



Low Income Housing Tax Credit Program

**A training and certification conference presented by RIHousing and
sponsored by IREM RI Chapter 88.**

October 5, 2022



AGENDA

- **Agency Updates**
- **Initially qualifying households**
- **Quiz**
- **Ensuring compliance in a resyndication
(Acquisition/ rehabilitation)**
- **Quiz**



AGENCY UPDATES

- **New board of commissioners member**
 - Legislation passed that created a Deputy Secretary for Housing, Josh Saul
- **Promotions**
 - *Michael DiChiaro, Director of Leased Housing*
 - *Hope Lanphear, Assistant Director of Leased Housing*
- **New staff**
 - *Leslie Silva*
 - *Luis Matos*
 - *Vanessa Teodovich*
 - *Amanda O'Brien*



Leased Housing and Rental Services Division



What we do:

- **Administer and oversee Section 8 PBCA program**
 - **Conduct Management and Occupancy Reviews (MORs)**
 - **Process annual rent adjustments**
 - **Handle tenant concerns**
 - **Process monthly voucher requisitions**
 - **Process Special Claims**
 - **Process payments for the 811 Program**
 - **Process contract renewals**



Leased Housing and Rental Services Division *(cont.)*

What we do:

- **Administer and oversee Housing Choice Voucher program (HCVP)**
- **Administer and oversee Continuum of Care (CoC) program**
- **Administer and oversee Family Self Sufficiency (FSS) program**



Leased Housing and Rental Services Division *(cont.)*



What we do:

- **Monitor compliance of LIHTC program**
- **Conduct LIHTC file audits**
- **Conduct UPCS physical inspections**
- **Monitor ongoing compliance of HOME and other ancillary funding programs**



RentReliefRI 2021

2021: A CLOSER LOOK

\$84.2 million total amount of assistance approved

88%

RENT \$74 million

9%

**UTILITIES
\$8 million**

\$16 million

through partnership with
National Grid

12,526

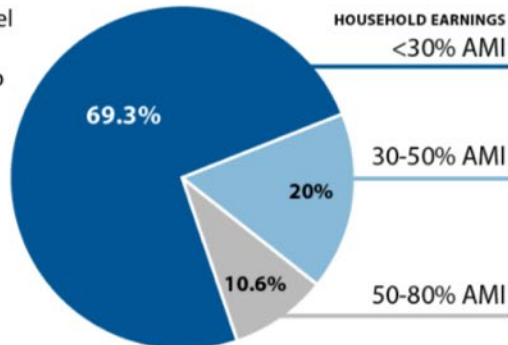
total number of
households served

\$6,720

Average assistance
approved per household

Households Assisted

The highest level
of assistance
was provided to
extremely low-
income renter
households.



Top 10 Municipalities Assisted

- | | |
|---------------------|--------------------|
| 1. Providence | 6. Central Falls |
| 2. Pawtucket | 7. Warwick |
| 3. Woonsocket | 8. West Warwick |
| 4. Cranston | 9. East Providence |
| 5. North Providence | 10. Johnston |

For more information on the status of applications and breakdown of funding, visit: www.rihousing.com/rent-relief-ri-dashboard.

RentReliefRI

The RentReliefRI program closed on September 30, 2022.

Approved

\$274,626,945

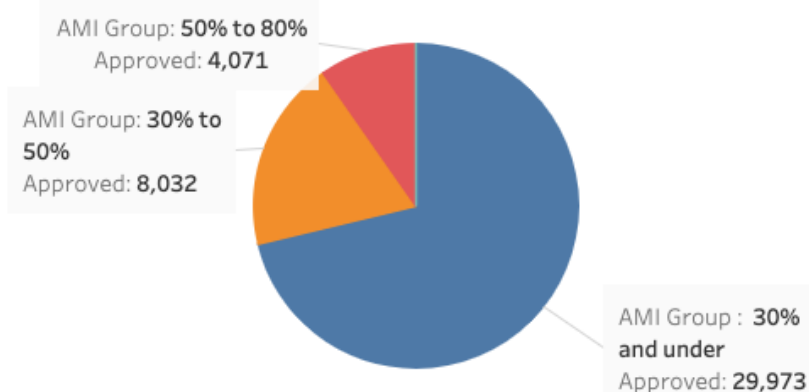
Total Approved Applications

42,083

Average Assistance Approved

\$6,526

Households Assisted by AMI



Applications for Funding Type

Past Due Rent	31,478
Past Due Utilities	8,557
Past Due Rent and Utilities	14,899
Other Expenses	6,148

