

**LOS ANGELES HOUSING DEPARTMENT**  
**HOME AFFORDABILITY AND ANNUAL COMPLIANCE REPORTING REQUIREMENTS**

(See HUD Website for Complete Regulations: <http://www.hud.gov:80/offices/cpd/affordablehousing/lawsandregs/regs/home/index.cfm>)

**OCCUPANCY, RENT AND INCOME REQUIREMENTS (24CFR92.252):**

All HOME-assisted units in projects with four or less units must be occupied or held vacant and available for rental at affordable rates by households whose income does not exceed the following percentages of the HUD determined median income: all restricted units must be rented to households initially at or below the 60% income level, and subsequently at or below the 80% income level, at the high HOME rent level. A utility allowance must be deducted from the HOME rents for tenant-paid utilities to determine the maximum allowable rent. Subsidized rent for Section 8 tenants must be within the HOME program rent limits.

All HOME-assisted units in projects with five or more units must be occupied or held vacant and available for rental at affordable rates by households whose income does not exceed the following percentages of the HUD determined median income: (1) 20% of the units must be rented to tenants at or below the 50% income level at the low HOME rent level; (2) The remainder of the restricted units must be rented to households as indicated in the paragraph above.

**INCOME CERTIFICATION AND VERIFICATION (24CFR92.203 & CFR92.252):**

All households occupying a restricted unit must *certify* their projected gross income by completing a **Tenant Income and Rent Certification Form** (Tenant Form), which is signed by both owner and the tenant, and submitted by owner at the following times: (a) at lease-up; (b) annually; and (c) upon request. At the time of lease-up of new tenants and every six years for recertifying tenants, owners must also examine and submit current (within 6 months) **Income Source Documents**, such as pay stub, SSI award statements, etc., which verify the projected annual income reported on the Tenant Form. The Section 8 definition of income must be used to qualify tenants and to calculate rent adjustments. Tax returns are not acceptable.

**ANNUAL COMPLIANCE REPORTING (24CFR92.252):**

On an annual basis, owners must verify their continued compliance with the affordability terms of their covenant by completing, signing and submitting a **Certificate of Continuing Program Compliance** and an **Occupancy Summary**. Owners must also annually certify project rents and tenant income eligibility by submitting a **Tenant Income and Rent Certification Form** for all households in a restricted unit and income verification for new tenants.

**TENANT-OWNER AGREEMENT (24CFR92.253):**

A **Mandatory Addendum to Lease or Rental Agreement (Addendum)**, signed by both owner and tenant, must be completed for every tenant household (a) at lease-up and (b) upon request. The Addendum ensures owner-tenant cooperation with HOME program rules and outlines lease terms prohibited by HUD. A copy of the Addendum must be given to the tenant, maintained in the owner's files and a copy submitted to the City along with the Tenant Form. HUD requires **Leases** for restricted units to be not less than one year. If both owner and tenant do not wish an annual lease, then a **Lease Waiver** must be signed and placed into the tenant's file.

**INCREASE IN TENANT INCOME (24CFR92.252):**

When a tenant's income, upon reexamination, exceeds the 50% median income limit in a Low HOME Unit, the unit becomes a High HOME Unit, and rent for the unit may be increased to High HOME rent after the owner replaces the income ineligible unit with an existing 50% income eligible unit, or rents the next available comparable vacant "floating" unit or HOME-assisted "fixed" unit to a 50% of median income eligible tenant. When a tenant Household's income, upon reexamination, exceeds the 80% median income limit, the owner must charge the tenant the lessor of market rent or 30% of the tenant's monthly adjusted income for rent and utilities. In projects where the units "float," the owner must replace the income ineligible unit with an existing income eligible unit or, rent the next available comparable vacant unit to an income eligible household. Rent increases for "floating" units may not exceed market rates for a comparable, unassisted unit. In projects where the HOME rent and occupancy requirements are "fixed" to specific units throughout the affordability period, there is no rent cap other than what is mandated by local law and the tenant's lease. *(Note: The rents remains restricted for over-income tenants in units with both HOME and LIHTC)*

**TENANT NOTIFICATION:**

Owners must notify tenants when the Covenant's affordability period is scheduled to expire, and must provide LAHD with written evidence of such notice, at a minimum, on the following three occasions: (a) prior to initial rental; (b) one year prior to the expiration date; and (c) 90 days prior to the expiration date. The initial Covenant expiration notification is imbedded into the **Addendum** and must be filled in by the owner.

**PROPERTY MAINTENANCE (24CFR92.251) AND FILE MAINTENANCE (24CFR92.508(a)(3)):**

All owners must complete a **Property Management Plan** describing how they will market and manage the property. The City reserves the right to make periodic on-site inspections of all units in the property in order to determine owner compliance with Housing Quality Standards and to verify the tenant information submitted by owners. Compliance documents must be kept current and available for inspection at any time. Owners must keep file copies of all compliance documents, including income source documents, for five years after Covenant expiration.