures on recertification documents at a later date. In particular, the HUD-9887/9887A, which is usually signed at the beginning of the recertification process and allows the owner/agent to begin verifying documentation, requires an original, "wet" signature. Other recertification documents that will require original, "wet" signatures to be obtained at a later date, include but are not limited to the HUD-50059, lease agreements/addendums, HUD-9887/9887A, affidavits of unemployment and zero income, and state lifetime sex offender forms.

Tenants can also provide the background documentation for the recertification process, including but not limited to paystubs, SS/SSI/SSP awards, bank statements, public assistance documents, by email to the O/A at their discretion. With the above flexibility, owners/management can complete a temporary recertification using electronic versions of these documents and can collect the original documents from the tenant at a later date.

Resident Payment Concerns

Q: What type of payment options are available to limit the person to person contact?

A: At this point MSHDA recommends the use of online payments and/or secure drop box. Ensuring all residents have a means to complete payments should be priority.

Capital Needs Assessment Inspections

Q: Will CNA's continue on?

A: At this point all CNA's scheduled through mid-April have been postponed.



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Monthly Income and Expense (MIE) Reports

Q: Will MSHDA extend the MIE reporting due date for future monthly reports?

A: We understand that the Stay Home, Stay Safe Executive Order could create some logistical issues and affect timely submissions. With that in mind extensions will be granted on a case by case basis. Please request extensions for MIE's through Nikki Miller.

Annual Certified Audits

Q: Will MSHDA extend the Audits submission deadline for MSHDA-financed developments?

A: Yes, the Audit Submission due date has been extended to June 30th. Review of audits already submitted has begun and will continue uninterrupted.

Questions about this notice can be directed to Troy Thelen, Acting Director of Asset Management, via ThelenT@michigan.gov or Nathan Thelen, Compliance Manager, via ThelenN5@michigan.gov

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