



Enriched Property Services 3rd Party Contracting: Enforcement Clarifications

Posted April 22, 2022

Purpose

- This document describes at a high level how DCA intends to implement and enforce commitments under **(Scoring Criteria) Enriched Property Services, option B. 3rd Party Contractor**.
 - This document is a consolidation of responses to related questions received through the Housing Tax Credit Program Q&A survey ([click here](#)).
 - This document expands upon written published guidance already provided through the 2022 QAP Workshop ([click here](#) and view “QAP Workshop Slides”).
- The purpose of this document is to help applicants seeking Housing Tax Credits under the 2022 QAP understand whether the commitment is appropriate for their circumstances, specifically clarifying:
 - What efforts and financial resources will be expected of property owners
 - Compliance parameters and enforcement

DCA Goals

Enriched Property Services, option B. 3rd Party Contractor is intended to maximize participation in robust resident services coordination where it is possible to do so.

This Scoring option is not intended to:

- Provide a competitive advantage to certain applications over others, though applicants are not required to claim points under this section
- Impose financial burdens on properties that are unrealistic or jeopardize property maintenance

Engagement Expectations: Process

This section intends to clarify the expected roles of each party involved. It is not intended to describe all engagement details. DCA reserves the right to impose more specific requirements in the future, provided it is consistent with the engagement framework outlined below (e.g., detailing more specific documentation requirements).

- **DCA** plans to publish a list of awarded properties that accepted the 3rd Party Contracting points, including contact information provided by the **Owner**. **DCA** will also publish information on **Service Coordinators** certified by DCA-approved programs.
- Discussions may be initiated by **Service Coordinators** or **Owners**. **DCA** will not facilitate engagement discussions.
- **Services Coordinators** provide to **Owners** options for services and associated costs.
- **Owners** either contract for services or indicate that given the property’s financial circumstances, the property does not have sufficient cash flow to support any level of services coordination offered (see below for “available cash flow” clarification).
- **DCA** will publicize how **Services Coordinators** can submit information to **DCA** describing successful and unsuccessful contracting efforts for specific properties, as well as the costs of service coordination options offered. **DCA** will use this information for purposes of penalty determinations and policy evaluation.
- **DCA** reserves the right to request from the **Owner** evidence substantiating the claim that the property does not have sufficient cash flow to support any of the services options offered.

Engagement Expectations: Clarifications

- The cost of services provision varies widely based on providers, location, resident circumstances, and other factors. Therefore, it is not meaningful to underwrite for services coordination under **B. 3rd Party Contracting** during the 9% Competitive Round.
 - **DCA** will align this standard with the most conservative underwriting requirement for debt service coverage purposes (a 1.25 ratio for rehabilitation applications). For purposes of compliance monitoring and penalties (see below), whether a property has “cash flow available for services” will be based on the ability of the property to finance services while maintaining at least a 1.25 debt service coverage ratio.
- **Owners** are expected to cooperate consistent with the above “Engagement expectations” for as long as the property is monitored by **DCA**.
- If the **Owner** is unable to finance services at any time, this does not absolve the **Owner** of the responsibility to cooperate at a later time, as the property’s financial circumstances may improve.

Compliance and Penalty Implications

Absent significant changes in the number of eligible services coordinators and the financial implications of their work, it will be common for properties to have accepted this commitment but not have services coordination in place at a property. Therefore, the absence of services will not be considered non-compliance or deserving of any penalty.

Certain Scoring Criteria in the QAP draw on applicants’ performance relative to compliance or commitments under earlier QAPs (e.g., **Integrated Supportive Housing**, option **D. DCA Section 811**

Commitments: Prior Performance). For purposes of any future scoring section that may similarly draw on this 3rd Party Contracting commitment, only the following will be considered:

- Was the Owner responsive to Services Coordinators seeking to engage?
- If requested by DCA, did the Owner provide a complete explanation of available cash flow, circumstances surrounding financial constraints, and substantiating documentation?
- Did the Owner accurately represent financial capacity for services to a Services Coordinator and DCA?

Note on Owner-provided Services

This document addresses only the **3rd Party Contracting** option under **Enriched Property Services**. Owners seeking points under option **A. Owner-provided Services** (and receiving the associated tie-breaker benefit) are expected to maintain services coordination at the property.

Owners who are eligible for points under option A. but are uncertain about the financial capacity at a particular property should consider selecting option B. instead.