



Long-Term Monitoring Risk-Based Monitoring Policy Memorandum

To: Recipients of DOH's HOME and HTF funds
From: Jennifer DiGiallonardo, Federal Housing Assets Team Manager
Melia Garcia, Housing Asset Manager Team Lead
Jamie Hensley, Housing Asset Manager
Re: Risk-Based Monitoring Policy Version 2 - effective 4/25/2025

Summary

To successfully conduct long-term monitoring of projects funded with the HOME Investment Partnership Program (HOME) and/or Housing Trust Fund (HTF), DOH's Office of Housing Finance and Sustainability (OHFS) has developed a risk-based monitoring policy to ensure that assisted affordable housing units comply with the applicable state statutes and federal regulations.

Background

Once successfully closed with HUD in IDIS, all HOME and/or HTF-assisted properties are subject to annual monitoring throughout HUD's period of affordability (POA). The POA for HOME is based on the amount invested in the property per unit or activity, whereas HTF always requires 30 years of affordability.

DOH conducts on-site long-term monitoring every 2 or 3 years, depending on the number of DOH-assisted units. For properties with 4 or fewer DOH-assisted units, DOH conducts an on-site monitoring every three years. For properties with 5+ DOH-assisted units, DOH conducts an on-site monitoring every other year. Properties with 26 or more DOH-assisted units will be subject to annual on-site monitoring. During the off-site years, DOH conducts Partial or Rent Roll Monitoring.





Definitions

Long-term Monitoring (LTM)

Compliance monitoring of a property once it has entered the period of affordability. Long-term monitoring consists of on-site monitoring or rent roll monitoring (sometimes known as “desk monitoring”).

On-site Monitoring

This type of monitoring includes a visit to the property where a tenant file review and an administrative interview with property staff will take place. DOH will physically inspect a certain number of units, common areas, and the property in its entirety.

Rent Roll Monitoring

This type of monitoring occurs during the off-site years. DOH requires a completed rent roll certification form, which certifies the rent and income amounts of the DOH-assisted units for the applicable year. DOH will also request some administrative and financial documents during the rent roll monitoring.

Temporarily Out of Compliance

The property does not comply with the DOH-restricted unit mix. This can occur when the tenant residing in the assisted unit is no longer qualified or the HOME/HTF-assisted unit is vacant. If this happens and the HOME/HTF assistance cannot be properly floated at that time to a comparable unit with a qualified tenant, then the property is deemed temporarily out of compliance.

High-Risk

The property has demonstrated concerns that could affect the state’s investment and jeopardize the property’s long-term affordability. These concerns are directly related to compliance with federal and state regulations, Beneficiary and Rent Use Covenants/Regulatory Agreements, and best practices.



High Vacancy and Delay in Unit Turnover

Over 7% of the rental units are unoccupied and available for rent. Delay in leasing units with more than a 90-day delay in re-renting units. Both a high vacancy rate and a delay in unit turnover could impact cash flow.

Physical Inspections

DOH utilizes the Uniform Physical Condition Standards for unit and overall property inspections. DOH requires Property Management to provide written notice, as described in the lease agreement, to tenants of their unit inspections and all other households of the inspection of the property, including shared spaces, common areas, etc. DOH requires a response for life-threatening deficiencies within 24 hours and 30 days for all other non-life-threatening deficiencies. DOH may allow an extension via written requests when work is anticipated to take longer than 30 days.

Tenant File Review

Tenant files will be reviewed to ensure compliance with all federal and state regulations. DOH will review initial eligibility and recertification documents for the tenants in HOME/HTF-assisted units. The tenant files will be reviewed either in person at the property or requested ahead of time to be sent electronically. DOH staff use a file checklist to monitor the files.

Administrative Interview/Review

Before the on-site visit, DOH monitors Owners and Property Management's policies and procedures for tenant selection and protections, financial and managerial viability, and compliance with the Use Covenant. On the day of the monitoring, DOH will interview property/compliance staff by asking the questions listed in the current Administrative Review form. DOH will also ask for any clarification needed on the documents reviewed.

Floating Assistance/Redesignation

When a household in a HOME or HTF-assisted unit is deemed ineligible at recertification, the property manager/owner must re-designate or float the DOH



assistance to an alternate unit of the same size and comparable amenities, as well as apply the appropriate AMI designation. The new unit will be redesignated as HOME/HTF-assisted at the newly designated tenant's recertification or new move-in. For more information on how to properly float DOH assistance, watch the [August 9, 2023, Floating CDOH Assistance](#) on DOH's website here: <https://doh.colorado.gov/training>.

Policy

Physical Inspections

DOH must inspect the greatest of 20% of the total DOH-assisted units (rounded up to the nearest whole number) or a minimum of 4.

Minimum Unit Sample Size Chart - Physical Inspections*

Number of DOH-assisted units in the project	Number of units selected for inspection
1-20	4
21-25	5
26-30	6
31-35	7
36-40	8

(*Asset Manager may request to inspect more units than specified in the chart above)

Projects may be deemed high-risk for the following reasons, but are not limited to:

- Notice of inspection or proper notice was not given to the household.
- Resident(s) complained about the timeliness of work orders.
- Complaints about the condition of the property have been mentioned in the news/media, i.e., lack of hot water or lack of heating.
- A pattern of life-threatening deficiencies, i.e., no smoke detectors.
- A pattern of repeated inspection deficiencies over multiple monitoring visits.
- Offline units due to meth remediation/bed bugs/lead-based paint.



