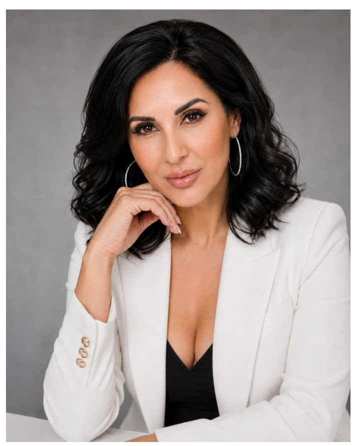
Housing Consultants of America

Third-Party Affordable Housing Compliance: When Should You Outsource Your Compliance Department?

A practical guide for owners and management companies evaluating alternatives to adding full-time compliance staff



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Affordable housing compliance workloads rarely stay predictable. New acquisitions, staffing vacancies, recertification backlogs, audit preparation, regulatory changes, and portfolio growth can quickly overwhelm an internal team. Third-party compliance support gives owners and management companies another option: access experienced compliance professionals when and where they are needed without automatically adding another full-time position.

When Does Outsourcing Affordable Housing Compliance Make Sense?

Outsourcing does not have to mean eliminating an internal compliance department. Many organizations use a hybrid model in which internal leadership retains oversight while an outside compliance partner handles specific functions, temporary surges, specialized reviews, or day-to-day production work. The right structure depends on portfolio size, program complexity, staffing capacity, and the level of compliance risk the organization is carrying.

Common signs that outside support may be appropriate include:

- Recertifications or move-ins are beginning to fall behind.
- Compliance staff are spending more time processing files than overseeing risk.
- A key compliance employee has resigned, retired, or taken leave.
- The company is acquiring or onboarding additional affordable housing properties.
- Site teams need answers faster than the internal department can respond.
- Audits, MORs, state monitoring reviews, or investor reviews are approaching.
- The organization needs specialized expertise but cannot justify another full-time hire.
- Leadership wants an independent quality-control layer before files are finalized.

1. Third-Party File Reviews and Quality Control

One of the most common outsourced compliance functions is file review. A third-party reviewer can examine move-in, annual recertification, interim, and applicant files before final approval or as part of a portfolio-wide quality-control process. Reviews can focus on income and asset calculations, household composition, eligibility, student rules, deductions, rents, utility allowances, required forms, signatures, dates, and supporting documentation.

For management companies with decentralized site teams, independent file reviews can also create greater consistency across properties. Instead of each site interpreting requirements differently, a centralized third-party review process can identify recurring errors and help leadership determine where additional training or policy clarification is needed.

2. Recertification Processing and Backlog Recovery

Recertification backlogs can develop quickly after turnover, extended vacancies, acquisitions, system conversions, or periods of unusually high workload. Outsourced compliance specialists can help process annual and interim recertifications, review supporting documentation, communicate outstanding requirements, and move files toward completion while the site's permanent team continues managing daily operations.

This type of support can be especially valuable when the organization does not want to hire permanent staff for what may be a temporary workload spike.

3. Move-In and Applicant File Support

Vacant affordable units create both operational and financial pressure. Third-party compliance support can assist with applicant eligibility reviews, income and asset verification, certification preparation, move-in file review, and documentation follow-up. This allows leasing and property management teams to focus on applicant communication and occupancy while experienced compliance professionals focus on program requirements.

4. EIV Review and Documentation Support

EIV-related work can consume significant staff time when reports identify discrepancies or when documentation is incomplete. Qualified third-party support can help properties review required EIV documentation, identify unresolved items, organize discrepancy follow-up, and assess whether property practices are consistent with written EIV procedures and applicable HUD requirements.

Because EIV information is sensitive, any outsourced arrangement should include appropriate access controls, confidentiality expectations, system permissions, and information-security procedures.

5. Voucher, TRACS, and HAP Processing Support

For HUD-assisted properties, compliance is closely connected to accurate voucher and subsidy processing. Third-party support may include certification review, voucher preparation, TRACS-related troubleshooting, HAP reconciliation support, correction of certification issues, and research into discrepancies that can delay or affect subsidy payments.

