LACAHSA

Los Angeles County Affordable Housing Solutions Agency

DRAFT

Occupancy Requirements Manual

Long-Term Subsidy Program

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Chapter 1: Introduction and Program Overview

1.1 Purpose

This Occupancy Requirements Manual ("Manual") establishes the policies and procedures governing tenant eligibility, admission, occupancy, and lease requirements for LACAHSA's Long-Term Subsidy Program ("Program"). The Manual is designed to ensure consistent and equitable administration of housing assistance, in compliance with applicable California and federal laws.

1.2 Applicable Programs

This Manual applies to all housing units assisted under LACAHSA's Long-Term Subsidy Program, including project-based and unit-based subsidy arrangements administered by LACAHSA or its subrecipient partners in Los Angeles County.

1.3 Referenced Authority

This Manual is based on:

- HUD Handbook 4350.3 REV-1 (Occupancy Requirements of Subsidized Multifamily Housing Programs), to the extent applicable to non-federal subsidy programs and as modified herein;
- California Department of Housing and Community Development (HCD) income limits for multifamily housing programs, published annually;
- California Fair Employment and Housing Act (Gov. Code §12900 et seq.);
- Federal Fair Housing Act (42 U.S.C. §3601 et seq.);
- California Unruh Civil Rights Act (Civil Code §51); and
- All applicable LACAHSA program guidelines and funding agreements.

> **NOTE:** Where this Manual differs from HUD Handbook 4350.3, the provisions of this Manual control. In particular, this Program does not impose any citizenship or immigration status requirements as a condition of eligibility.

1.4 Non-Discrimination Policy

LACAHSA is committed to affirmatively furthering fair housing. No person shall be denied housing assistance on the basis of race, color, national origin, religion, sex, disability, familial status, sexual orientation, gender identity, source of income, marital status, or any other characteristic protected under California or federal law.

Consistent with California law and LACAHSA's mission, this Program does not condition eligibility on citizenship or immigration status. All persons meeting the income and program eligibility criteria in this Manual are eligible to apply without regard to immigration status.

1.5 Responsibilities

LACAHSA: Establishes program policy, oversees compliance, and provides guidance to Owner/Agents. LACAHSA may authorize a designee to carry out any function or task assigned to LACAHSA in this manual.

Owner/Agent (O/A): Implements this Manual at the property level, maintains the waitlist, conducts certifications, executes leases, and maintains the Environmental Review Record.

Tenants: Provide accurate information at application and recertification, report changes in income or household composition as required, and comply with lease obligations.

1.6 Waivers

LACAHSA may elect to grant a waiver for any requirement set forth in this manual so long as the waiver does not deviate from the LACAHSA Program Guidelines. To request a waiver, the Owner/Agent shall submit a written request in writing to the LACAHSA Program Lead. LACAHSA will respond within 30 days of such request.

Chapter 2: Eligibility for Assistance and Occupancy

2.1 Overview

To be eligible for Program assistance, a household must meet the income requirements established in this Manual, complete the application process, and not be subject to mandatory denial under Section 2.5. There are no citizenship or immigration status requirements under this Program.

2.2 Income Limits

2.2.A Applicable Income Limits

Eligibility is determined using income limits published annually by the California Department of Housing and Community Development (HCD) for the Los Angeles County area, applicable to multifamily housing programs. O/As must use the HCD income limits in effect at the time of the household's initial certification.

> **NOTE:** HCD income limits are available at: https://www.hcd.ca.gov/grants-and-funding/income-limits. O/As are responsible for verifying they are using the most current published limits at the time of each certification.

2.2.B Income Targeting by Unit Type

Unless otherwise specified in the property's regulatory agreement or funding documents, Program-assisted units shall be occupied as follows:

- Extremely Low-Income (ELI): Households at or below 30% of HCD Area Median Income (AMI)
- Very Low-Income (VLI): Households at or below 50% of HCD AMI
- Low-Income: Households at or below 80% of HCD AMI

The specific income targeting applicable to each property is set forth in the property's LACAHSA Regulatory Agreement or subsidy contract. If there is a conflict between those documents and this Manual, the Regulatory Agreement controls.

2.3 Definition of Annual Income

Annual income means all amounts, monetary or not, that go to, or on behalf of, the household head, co-head, or any other household member, or are anticipated to be received from a source outside the household during the 12-month period following the effective date of certification. This includes but is not limited to:

- Wages, salaries, tips, overtime, bonuses, and commissions;
- Net income from the operation of a business or profession;
- Interest, dividends, and net income from assets;
- Full amount of periodic payments including retirement funds, pensions, and disability/death benefits;
- Unemployment and disability compensation;
- Periodic and determinable allowances such as alimony and child support;
- All regular pay, special pay, and allowances of a member of the Armed Forces.