Housing Assistance Payments (HAP)

Contract support services update

- HUD issued draft solicitation on PBCA program at end of July 2022
- Reintroduced a regional approach
- Comment period ended September 28th
 - *Thanks to anyone that submitted comments in support of RIHousing*



Strategic Plan

- **Approved February 2022**
- **5 primary goals, to on focus over next 5 years**
 - **Increase production of housing for low and middle-income Rhode Islanders**
 - **Expand partnerships to increase production and preservation of affordable homes**
 - **Drive innovation, diversity, equity, and accessibility in housing development, mortgage financing, and leased services**
 - **Invest in expansion of partner technical expertise and capacity to develop, preserve, and manage affordable housing**
 - **Support continuous improvement and be a top performing HFA**



qrco.de/RIHStrategicPlan2022

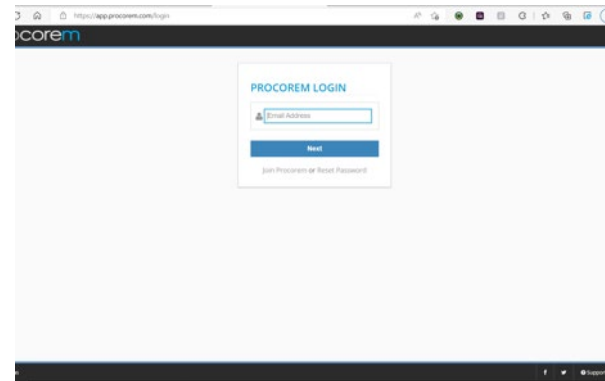


Agency Updates (*cont.*)

Coming soon....

Software Conversion

- **ProLink Solutions and Procorem**
 - **December 2022 - *go live***
 - **WTC goes away**



Market Units

- **Applicable to Non-LIHTC units a.k.a. “Market Units”**
- **Program Bulletin to be issued**
- **Limited occupancy and demographic information will be collected:**
 - **Household Name: can be “Market Unit” or actual name**
 - **Unit Number**
 - **Bedroom size**
 - **Square Footage**
 - **Tenant rent**
 - **Utility allowance (*if applicable*)**
- **Uploads due by the 10th of the month**



LIHTC Compliance Manual: Chapter 4

LIHTC Compliance Manual

REVISED
MARCH 2021



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www.RIHousing.com

Initially Qualifying LIHTC Households

What do you need to know?

Is your property:

- **New construction?**
- **Resyndication?**
- **New construction merged with existing buildings?**
- **PBCA – section 8 property?**
- **Acquisition with Rehabilitation?**

Refer to Chapter 8



Initially Qualifying LIHTC Households *(cont.)*

What do you need to know?

- **Date of Acquisition**
- **Minimum set-aside**
- **LURA**
- **All funding sources and commitment for each**
- **How many BINs?**
- **Are all BINS part of a multi building project?**

Refer to Chapter 7



Initially Qualifying LIHTC Households *(cont.)*

What do you need to know?

- **Owner/developer expectations**
- **Occupancy Standards**
- **Preferences**
- **Tenant Selection Plan**
- **Management Plan**
- **Wait list policy**

Refer to Chapter 2, page 7



Initially Qualifying LIHTC Households *(cont.)*

Why do you need to know?



Initially Qualifying LIHTC Households *(cont.)*

Why you need to know:

- **Can't qualify applicants/tenants if you don't know what constitutes eligibility.**
- **Can't assume a section 8 tenant meets LIHTC eligibility.**
- **Lease up the correct number of units per BIN.**
- **Need to meet the credit deadline.**
- **Don't move in a FT student household**
- **Don't move in an over income household**



Initially Qualifying LIHTC Households *(cont.)*

- ☐ **What does your rental application look like?**
- ☐ **Does it ask the right questions?**
- ☐ **Enough to determine eligibility at time of application?**
- ☐ **Is it OK for applicant to skip/not answer sections/questions?**
- ☐ **Who can complete the application form?**

Refer to Chapter 4, page 24



Initially Qualifying LIHTC Households *(cont.)*

Best Practices

- ✓ Accept a completed application completed by the household.
- ✓ Verify eligibility factors.
- ✓ Verify student status, especially for members age 18 and older.
- ✓ Determine number of people who will occupy the unit.
- ✓ Know rent and income limits and Utility allowances for all funding programs in property.
- ✓ Complete TIC
- ✓ Execute lease and addendums
- ✓ Upload tenant data to RIHousing's LIHTC compliance data collection software.