Tenant File Review

DOH has elected to monitor a percentage of the total DOH-assisted units to minimize the time it takes to monitor and focus on projects needing technical assistance. DOH will notify Property Management which tenant files will be selected based on:

When applicable, files are selected based on:

1. New move-ins or newly designated units
2. The file was *not* reviewed at the last on-site monitoring
3. Tenant-based voucher holders (if applicable)
4. Random selection

The number of files DOH will review is determined by:

- If 5 or fewer DOH-assisted units, review all DOH-assisted tenant files.
- If 6 or more units, will always review a minimum of 4 plus 15% of the total units in addition to the 4 units, rounded to the nearest whole number.
 - Rounding down to the whole number if 15% of the total DOH-assisted units is below 0.5.
 - Rounding up to the whole number if 15% of the total units is 0.5 or above.

Minimum Unit Sample Size Chart - Tenant File Review*

Number of DOH-assisted units in the Project	Number of units selected for review
1	1
2	2
3	3
4	4
5-9	5
10-16	6
17-23	7
24-29	8
30-36	9
37-40	10

(*Asset Manager may request to review more files than specified in the chart above)



Projects may be deemed high-risk for the following reasons, but are not limited to:

- A pattern of repeated tenant file review findings over multiple consecutive monitoring years.
- A pattern of repeated tenant file review findings within the same management company across projects over multiple consecutive monitoring years.
- A pattern of repeated rent overcharges.

Administrative Review

DOH requests that all administrative documentation be provided electronically for review one week prior to the on-site visit.

Projects may be deemed high-risk if they have any one or a combination of the following issues, but are not limited to:

- Significant delays in leasing units- more than a 90-day delay in re-renting units.
- 7% or higher vacancy rate.
- Insufficient actions were taken to fill DOH-assisted units after a monitoring letter was issued.
- Any instance of a unit being incorrectly redesignated or having the status of temporarily out of compliance (*see temporarily out of compliance status section).
- Improper floating, i.e., floating 1-bedroom assistance to a 2-bedroom unit or floating assistance to the same bedroom size but with different amenities.
- Floating unit designation or AMI percent throughout the period of affordability without a good reason.
- Property identified as receiving complaints from residents or concerning publicity and/or concerns from partner agencies (both internal offices and external partner agencies).
- Reported difficulties in staffing or limited staffing capacity reported to or observed by Asset Management.
- A pattern of repeated deficiencies over multiple monitoring visits i.e., 90-day turnover, improper floating, etc.



Monitoring Letter

The Asset Manager will issue a monitoring letter within 60 days from the day of the site visit that describes the required corrective actions, due within 30 days of letter issuance.

Projects may be deemed high-risk for the following reasons, but are not limited to:

- The corrective action was not submitted by the due date.
- The corrective action submitted was insufficient or incomplete, resulting in the delay in closing the monitoring.
- No response to escalation letter(s).

Temporarily out of compliance status

- Properties deemed temporarily out of compliance are considered high-risk. If the monitoring is closed out with a temporarily out-of-compliance status, they can expect the next monitoring to be an on-site visit versus the typical rent roll monitoring that would take place.
- Management should continue working on floating the assistance to no longer be temporarily out of compliance.
- When the Asset Manager reaches out to schedule the next on-site visit, they will ask if the assistance has been properly floated. If the unit has been successfully re-designated, they will conduct rent roll monitoring instead of an on-site visit and review the initial eligibility information of the newly re-designated unit. Management will be required to submit the Tenant Income Certification (TIC) to ensure income eligibility and rent determination. The entire household file will be reviewed at the next on-site visit.

High-Risk Status

As outlined above, properties with DOH-assisted units that are temporarily out of compliance or demonstrating another risk factor are considered high-risk.



Next steps for properties deemed high-risk

Properties deemed to be high-risk must participate in a follow-up call with management/owner/compliance staff after the monitoring letter is issued to cover concerns and discuss why the project is being deemed high-risk. If appropriate, a plan for submitting corrective action in a timely and comprehensive fashion may be required. If the corrective action submitted is not sufficient to resolve the high-risk status, properties can anticipate that the following year's monitoring type will be an on-site visit, and all DOH-assisted files will be reviewed.

Corrective Action required based on the reason for high-risk status:

- Plan to obtain 100% occupancy and include marketing efforts.
- Plan to reduce delays in re-renting units.
- Plan to cure or address resident complaints.
- Plan to fill vacant positions, outreach/recruiting, and build out staff capacity
- Plan to re-designate or float assistance to an income-eligible household, or plan to repay the rent overcharge to the tenant or voucher administrator.
- Required training for HOME/HTF compliance and/or training on the DOH's website.

Outcomes of continued high-risk status include:

- The Owner and/or Property Manager will be categorized as high risk in the Pro/Con presented to DOH's Review Committee and the State Housing Board.
- Resolution of outstanding compliance findings or monitoring as a condition of future awards.
- Escalation letters are sent directly to the Owner from Program Managers, OHFS Directors, or DOH Director.
- Impacts the opportunity to apply for future funding.

Related Documents and Resources

- [Compliance in HOME Rental Projects: A Guide for Property Owners](#)
- [Monitoring HOME Guidebook](#)
- [HOME Guidebook](#)



- [HTF Inspection Procedures](#)
- [OHFS Training Website](#)

Questions? Reach out to the long-term monitoring team by emailing
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