2.4 Income Exclusions

The following shall be excluded from annual income:

- Amounts specifically excluded by any other California or federal statute;
- Temporary, nonrecurring, or sporadic income (including gifts);
- Amounts paid by a government agency for the care of foster children or foster adults;
- Earned income of children under 18;
- Adoption assistance payments;
- Deferred periodic payments of supplemental security income and Social Security benefits;
- Educational scholarships paid directly to the student or institution, and amounts paid for tuition, fees, or books to the extent used for such purposes;
- Amounts received under training programs funded by HUD;
- Lump-sum additions to household assets such as inheritances and insurance payments.

2.5 Mandatory Denial of Assistance

O/As must deny admission to an applicant who:

- Has been evicted from state or federally assisted housing for drug-related criminal activity within the preceding three years, unless the evicted household member has successfully completed a supervised drug rehabilitation program or the circumstances leading to the eviction no longer exist;
- Is currently engaged in illegal use of a controlled substance;
- Has been convicted of manufacture or production of methamphetamine on the premises of state or federally assisted housing; or
- Is subject to a lifetime sex offender registration requirement under any state sex offender registration program.

> **NOTE:** As stated in Section 1.3, this Program does NOT impose any citizenship or immigration status requirements. O/As may not deny assistance on the basis of an applicant's immigration or citizenship status.

2.6 Permissible Screening Criteria

O/As may establish additional tenant screening criteria, provided that such criteria are:

- Described in the Tenant Selection Plan (see Chapter 3);
- Applied consistently to all applicants;
- Not prohibited under fair housing law or this Manual; and
- Not related to immigration or citizenship status.

Permissible screening may include evaluation of rental history, credit history, and criminal background (subject to HUD guidance on use of criminal records and California AB 1418/local source-of-income protections).

O/As may not establish a minimum income requirement for households receiving Program rental assistance.

Chapter 3: Waiting List and Tenant Selection

3.1 Tenant Selection Plan

Each O/A must develop and maintain a written Tenant Selection Plan (TSP). The TSP must be available to the public and provided to all applicants upon request. The TSP must describe:

- Eligibility criteria and income targeting;
- The method of waitlist management (e.g., date/time, lottery, preference points);
- Any local or program preferences;
- Screening criteria applied to applicants;
- The process for denial and informal hearing rights;
- Reasonable accommodation procedures; and
- Affirmative marketing efforts, including outreach to persons least likely to apply.

3.2 Affirmative Marketing

O/As must undertake affirmative marketing outreach to ensure that persons least likely to apply (including limited English proficient (LEP) households, persons with disabilities, and historically underserved communities) are aware of and can access the Program. At minimum, O/As must:

- Advertise vacancies in English and in languages spoken by a significant portion of the local community;
- Provide reasonable accommodations to applicants with disabilities in the application process; and
- Maintain records of affirmative marketing activities.

3.3 Waitlist Management

O/As must maintain a written waitlist. Applicants must be placed on the waitlist in accordance with the method described in the TSP. O/As must:

- Keep the waitlist current and purge inactive applicants in accordance with the TSP;
- Notify applicants in writing when they are placed on, moved on, or removed from the waitlist;
- Provide accessible notice in alternative formats upon request; and
- Document all waitlist actions in the applicant file.

3.4 Denial of Assistance and Informal Hearing

When an O/A proposes to deny assistance to an applicant, the O/A must:

1. Provide written notice to the applicant stating the reason(s) for denial;
2. Inform the applicant of the right to an informal hearing to dispute the denial;
3. Provide the hearing within a reasonable time after the applicant’s request; and
4. Issue a written decision following the hearing.

Denial based solely on citizenship or immigration status is prohibited under this Program.

Chapter 4: Income Verification and Certification

4.1 Verification Requirements

O/As must verify all income and household composition information provided by applicants and tenants at initial certification and at each annual recertification. Verification must be obtained from third-party sources wherever practicable, using the following hierarchy:

- Third-party written verification (e.g., employer letter, benefit award letter), preferred;
- Third-party oral verification documented by O/A staff, if written verification is unavailable;
- Tenant-provided documents (e.g., pay stubs, bank statements) as supplemental evidence; and
- Tenant certification, used only when other verification is not possible.

4.2 Social Security Numbers

O/As may request Social Security Numbers (SSNs) for household members for the purpose of income verification. However, O/As may not deny assistance to an applicant solely because one or more household members does not possess or disclose an SSN. Households without SSNs must be offered an alternative verification pathway consistent with this Program’s income verification requirements.

> **NOTE:** This provision reflects LACAHSA’s policy that immigration status is not a basis for denial. Lack of an SSN is not, by itself, grounds for disqualification.

4.3 Initial Certification

Prior to move-in, O/As must complete an Initial Certification for each household, including:

- Verification of household composition;
- Verification and calculation of annual income;
- Determination of income eligibility against current HCD income limits;
- Calculation of the tenant’s share of rent (if applicable under the subsidy structure); and
- Execution of the lease and all required addenda.

4.4 Annual Recertification

O/As must complete an Annual Recertification for each household at least 60 days prior to the anniversary of the lease effective date. Annual Recertification includes:

- Re-verification of household income and composition;
- Determination of continued eligibility;
- Adjustment of tenant rent share (if applicable); and
- Updated lease execution or lease amendment as needed.