REMINDERS

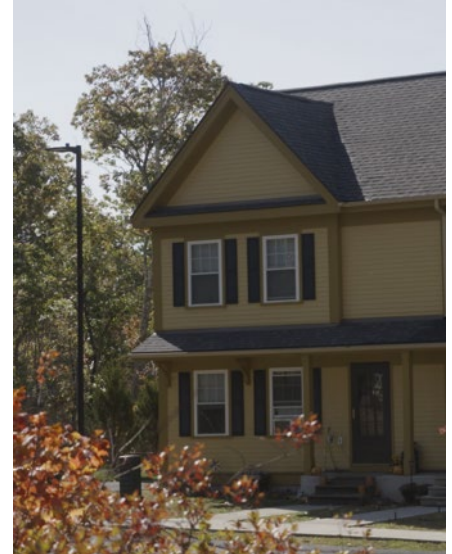


- Signature pages on HUD 9887 form asks for **PRINTED** “name of project owner or his/her representative.” This requires the printed name of the person, not the company. The signature line below is for the person printing their name above.
- If your property received financing from RIHousing, then you executed a Management Agreement – a security deposit equal to one month tenant rent or a \$50 minimum, *whichever is greater is required.*



REMINDERS *(cont.)*

- **A third-party vendor must complete a review of all initial certifications regardless of type of LIHTC development.**
- **Unit transfers during rehab:**
 - **Can only qualify one unit**



QUIZ TIME



**Scan the QR Code with your smartphone's
camera app to participate!**



Quiz 1: ANSWERS

- **The closing date is typically the acquisition date.**

True

- **Existing tenants in a project-based section 8 property automatically qualify for the LIHTC program.**

False

- **If an applicant is over the age of 50, one can assume that the applicant cannot be a student and therefore you do not have to have the applicant complete a student status certification.**

False



Quiz 1: ANSWERS

- **The guidance in the HUD handbook 4350.3 must be used to calculate and determine household income and assets for the LIHTC Program.**

True

- **An applicant's social security award letter shows that a 3rd party receives the benefit funds, and the applicant states they have no assets. The owner can safely assume that the applicant has no assets and no further action is required.**

False



LIHTC Compliance Manual rev. March 2021

LIHTC Compliance Manual

REVISED
MARCH 2021



www.RIHousing.com

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Resyndication = Acquisition/Rehab

- **Is your property PBCA with LIHTC?**
- **What is AR date?**
- **Original MI date remains on TIC**
- **Can only qualify one unit.**