Outsourcing this work can be particularly useful when a property is experiencing staffing changes, unresolved transmission issues, certification corrections, or a backlog that is affecting monthly voucher processing.

6. Audit, MOR, and Monitoring Review Preparation

An upcoming audit is often when organizations discover that their internal team has been operating at capacity for months. A third-party compliance partner can perform a pre-audit review of tenant files, EIV documentation, notices, policies, required forms, rents, utility allowances, security deposits, and other records before the formal review begins.

Independent preparation can help leadership identify deficiencies early, prioritize corrections, organize requested documents, prepare staff for reviewer questions, and determine whether an isolated error represents a larger portfolio-wide issue.

7. Policy and Procedure Support

Affordable housing policies must evolve as regulations, agency guidance, systems, and operational practices change. Outside compliance support can help review Tenant Selection Plans, EIV policies, VAWA procedures, reasonable accommodation processes, recertification workflows, file-review standards, internal checklists, and other compliance procedures.

The goal is to ensure that written policies are not simply sitting in a binder - they should reflect current requirements and the way the organization actually operates.

8. Day-to-Day Compliance Questions

Not every compliance issue requires a new employee. Sometimes site teams simply need reliable access to experienced professionals who can help research questions, review unusual situations, interpret program requirements, or provide a second opinion before a decision is finalized. An outsourced compliance resource can serve as an extension of the organization's internal team and provide an escalation point for complex files.

Outsourcing vs. Hiring Another Full-Time Compliance Employee

Hiring another full-time compliance professional can be the right decision when workload is stable, long-term, and large enough to support the position. But many affordable housing organizations experience fluctuating needs. A portfolio may require intensive support during acquisitions, audit season, staffing vacancies, backlog recovery, or regulatory implementation and then return to a more manageable workload.

Third-party compliance can provide greater flexibility because organizations can scale support around actual workload. It may also give a company access to a broader range of program knowledge than it could reasonably expect from a single new hire.

Consider outsourcing when you need capacity, specialization, or independent quality control - but do not necessarily need another permanent position.

Questions to Ask Before Selecting a Third-Party Compliance Partner

- Which affordable housing programs does the provider routinely work with?
- Can support be customized by property, program, or workload?
- Who performs the actual file reviews and processing?
- How are confidential tenant records protected?
- Can the provider work within your property management software and existing workflows?
- What are the expected turnaround times?
- How are questions, corrections, and escalations communicated?
- Can the provider assist with both temporary projects and ongoing compliance support?
- Does the provider identify patterns and training needs rather than simply returning individual corrections?

How HCA Can Function as an Extension of Your Compliance Team

Housing Consultants of America (HCA) provides third-party affordable housing compliance support for owners, management companies, nonprofits, and housing organizations that need additional capacity without immediately expanding full-time headcount.

HCA can support organizations with third-party file reviews, recertifications, move-ins and applicant files, EIV documentation, voucher and subsidy processing support, MOR and audit preparation, policy review, backlog recovery, temporary compliance staffing, and day-to-day compliance questions.

Support can be structured around a defined project, a temporary staffing gap, a specific property, an entire portfolio, or an ongoing compliance relationship. This allows internal teams to retain control of their operations while adding experienced compliance capacity where the organization needs it most.

The Bottom Line

The question is not simply whether an organization can hire another compliance employee. The better question is whether a permanent hire is the most efficient solution for the workload, risk, and expertise the portfolio requires. For many affordable housing organizations, a flexible third-party model can provide immediate capacity, independent quality control, and specialized compliance support without creating another permanent position.

Need additional affordable housing compliance capacity?
Housing Consultants of America can help you evaluate where third-party support could strengthen your existing team - from individual file reviews and recertifications to ongoing outsourced compliance services.

About the Author

Jenna Ghisolfo is President & Founder of Housing Consultants of America. Her work focuses on affordable housing compliance, operational support, training, file review, and helping housing organizations strengthen day-to-day compliance practices.

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