4.5 Interim Recertification

O/As must require tenants to report any of the following changes within 30 days of occurrence in accordance with the reporting requirement set forth in section 10.2.E of this manual:

- Any increase in household income of $200 or more per month;
- Addition of a new household member; or

- Other changes specified in the lease or the property's regulatory agreement.

O/As must process interim recertifications within 30 days of a reported change and adjust tenant rent share accordingly, if applicable.

Tenants are encouraged but not required to report decreases in income between annual recertification dates.

Chapter 5: Lease Requirements

5.1 Model Lease

O/As must execute a written lease with each assisted household prior to occupancy. The lease must be consistent with the requirements of this Manual, the property's LACAHSA Regulatory Agreement, and applicable California landlord-tenant law. Where a HUD Model Lease is required by a co-funding source (e.g., Section 8, HOME), the O/A must use that model lease and supplement it with the addenda required by this Manual.

5.2 Required Lease Terms

At a minimum, the lease must include:

- Names of all household members authorized to occupy the unit;
- Address and description of the unit;
- Lease term (initial term of not less than one year, with monthly renewals thereafter unless terminated);
- Amount of monthly rent and tenant's share;
- O/A's and tenant's maintenance and repair responsibilities;
- Conditions under which the O/A may enter the unit;
- Grounds and procedures for lease termination;
- Tenant's right to an informal hearing before termination of assistance; and
- Prohibition on unauthorized subletting or assignment.

5.3 Required Lease Addenda

The following addenda must be attached to every lease at execution:

- VAWA Addendum (see Section 5.5);
- House Rules (if applicable);
- Lead-Based Paint Disclosure (if applicable based on unit age);
- Pet Rules (if pets are permitted at the property); and
- Live-In Aide Addendum (if the household has an approved live-in aide).

5.4 Prohibited Lease Provisions

The following provisions are prohibited and must not appear in any lease or addendum:

- Confession of judgment: any provision by which the tenant consents in advance to any legal action by the O/A;
- Distraint for rent: any provision authorizing the O/A to seize the tenant's property as security for rent;
- Any waiver of the tenant's right to a hearing before termination of assistance;
- Any provision conditioning occupancy on the tenant's citizenship or immigration status; and
- Any provision that conflicts with the Fair Housing Act, FEHA, VAWA, or applicable California law.

5.5 Violence Against Women Act (VAWA) Protections

O/As must attach the VAWA Addendum to every lease. The addendum must provide, at minimum:

- Incidents of domestic violence, dating violence, sexual assault, or stalking shall not be considered a lease violation or grounds for termination of assistance against the victim;
- Criminal activity directly related to domestic violence, dating violence, sexual assault, or stalking shall not be grounds for termination if the tenant or an immediate family member is the victim;
- The O/A may bifurcate the lease to remove the abuser while allowing the victim to remain in the unit, subject to continued eligibility;
- A victim may request an emergency transfer to another available unit; and
- The O/A must maintain VAWA documentation in a secure, separate file.

O/As must provide tenants with the current VAWA Notice of Occupancy Rights (HUD Form 5380) at move-in, at annual recertification, and upon request.

5.6 Lease Term and Renewal

The initial lease term shall be not less than one year. Upon expiration of the initial term, the lease shall renew on a month-to-month basis unless:

- The O/A provides written notice of non-renewal for good cause at least 30 days in advance; or
- The tenant provides written notice of intent to vacate at least 30 days in advance.

Good cause for non-renewal includes material lease violations, failure to recertify, and loss of eligibility. Non-renewal based solely on immigration or citizenship status is prohibited.

5.7 Security Deposits

O/As may collect a security deposit not to exceed the amount permitted under California Civil Code §1950.5 and the terms of the applicable subsidy contract. The security deposit must be:

- Held in a separate account;
- Fully refundable, subject to lawful deductions for damage beyond normal wear and tear and unpaid rent; and
- Returned within 21 days of move-out with an itemized statement of deductions, as required by California law.

O/As may allow installment payment of the security deposit on a schedule approved by LACAHSA.

5.8 Lease Rent Amount

5.8.A Rent Ceiling

The contract rent for any Program-assisted unit shall not exceed the rent ceiling established under this section. The rent ceiling is the **lower of**:

- The rent determined by a current, LACAHSA-approved market study; or
- The applicable Small Area Fair Market Rent (SAFMR) for the unit's zip code, as published annually by HUD for the Los Angeles metropolitan area.

No subsidy payment shall be approved or renewed for any unit where the proposed contract rent exceeds the rent ceiling.

5.8.B Small Area Fair Market Rent (SAFMR)

HUD publishes SAFMRs annually at the zip-code level as an alternative to metro-wide FMRs, reflecting local rental market conditions more precisely. O/As must use the SAFMR applicable to the zip code in which the assisted unit is located, for the bedroom size of the unit. Current SAFMRs are available at: https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html

5.8.C Market Study Requirements

A market study used to establish or adjust the rent ceiling must:

- Be conducted by a qualified, independent third-party analyst with no financial interest in the property;
- Be completed within 12 months prior to the date of initial rent approval or rent adjustment;
- Analyze rents for comparable unassisted units within a reasonable market area, accounting for unit size, amenities, condition, and location; and
- Be submitted to and approved by LACAHSA prior to use.

