



**FINANCE NEW ORLEANS**

# **AFFORDABLE HOUSING MONITORING PLAN**

**Finance New Orleans**

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## DESCRIPTION

This monitoring plan outlines the approach used by Finance New Orleans (FNO) to ensure ongoing compliance with affordability, occupancy, and property quality requirements for subsidized affordable rental developments. Depending on the source of funds used to subsidize a project, FNO has discretion to require and enforce various mechanisms to ensure public benefit is achieved in exchange for the public subsidy. Therefore, projects may receive their own individual monitoring plan to align with and specify the terms of their written Agreement with FNO. Specific requirements for each project will not be outlined in this Monitoring Plan but rather in each individual Agreement.

### SECTION 1. DEFINITIONS

**Agreement** – A written legal document between FNO and the Project Owner that provides details about the restrictions and requirements of the project.

**Minimum Standards** – Refer to baseline program requirements the Project Owner must satisfy as a condition of their Agreement. Minimum Standards will be outlined in the Agreement and may be different depending on the project.

**Project Owner** – The individual or entity that received a benefit from FNO in exchange for offering a public benefit. E.g., the Lessee of a PILOT project is the Project Owner.

**Subsidy** – A benefit received by the Project Owner from FNO or another entity.

### SECTION 2. MONITORING OBJECTIVES

- Ensure compliance with affordability and income restrictions.
- Ensure building standards and workforce requirements are met or best efforts are demonstrated.
- Confirm eligible tenants occupy the affordable units.
- Verify rent levels do not exceed allowable limits.
- Maintain property quality, habitability, and accessibility standards.
- Evaluate management practices and marketing for fairness and transparency.

### SECTION 3. MONITORING ACTIVITIES and SCHEDULE

Activity	Timing	Responsible Party
Initial compliance review (affordability covenant, rent limits, marketing plan/materials)	At closing	FNO Compliance Manager
Review for compliance with minimum development standards	Within 3 months of final COO	FNO Compliance Manager
Lease-up monitoring and tenant income certification review	Within 12 months of lease stabilization	FNO Compliance Manager and Property Manager
Annual monitoring report review	Every 12 months	FNO Compliance Manager
Physical Inspection (interior and/or exterior)	May occur every 12 months or more often if notified of issues by outside parties.	FNO Compliance Manager and FNO Property Maintenance.

### SECTION 4. KEY METRICS

- A. Number of affordable units maintained under restriction for the agreement term. Depending on the FNO program, each project subject to affordable units, will be required to maintain a certain number of affordable units for a specific length of time. The number of units and the term will be described in the Project Owner’s agreement, e.g. a PILOT Lease or other agreement, as applicable.
- B. Tenant income eligibility.
  - Generally, FNO will yield to other public entities requirements when their direct investment is in a project.
  - If no other public funding source is mandating the requirements related to tenant income, FNO prefers that tenant’s income eligibility is based on the household’s total Adjusted Gross Income (AGI) as reported on the annual IRS Form 1040 or corresponding schedule for all adult household members that are listed on the lease. Tenants must have an annual income that does not exceed the percentage of area median income (AMI) threshold for a given project at the time of move-in.
  - Project owners are discouraged from evicting or moving tenants due to increases in income after moving-in. FNO will consider a unit compliant so long as there is documentation tenants initially income qualified and the rental rate stays within the same applicable requirements. If this approach conflicts with other funding sources income qualifications requirements, those income requirements should be adhered to.

- The agreement and/or Board of Trustees resolution will provide details on the specific restrictions for each property.
  - Unless compliance with tenant income thresholds is demonstrated through other public entities requirements, FNO will allow Project Owners to collect self-certification of annual income if Project Owners use FNO's Self-Certification of Income form (Appendix A). The Self-Certification of household income is only permitted when no other public funding source with income restrictions is part of the project.
- C. Rents align with the relevant Agreement or the FNO Board of Trustees approval.**
- Generally, FNO will yield to other public entities requirements when their direct investment is in a project.
  - Generally, rental rates are set at a percentage of the area median incomes based on the U.S. Department of Housing and Urban Development's (HUD) calculations which are updated annually in the spring. FNO may require submission of rent roles documenting the qualifying units are within HUD rents for committed AMI levels.
  - For projects utilizing Project Based Section 8 vouchers, FNO may require submission of rent roles that show both contract rent, gross rent, and tenant rent paid for all Section 8 units.
- D. Vacancy rate among affordable units**
- E. Unit turnover rate and re-leasing compliance.**
- F. Property maintenance and physical inspection results (no critical deficiencies).**
- FNO reserves the right to physically inspect properties and will do so, as deemed necessary.
  - If FNO is notified of code deficiencies or delinquent payments, FNO will require follow-up from the project owner in conjunction with addressing the matter with the initiating party.
- G. Affirmative marketing compliance (outreach to eligible populations).**
- FNO may request copies of project owners' marketing materials and/or workflow that demonstrate their affirmative marketing efforts.

