

New Tax Credit Compliance Manual is Online

Idaho Housing and Finance Association (IHFA) solicited public comment on the 2010 Tax Credit Compliance Manual currently on the IHFA website. Comments are currently being reviewed and the final publication should be available this month. We recommend that you take some time to review the manual and changes therein, as it has been updated to adhere to the Revised 8823 Guide. The Manual is available for review at:

<http://www.ihfa.org/ihfa/housing-compliance/tax-credit-home-manuals-and-limits.aspx>

Please send your questions to beckym@ihfa.org, andrews@ihfa.org, or compliance@ihfa.org.



We look forward to your feedback as the Compliance Department strives to improve Tax Credit policies and procedures.

New Tenant Data Collection Requirements

The passage of the Housing and Economic Reform Act of 2008 (HERA) in congress included a statute that requires Tax Credit Allocation Agencies to furnish the U.S. Department of Housing and Urban Development (HUD) with demographical information. On an annual basis, information concerning race, ethnicity, family composition, age income, use of rental assistance under Section 8, disability status and monthly rental payments of households residing in developments receiving tax credits will be provided to HUD.

On March 3, 2010, HUD published a notice in the Federal Register explaining how the pertinent data will be collected. This process will be a collaboration between Owner/Agents, Allocating Agencies and HUD. IHFA recommends Owner/Agents read the notice in preparation for the future collection process. You may access this notice at:



http://www.novoco.com/low_income_housing/resource_files/hot_topics/stimulus/fedreg_030310.pdf

New Inspection Notification Protocol

The development inspection notification process has changed this year. Before an inspection notification letter is sent through the mail to the Management Agent, an email with the letter attached will be sent to both the Owner and the Management Agent. IHFA believes this process will assist Owner/Agents prepare for the review, as well as ensure that the notification letter is received by all parties. In the future, all correspondence will include developments' Owners.

In This Issue

- ◆ New Inspection Notification Protocol
- ◆ 2010 Tax Credit Compliance Manual Online
- ◆ Tenant Data Collection

“Ask the Expert” FAQ’s

Got questions? We have answers! Please submit any Tax Credit or HOME questions to your Auditors, Becky or Andrew at beckym@ihfa.org or andrews@ihfa.org. Look for answers to your questions in each newsletter.



2010 Idaho AHMA Conference

The Idaho chapter of AHMA will hold their annual conference and tradeshow April 19th through the 21st. There will be certification opportunities in the Tax Credit, Rural Development and HUD Section 8 tracks. For more information and registration, please go to:

<http://www.idahoahma.org/events/conferences/details/53-2010-iahma-conference.html>

Vacant Unit Rule

Revenue Ruling 2004-82 States:

Section 1.42-5(c)(1)(ix) provides that a housing credit agency must require the owner of a low-income housing project to certify at least annually to the housing credit agency that, for the preceding 12-month period, if a low-income unit in the project became vacant during the year, reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income (the "vacant unit rule").

The legislative history to §42 indicates that vacant units, formerly occupied by low-income individuals, may continue to be treated as occupied by qualified low-income individuals for purposes of the minimum set-aside requirement (as well as for determining qualified basis) provided reasonable attempts are made to rent the unit.

H.R. Conf. Rep. No. 841, supra, at II-94.

Section 42(g)(2)(D)(i) provides that notwithstanding an increase in the income of the occupants of a low-income unit above the income limitation applicable under § 42(g)(1), the unit will continue to be treated as a low-income unit if the income of the occupants initially met the income limitation and the unit continues to be rent-restricted.

Section 42(g)(2)(D)(ii) provides that if the income of the occupants of the unit increases above 140 percent of the income limitation applicable under §42(g)(1), the unit ceases to be treated as a low-income unit if any available or subsequently available residential rental unit in the building (of a size comparable to, or smaller than, the unit) is occupied by a new resident whose income exceeds the income limitation (the "available unit rule").

Under §1.42-15(a), a low-income unit in which the aggregate income of the occupants of the unit rises above 140 percent of the applicable income limitation under §42(g)(1) is referred to as an "over-income unit."

Section 1.42-15(c) provides that a unit is not available for purposes of the available unit rule when the unit is no longer available for rent due to contractual arrangements that are binding under local law.

The IRS 8823 Guidebook 2009 States:

Vacant Units

Vacant low-income units must also be suitable for occupancy; i.e., prepared for immediate occupancy. Depending on the facts, state agencies should allow a reasonable period to clean a vacated unit or repair damages caused by a prior tenant.

Example: Vacant Units not Suitable for Occupancy

The state agency determined that some vacant LIHC residential units were not suitable for occupancy by new tenants when they conducted a physical inspection of the property. The owner explained that because of the high vacancy rate, there were a sufficient number of empty units suitable for occupancy. All vacant LIHC units that are not suitable for occupancy are out of compliance. The out of compliance date is determined for each unit based on the date that particular unit was vacated.

Date of Noncompliance

The reportable "out of compliance" date is the date the property failed to meet the inspection standard, if known; otherwise, at the earliest documented date that the standard was not met.

IHFA Compliance Department States:

A reasonable period of time to make a vacant unit rent ready should take no longer than 30 days from the previous residents move out date. Any unit that sits vacant for more than 30 days, not rent ready, will be reported to the IRS as in violation of the Vacant Unit Rule.

Tax Credit Compliance Contacts

Sheryl Putnam, Housing Compliance and Program Support Manager

Phone: (208) 331-4821 Email: sherylp@ihfa.org

Becky Miller, Tax Credit Compliance Auditor

Phone: (208) 331-4787 Email: beckym@ihfa.org

Andrew Schank, Tax Credit Compliance Auditor

Phone: (208) 331-4786 Email: andrews@ihfa.org

Erin Shelton, Housing Compliance Administrative Support

Phone: (208) 331-4733 Email: erins@ihfa.org