LACAHSA may reject a market study that does not meet these requirements and may commission an independent study at the O/A's expense if warranted.

5.8.D Annual Adjustments

The rent ceiling shall be reviewed annually. O/As requesting a rent adjustment must submit documentation of the proposed adjusted rent to LACAHSA no later than 60 days prior to the lease anniversary date. LACAHSA will approve, modify, or deny the proposed adjustment within 30 days of submission. No rent increase shall take effect without LACAHSA written approval, and no approved rent increase shall exceed the updated rent ceiling.

5.8.E Utility Allowance

Where the tenant pays utilities directly, the gross rent (contract rent plus utility allowance) shall not exceed the rent ceiling. O/As must use a utility allowance schedule approved by LACAHSA or, where applicable, the utility allowance schedule published by the local public housing authority. The utility allowance must be reviewed and updated at least annually.

5.8.F Tenant Rent Contribution

Unless otherwise approved by LACAHSA, the tenant rent contribution of the gross rent shall not exceed 30% of the tenant's income.

Chapter 6: Termination of Assistance and Tenancy

6.1 Grounds for Termination

O/As may terminate assistance and/or tenancy only for good cause, including:

- Material violation of lease terms;
- Failure to pay rent;
- Serious or repeated violation of house rules;
- Failure to complete annual recertification after written notice;
- Income over the maximum limit for continued eligibility as specified in the subsidy contract;
- Fraudulent misrepresentation on the application or at recertification; or
- Criminal activity as defined in Section 2.5 occurring on or near the premises.

Immigration status is not a permissible ground for termination.

6.2 Notice Requirements

Before terminating assistance or tenancy, O/As must provide the tenant with written notice stating:

- The specific reason(s) for termination;
- The effective date of termination;
- The tenant's right to request an informal hearing; and
- The deadline to request the hearing (not less than 10 business days from the date of notice).

Notice periods must comply with California landlord-tenant law (generally 30 days for no-fault terminations; 3 days for material breach). In all cases, O/As must provide the longer of the California-required notice or 30 days.

6.3 Informal Hearing Procedure

Any tenant or applicant who receives an adverse action, including denial of assistance, termination of assistance, or adverse rent determination, has the right to request an informal hearing. The process is as follows:

1. Tenant submits a written hearing request to the O/A within 10 business days of the adverse action notice;
2. O/A schedules the hearing within 10 business days of receiving the request;
3. Tenant has the right to present evidence and may be accompanied by a representative;
4. O/A issues a written decision within 10 business days of the hearing; and
5. O/A maintains all hearing records in the tenant file.

6.4 Reasonable Accommodation in Termination

Before proceeding with termination of tenancy for a person with a disability whose lease violation is related to their disability, O/As must consider and offer reasonable accommodations that would allow the tenant to come into compliance. O/As must document this consideration in the tenant file.

Chapter 7: Reasonable Accommodations and Accessibility

7.1 Policy

LACAHSA and all O/As must provide reasonable accommodations to applicants and tenants with disabilities, consistent with the Fair Housing Act, Section 504 of the Rehabilitation Act, the Americans with Disabilities Act, and the California Fair Employment and Housing Act. A reasonable accommodation is a change in rules, policies, practices, or services that may be necessary to afford a person with a disability an equal opportunity to use and enjoy the housing.

7.2 Requesting a Reasonable Accommodation

Applicants and tenants may request a reasonable accommodation at any point in the application, occupancy, or termination process. Requests may be made orally or in writing. O/As must:

- Respond to all accommodation requests in a timely manner;
- Engage in an interactive process with the requester to identify an effective accommodation;
- Grant the accommodation unless it would impose an undue financial or administrative burden or fundamentally alter the nature of the Program; and
- Document all requests, discussions, and determinations in the tenant file.

7.3 Live-In Aides

O/As must approve the addition of a live-in aide as a reasonable accommodation for a person with a disability, where the live-in aide is necessary for the person to use and enjoy the housing. A live-in aide:

- Must not be named as a tenant on the lease;
- Has no independent right to occupy the unit;
- Must vacate the unit when the tenant no longer resides there, for any reason; and
- Is subject to the O/A’s live-in aide addendum.

7.4 Accessible Communications

O/As must provide all required notices, lease documents, and program materials in accessible formats upon request, including large print, Braille, or audio formats. O/As must also provide language access services (written translation or oral interpretation) for LEP households in accordance with HUD Title VI guidance.

Chapter 8: Inspections

8.1 Purpose and Applicability

Regular inspections of Program-assisted units are a core component of LACAHSA's quality assurance and compliance framework. Inspections ensure that units meet applicable housing quality standards at move-in and throughout the assisted tenancy, and that O/As are maintaining the property in a decent, safe, and sanitary condition consistent with the terms of the subsidy contract and LACAHSA's Regulatory Agreement.