## **SECTION 5. RISK FACTORS and TRIGGERS for ENHANCED MONITORING**

The following factors have the potential to influence FNO's decision to increase monitoring frequency or intensity for any given project.

- Repeated rent or income violations in tenant files.
- Ownership or management changes.
- High vacancy (>10%) or prolonged unit turnover.
- Health and safety violations.
- Evidence of renting above affordability thresholds.
- Failure to complete corrective actions within required timeline.
- Failure to make timely payments, as applicable.

## **SECTION 6. REPORTING and FOLLOW-UP PROCEDURES**

1. After each completed monitoring review, either in person and/or a desk review, FNO will notify the Project Owner and Property Manager to summarize any issues or concerns.
2. Issues will be documented and treated in accordance with all requirements.
3. Follow-up inspections, discussions, or desk reviews will confirm resolution of issues.
4. Continued issues of non-compliance or default events may trigger penalties, as applicable, such as suspension of funding, repayment obligations, termination of the Agreement or public notice.
5. A summary of compliance performance may be shared with the FNO Board of Trustees and may be included in annual reporting to relevant stakeholders.

## **SECTION 7. ADMINISTRATIVE FEES and PENALTIES**

As a result of monitoring, FNO may determine that administrative fees are due to the agency or penalty fees against the Project Owners are warranted. The exact cost of a penalty for not achieving a set standard will be outlined in each Agreement, as needed.

Typical fees or penalties may include:

- Minimum Standards Penalty Fee
- Project Enhancement Penalty Fee
- Resilience Fee
- Closing Fee (Administrative)
- Legal/Attorney's Fee (Administrative)
- Enforcement Fee (Administrative)

## **SECTION 8. DOCUMENTATION and RECORDKEEPING**

All monitoring documentation (inspection reports, rent rolls, income certifications, correspondence, etc.) will be retained in electronic form for a minimum of three (3) years after the affordability period ends, unless a longer period is required by record retention policies.

## **APPENDIX A**

### Self-Certification of Income Form



Dear prospective tenant,

The attached Self-Certification of Income form is required because the unit for which you are applying is part of a rent-restricted housing development that received public financing from Finance New Orleans (FNO). As such, some of the units in this development have an affordability requirement. Completion of this form helps the property owner confirm eligibility for occupancy in some of the units in accordance with applicable program and funding requirements.

If you have concerns about the validity of the form, you may contact Finance New Orleans at (504) 524-5533.



**SELF CERTIFICATION OF ANNUAL INCOME**

*Effective Date:*

**INSTRUCTIONS:** This is a written statement from the tenant documenting the definition used to determine “Annual (Gross) Income” and the number of tenant members in the household. To complete this statement, fill in the blank fields below, and check only the boxes that apply to each member. Each household member that is party to the lease must sign this statement to certify that the information is complete and accurate, and that source documentation will be provided upon request.

**Definition of Income:** For purposes of this certification, ‘Annual Income’ means the household’s total Adjusted Gross Income (AGI) as reported on the annual IRS Form 1040 or corresponding schedule for all adult household members listed on the lease. FNO reserves the right to request federal or state tax returns, W-2 statements, paystubs, or other third-party verification at any point.

**Tenant Information**

Last Name (HH):
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**Household Information**

First Names:	HH	CH	<18

HH = Head of Household; CH = Co-Head of Household; <18 = Child under the age of 18 years

**Project Information**

Project Name:	City:	
Address:	State:	Zip Code:

**Income Information**

Annual AGI (total of all household members) = \$ \_\_\_\_\_



**Certification**

I/we understand that knowingly providing false, misleading, or incomplete information may result in denial or termination of eligibility, repayment obligations, and referral to law enforcement for violation of Louisiana Revised Statute 14:133 (filing or maintaining false public records) or any other applicable law.

I/we hereby authorize FNO, its agents, and program administrators to verify any information contained in this self-certification through employer verification, public records checks, tax return verification, or third-party data sources as permitted by law.

Information provided on this form is subject to Louisiana Public Records Law unless otherwise exempt. Confidential financial information will be handled in accordance with applicable privacy and data-security requirements.

HEAD OF HOUSEHOLD		
Signature	Printed Name	Date

**\*Signatures continue next page\***

OTHER TENANT ADULTS* ( <i>Only adults that are included on the lease must sign</i> )		
Signature	Printed Name	Date

\* Attach another copy of this page if additional signature lines are required.

**For Property Manager Use Only:**

Form submitted: \_\_\_/\_\_\_/\_\_\_

Percent of Household's Area Median Income (AMI): \_\_\_\_\_%

Eligible to lease a rent restricted unit:  Yes  No

Reviewed by: \_\_\_\_\_ (Print) \_\_\_\_\_ (Date)