Refer to Chapter 11



Resyndication = Acquisition/Rehab *(cont.)*

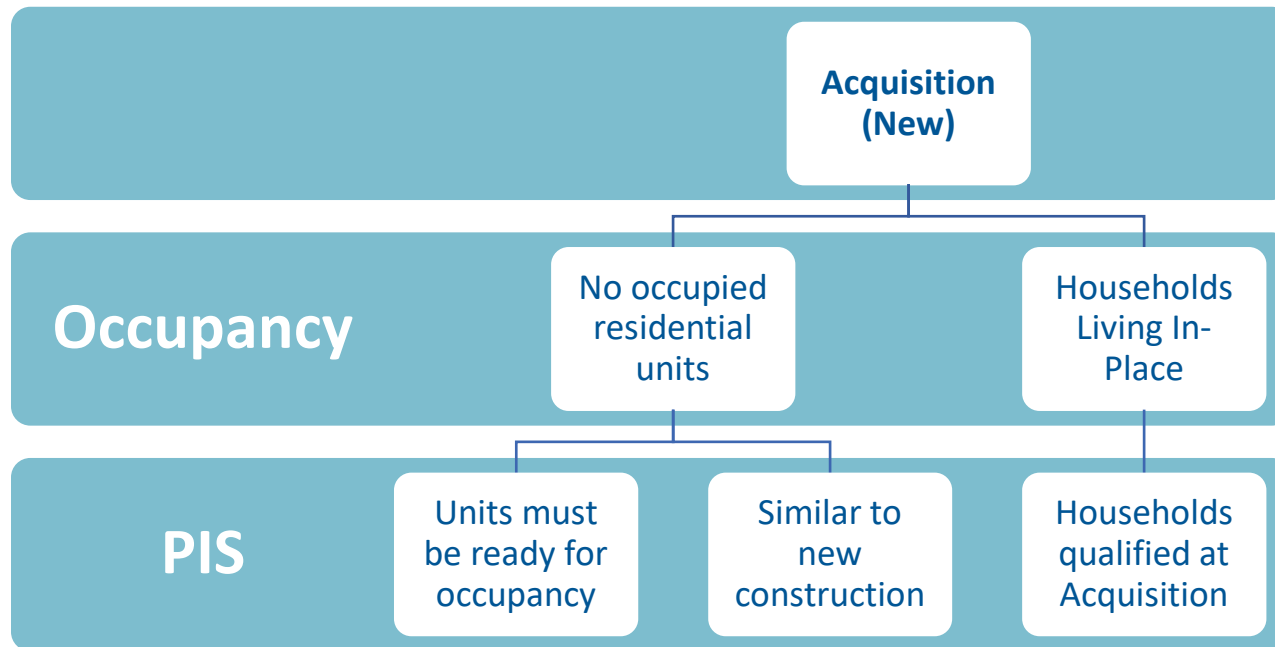


- **Real Estate is an asset**
- **Ownership needs to be verified**
- **Mortgage status – foreclosure?
Investment property? Inheritance? Etc.**
- **How to determine cash value of real estate**
- **A mobile home is real estate.**