This chapter applies to all units assisted under the Long-Term Subsidy Program, regardless of whether the unit is project-based or unit-based.

8.2 Housing Quality Standards

All Program-assisted units must meet the HUD Housing Quality Standards (HQS) as set forth at 24 CFR §982.401, or any successor standard adopted by LACAHSA, at the time of initial occupancy and on an ongoing basis. At minimum, units must be free from conditions that:

- Pose an immediate threat to the health or safety of occupants;
- Constitute a significant deficiency in a major building system (electrical, plumbing, HVAC, structure, or roofing);
- Fail to provide adequate weatherproofing, heat, hot water, or sanitation; or
- Violate applicable local building or housing codes.

8.3 Types of Inspections

8.3.A Initial (Move-In) Inspection

Before a new tenant takes occupancy of a Program-assisted unit, the O/A must conduct a move-in inspection. The inspection must:

- Be conducted jointly with the incoming tenant, or with the tenant's representative if the tenant cannot be present;
- Cover all rooms, systems, and common areas associated with the unit;
- Be documented on a written inspection form signed by both the O/A representative and the tenant; and
- Confirm that the unit meets HQS prior to occupancy.

LACAHSA or its designee may conduct an independent initial inspection before or concurrent with occupancy. The unit may not be placed under subsidy until it has passed inspection.

8.3.B Annual Inspection

O/As must inspect each Program-assisted unit at least once per calendar year. The annual inspection must be conducted using a HUD HQS-based inspection checklist or a LACAHSA-approved equivalent. O/As must:

- Provide tenants with written notice of the inspection at least 24 hours in advance;
- Complete the inspection within the 12-month period following the prior inspection;
- Retain the completed inspection form in the tenant file; and
- Issue a written deficiency notice and corrective action timeline if the unit fails any inspection item.

8.3.C LACAHSA Monitoring Inspections

LACAHSA reserves the right to conduct independent inspections of Program-assisted units at any time, including during on-site monitoring visits. LACAHSA monitoring inspections may be:

- Scheduled in advance with reasonable notice to the O/A and tenant; or
- Conducted on an unannounced basis where LACAHSA has reasonable cause to believe a health or safety hazard exists.

O/As must cooperate with all LACAHSA inspection activities and must ensure tenants are notified of LACAHSA's right of access under the terms of the subsidy contract.

8.3.D Special Inspections

A special inspection must be conducted in any of the following circumstances:

- A tenant reports a hazardous condition or emergency repair need;
- A third party (e.g., local code enforcement, health department) identifies a deficiency in a Program-assisted unit;
- An O/A proposes to make significant alterations to a unit or common area; or
- LACAHSA or the O/A receives a complaint related to unit conditions.

Special inspections must be completed within five business days of the triggering event, or within 24 hours if the condition poses an immediate health or safety risk.

8.4 Tenant Rights During Inspections

Tenants have the right to:

- Be present during any inspection of their unit;
- Receive a copy of the completed inspection form within five business days of the inspection;
- Report housing quality concerns to LACAHSA directly, without fear of retaliation from the O/A; and
- Request a reasonable accommodation in the inspection process (e.g., scheduling, communication format) if needed due to a disability.

O/As may not take any adverse action against a tenant in retaliation for reporting a unit condition to LACAHSA or to any governmental agency.

8.5 Deficiencies and Corrective Action

8.5.A Correction Timelines

When a unit fails an inspection item, the O/A must correct the deficiency within the following timeframes:

Deficiency Category	Examples	Correction Deadline
Life-threatening / Emergency	Gas leak, exposed wiring, no heat in winter, sewage backup, lack of potable water	**24 hours**
Serious Non-Emergency	Broken heating system, pest infestation, mold, non-functioning smoke detector	**30 days**

Non-Emergency / Minor	Damaged screens, peeling paint (non-lead), minor plumbing fixtures	**60 days**

8.5.B Re-Inspection

Following issuance of a deficiency notice, O/As must arrange a re-inspection to confirm that corrective actions have been completed. Re-inspections must occur within five business days after the applicable correction deadline. LACAHSA may conduct or observe the re-inspection.

8.5.C Consequences of Uncorrected Deficiencies

If an O/A fails to correct a cited deficiency within the required timeframe, LACAHSA may take one or more of the following actions:

- Issue a formal written notice of noncompliance;
- Suspend subsidy payments for the affected unit until the deficiency is corrected;
- Require the O/A to relocate the tenant to a comparable unit at no cost to the tenant; or
- Pursue remedies available under the Regulatory Agreement or applicable law.

Suspension of subsidy payments does not relieve the tenant of any obligation owed under their lease, nor does it create a right of termination by the O/A based on reduced payments during the suspension period.

8.6 Tenant-Caused Deficiencies

Where an inspection deficiency is caused by the tenant's failure to maintain the unit, negligence, or deliberate damage, the O/A must:

- Document the condition with photographs and written findings;
- Notify the tenant in writing of the required corrective action and timeline;
- Offer reasonable accommodation if the failure is related to a disability; and
- Follow the lease termination procedures in Chapter 6 if the tenant fails to remedy the condition.

Tenant-caused deficiencies do not relieve the O/A of responsibility for ensuring the unit meets HQS at all times. If the tenant does not remedy a deficiency that affects HQS compliance, the O/A must make the repair and may seek reimbursement from the tenant in accordance with the lease.

8.7 Inspection Records

O/As must maintain the following inspection documentation in the tenant file:

- Completed inspection forms for all move-in, annual, and special inspections;
- Deficiency notices and corrective action timelines;
- Re-inspection reports confirming resolution; and
- Photographs documenting conditions where deficiencies are cited.

Inspection records must be retained for the duration of the assisted tenancy plus five years, or longer if required by the applicable funding source or LACAHSA policy.

Chapter 9: Recordkeeping and Compliance

9.1 Tenant Files

O/As must maintain a complete and organized file for each applicant and tenant, including:

- Completed application and all supporting documentation;
- Income verification documents and certification calculations;
- Executed lease and all addenda;
- Annual and interim recertification records;
- Reasonable accommodation requests and responses;
- VAWA documentation (maintained in a separate, secure file); and
- Termination and informal hearing records, if applicable.

Tenant files must be retained for a minimum of five years after the end of the assisted tenancy, or longer if required by the applicable funding source or LACAHSA policy.

9.2 Waitlist Records

O/As must retain all waitlist records, including application logs, correspondence, and documentation of applicant status changes, for a minimum of three years.

9.3 Management and Occupancy Reviews (MORs)

9.3.A Purpose

LACAHSA conducts Management and Occupancy Reviews (MORs) to assess each O/A's compliance with Program requirements, including the occupancy, certification, leasing, and physical standards set forth in this Manual. MORs are adapted from the review framework established in HUD Handbook 4350.3 REV-1 and HUD Housing Notice H 2016-02, and are the primary mechanism through which LACAHSA evaluates ongoing O/A performance.

9.3.B Frequency

LACAHSA will conduct MORs on the following schedule:

- New O/As or newly assisted properties: within 12 months of the first assisted occupancy;
- Standard review cycle: at least once every two years for properties in good standing; and
- Elevated review cycle: annually, or more frequently, for properties with prior findings of noncompliance, unresolved corrective actions, or a pattern of tenant complaints.

LACAHSA may conduct an out-of-cycle MOR at any time based on monitoring triggers, including referrals from tenants, co-funders, or other governmental agencies.

9.3.C Notice and Scheduling

LACAHSA will provide the O/A with written notice of a scheduled MOR at least 14 calendar days in advance. The notice will identify:

- The date, time, and location of the on-site review;
- The list of tenant files and records to be made available; and
- Any pre-review materials requested by LACAHSA (e.g., current rent roll, waitlist, most recent inspection reports).

O/As must designate a knowledgeable staff representative to be present for the duration of the on-site review. LACAHSA may also request to interview tenants during the MOR; tenant participation is voluntary.

9.3.D Scope of Review

Each MOR will assess the O/A's performance across the following review areas, consistent with HUD's MOR framework:

Review Area	Key Elements Reviewed
Tenant Selection & Waitlist	Tenant Selection Plan currency and completeness; waitlist maintenance; affirmative marketing documentation; denial procedures
Eligibility & Certification	Income verification accuracy; use of HCD income limits; initial and annual recertification timeliness; household composition documentation
Leases & Addenda	Use of correct lease form; VAWA addendum present and executed; prohibited provisions absent; lease term compliance
Rent Calculation	Accuracy of tenant rent share calculations; timely rent adjustments; security deposit compliance
Inspections	Completion of annual inspections; deficiency tracking and resolution; move-in inspection documentation
Reasonable Accommodation	Written RA request and response records; live-in aide documentation; accessible communications
Recordkeeping	Completeness and organization of tenant files; retention of waitlist records; VAWA file segregation
Fair Housing	Non-discrimination policies; LEP access; affirmative marketing outreach records

9.3.E File Sample

LACAHSA will review a sample of tenant files during each MOR. The sample size is determined as follows:

- Properties with 1–20 assisted units: minimum of 5 files, or all files if fewer than 5;
- Properties with 21–100 assisted units: minimum of 10 files; and
- Properties with more than 100 assisted units: minimum of 15 files, or 10% of the total assisted unit count, whichever is greater.

LACAHSA may expand the sample at its discretion if initial file review reveals a pattern of errors or deficiencies.

9.3.F MOR Findings and Ratings

Following each MOR, LACAHSA will issue a written MOR Report to the O/A. The report will rate the O/A's overall performance and identify specific findings. LACAHSA uses the following rating scale, consistent with HUD's MOR framework:

Rating	Description
Superior	O/A exceeds Program requirements; no significant findings; files and records are complete and well-organized.
Satisfactory	O/A meets Program requirements with only minor deficiencies that do not affect tenant rights or subsidy accuracy; corrective action may be required.
Unsatisfactory	O/A has material findings in one or more review areas; errors affect tenant rights, income determinations, or lease compliance; corrective action plan required.
Deficient	O/A has serious or systemic noncompliance; findings indicate patterns of error, failure to maintain records, or potential fraud; escalated LACAHSA response required.

9.3.G Corrective Action Plans

An O/A that receives an Unsatisfactory or Deficient rating, or that has individual findings requiring corrective action, must submit a written Corrective Action Plan (CAP) to LACAHSA within 30 calendar days of receiving the MOR Report. The CAP must:

- Identify each finding and the specific corrective action the O/A will take;
- Assign a responsible staff member for each action; and
- Establish a completion date for each action, not to exceed 60 days from CAP submission unless LACAHSA grants an extension in writing.

LACAHSA will review the CAP and notify the O/A of approval or requested revisions within 15 business days. LACAHSA will conduct a follow-up review (desk or on-site) to verify CAP completion within 30 days of the CAP completion date.

9.3.H Consequences of Noncompliance

Failure to submit a CAP, failure to complete corrective actions within the required timeframe, or a pattern of recurring findings across MOR cycles may result in one or more of the following LACAHSA actions:

- Issuance of a formal notice of default under the Regulatory Agreement;
- Suspension or reduction of subsidy payments;
- Requirement to engage a HUD-approved management agent;
- Referral to co-funders, lenders, or other governmental agencies; or
- Termination of the Regulatory Agreement in accordance with its terms.

LACAHSA will provide written notice of any proposed adverse action and an opportunity for the O/A to respond prior to taking such action, except where an immediate health or safety risk requires emergency measures.

9.3.I O/A Self-Monitoring

In addition to LACAHSA-conducted MORs, O/As are expected to conduct ongoing self-monitoring to identify and correct compliance issues proactively. At a minimum, O/As should:

- Conduct an internal file audit of a sample of tenant files at least annually;
- Review certification calculations for accuracy prior to each annual recertification cycle;
- Track and document the resolution of all inspection deficiencies; and
- Maintain a log of reasonable accommodation requests and outcomes.

LACAHSA may request documentation of self-monitoring activities during any MOR or desk review.

9.4 Additional LACAHSA Monitoring Activities

In addition to MORs, LACAHSA reserves the right to conduct the following monitoring activities at any time:

- Desk review of tenant files, waitlist records, and financial documentation;
- Unannounced on-site visits where LACAHSA has reasonable cause;
- Tenant interviews (voluntary); and
- Review of third-party reports, including code enforcement records, fair housing complaints, and co-funder monitoring findings.

O/As must cooperate fully with all LACAHSA monitoring activities and make all Program records available upon request within five business days.

Chapter 10: Reporting Requirements

10.1 Purpose

This chapter establishes the reporting obligations of O/As to LACAHSA and describes LACAHSA's reporting responsibilities to oversight bodies, co-funders, and the public. Accurate and timely reporting is essential to LACAHSA's ability to monitor Program performance, demonstrate compliance with funding requirements, and assess progress toward affordable housing goals in Los Angeles County.

10.2 O/A Reporting to LACAHSA

10.2.A Occupancy Reports

O/As must submit a quarterly Occupancy Report to LACAHSA by the 10th business day after each quarter ends. The Occupancy Report must include, for each Program-assisted unit:

- Unit address and bedroom size;
- Current occupancy status (occupied, vacant, or pending move-in);
- Name of household head (for occupied units);
- Household income category (ELI, VLI, or Low-Income);
- Contract rent and tenant rent share;
- Move-in or move-out date, if applicable during the reporting month; and
- Subsidy payment amount for the month.

LACAHSA will provide O/As with a standard Occupancy Report template. O/As may not substitute an alternative format without LACAHSA written approval.

10.2.B Vacancy Reports

O/As must notify LACAHSA in writing within five business days when a Program-assisted unit becomes vacant. The vacancy notification must include:

- Unit address and bedroom size;
- Date of vacancy;
- Reason for vacancy (move-out, eviction, unit offline for repairs, etc.); and
- Anticipated date of re-occupancy.

O/As must also report the status of any unit that remains vacant for more than 30 consecutive days, with an updated re-occupancy timeline, until the unit is re-leased.

10.2.C Annual Program Report

O/As must submit an Annual Program Report to LACAHSA within 60 days of the close of each program year. The Annual Program Report must include:

- Total number of assisted units and households served during the year;
- Household demographics, including income levels, household size, and, to the extent voluntarily provided by tenants, race, ethnicity, and disability status;
- Number and outcome of waitlist applications received;
- Number of annual recertifications completed and percentage completed on time;
- Summary of inspection results, including number of units inspected, deficiencies cited, and deficiencies resolved;

- Number of reasonable accommodation requests received and outcomes;
- Number of VAWA disclosures received (without identifying information); and
- Any MOR findings and corrective action status from the prior year.

LACAHSA will provide a standard Annual Program Report template. O/As are encouraged to include narrative commentary on program challenges, tenant outcomes, and community partnerships.

10.2.D Incident Reporting

O/As must notify LACAHSA promptly, and in no case later than three business days, upon the occurrence of any of the following:

- A fire, flood, or other casualty affecting one or more assisted units;
- A health or safety emergency requiring evacuation or displacement of a tenant;
- An allegation of fraud, program abuse, or financial irregularity related to the Program;
- A fair housing complaint filed against the O/A with any governmental agency;
- A code enforcement action, court order, or regulatory finding affecting the property; or
- Any litigation or governmental investigation involving the O/A that could materially affect Program operations.

Incident reports must be submitted in writing and must describe the nature of the incident, the units or households affected, and the O/A's response and corrective actions.

10.2.E Reporting on Tenant Income Changes

O/As must report to LACAHSA any interim recertification that results in a change in subsidy payment within 30 days of the effective date of the change, unless otherwise waived by LACAHSA. The report must identify the household, the prior and updated income and rent figures, and the effective date of the adjustment.

10.3 Recordkeeping in Support of Reporting

All data submitted in O/A reports must be supported by documentation maintained in the tenant file or property records. LACAHSA may request supporting documentation for any reported data point during a MOR, desk review, or audit. O/As must not submit reports containing estimated or projected figures unless expressly authorized by LACAHSA in writing for a specific reporting period.

10.4 Consequences of Late or Incomplete Reporting

Failure to submit required reports on time or submission of materially incomplete or inaccurate reports may result in:

- Issuance of a written notice of reporting deficiency;
- Findings in the next MOR cycle;
- Withholding of subsidy payments until reports are brought current; or
- Other remedies available under the Regulatory Agreement.

LACAHSA will provide O/As with written notice of a reporting deficiency and a reasonable opportunity to cure before imposing any payment-related consequence.

Chapter 11: Amendments to This Manual

LACAHSA may amend this Manual at any time. O/As will be provided with reasonable notice of material changes. In the event of a conflict between this Manual and a subsequent LACAHSA policy issuance, the more recent policy controls.

> **NOTE:** Questions regarding the interpretation or application of this Manual should be directed to the LACAHSA Program Office.

Appendix A: Key Definitions

Term	Definition
AMI	Area Median Income, as published annually by California HCD for Los Angeles County.
Annual Income	All amounts, monetary or not, anticipated to be received by the household during the 12-month period following certification.
ELI	Extremely Low-Income. Households at or below 30% of HCD AMI.
HCD Income Limits	Income limits published annually by the California Department of Housing and Community Development for the Los Angeles County multifamily housing programs.
LACAHSA	Los Angeles County Affordable Housing Solutions Agency.
LEP	Limited English Proficient. Persons for whom English is not a primary language and who have a limited ability to read, write, speak, or understand English.
Live-In Aide	A person who resides with a person with a disability as a reasonable accommodation, and who is essential to the care and well-being of that person.
Low-Income	Households at or below 80% of HCD AMI.
O/A	Owner/Agent. The property owner or management agent responsible for administering the Program at the property level.
Recertification	The annual process of re-verifying household income and composition to determine continued eligibility and recalculate the tenant’s rent share, if applicable.
Regulatory Agreement	The agreement between LACAHSA and the O/A governing the use of Program-assisted units at a specific property.
TSP	Tenant Selection Plan. The written policy describing how the O/A selects tenants from the waitlist.
VAWA	Violence Against Women Act. Federal law providing protections for survivors of domestic violence, dating violence, sexual assault, and stalking in federally assisted housing.
VLI	Very Low-Income. Households at or below 50% of HCD AMI.

Appendix B: HCD Income Limit Reference

O/As must obtain current income limits directly from the California HCD website prior to each certification cycle. The HCD income limits for Los Angeles County are updated annually, typically in the spring.

NOTE: Current HCD income limits: https://www.hcd.ca.gov/grants-and-funding/income-limits. O/As should document in each tenant file the income limit table used and the date it was accessed.

Appendix C: Regulatory Cross-Reference

Authority	Applicability
HUD HB 4350.3 REV-1	Baseline occupancy, income, lease, and certification requirements; adopted with modifications as noted in this Manual.
24 CFR Part 5	Income definitions, VAWA requirements, and HUD general program requirements.
California HCD Income Limits	Income eligibility thresholds for this Program (supersedes HUD income limits where different).
Cal. Gov. Code §12900 et seq.	California Fair Employment and Housing Act — protected classes, reasonable accommodation.
Cal. Civil Code §51	Unruh Civil Rights Act — full and equal accommodations regardless of protected characteristics.
Cal. Civil Code §1950.5	Security deposit limits and return requirements.
42 U.S.C. §3601 et seq.	Federal Fair Housing Act.
42 U.S.C. §13925	Violence Against Women Act occupancy protections.

End of Manual — LACAHSA Long-Term Subsidy Program Occupancy Requirements Manual, Version 1.0