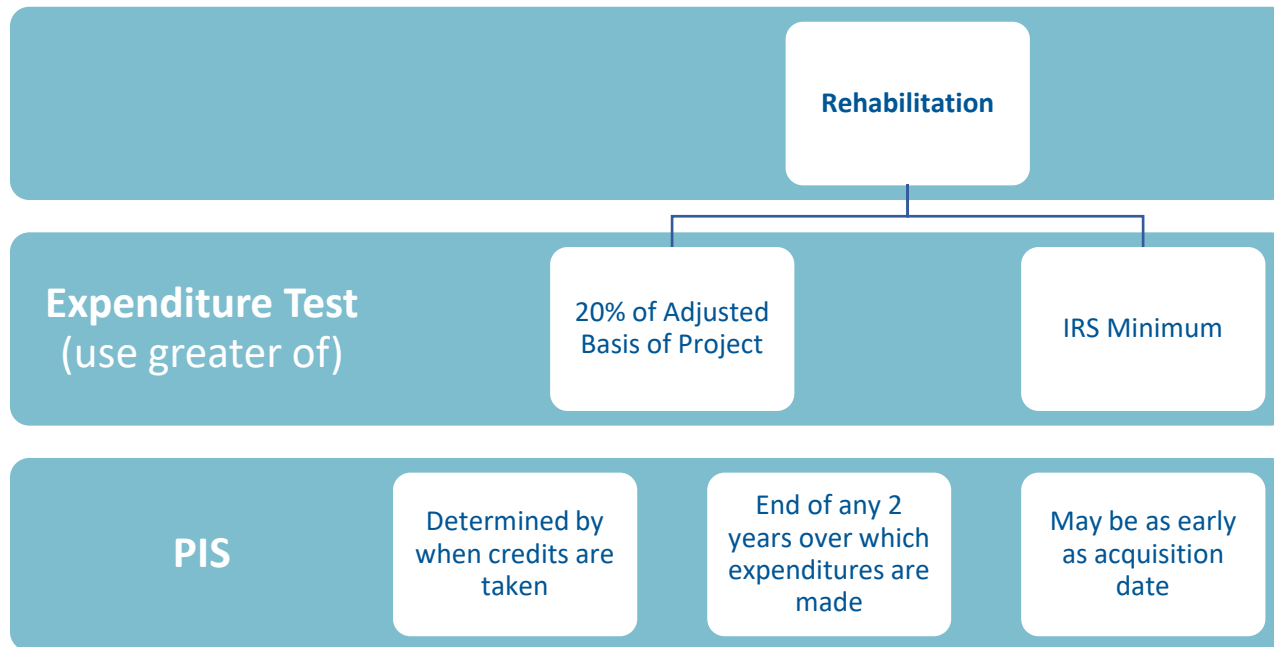
Resyndication & Acquisition/Rehab

Placed In Service Dates



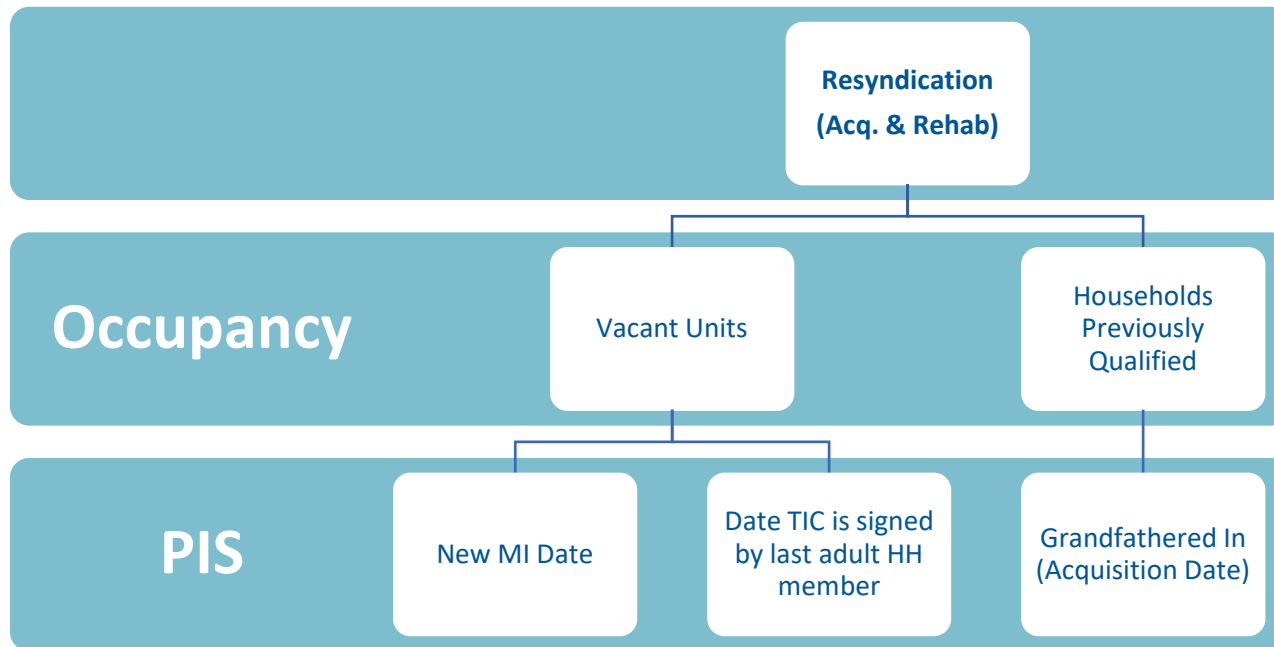
Resyndication & Acquisition/Rehab

Placed In Service Dates



Resyndication & Acquisition/Rehab

Placed In Service Dates



At the end of the Compliance Period (15 years), an owner may apply for new tax credits. “Resyndication” refers to new general partner/investor relationships through syndicators.



Resyndication & Acquisition/Rehab

A building was acquired 3/10/2017 and the rehab was PIS 10/30/2018. Both credits may begin on 1/1/2018.



A building was acquired 2/1/2017 and the rehab was PIS 11/30/2017. Both credits may begin on 2/1/2017.



Resyndication & Acquisition/Rehab

Existing Households

- Acquisition and rehabilitation credits are both satisfied with one set of certification paperwork
 - No need to IC qualify at acquisition and rehab
- Effective date may be retroactive back to acquisition date
 - 120 days before or after
 - Not 240 days
 - Initial Certifications completed after 120 days are effective when the last adult HH member signs the TIC.
- *The sooner, the better*
 - Protects households against disqualification if income increases
 - Allows credits to be claimed back to acquisition date

New residents

- Households that move in after the acquisition date have IC effective dates based on MI
 - All qualifying paperwork must precede MI date



Resyndication & Acquisition/Rehab

Safe Harbor Income Testing

- **Acquisition credits are deferred when the rehab is not placed in service in the year of the acquisition**
 - Both acquisition and rehab credits start in the year that the rehab places in service
 - Households qualified through 1/31 of that year starts credits for that unit for the entire year
- **When credits are deferred and an IC has been completed, households will not need to requalify**
 - An income test may be necessary at the start of the first credit year
 - Self-certification whether household income has changed
 - If income has increased, household provides documentation for reassessment
 - Triggers Next Available Unit Rule
 - Eligibility has already been determined



Resyndication & Acquisition/Rehab

Resyndication

- **At the end of the Compliance Period (15 years), an owner may apply for new tax credits. “Resyndication” refers to new general partner/investor relationships through syndicators.**
- **The Extended Use Period continues for an additional 15 years**
- **Subsequent allocation of credits result in an overlap**
 - **A new allocation starts the clock on the Credit Period, Compliance Period, and Extended Use Period**
 - **Minimum 30-year affordability requirement**



Resyndication & Acquisition/Rehab

Resyndication

- **Grandfathering of existing households**
 - *“Households determined to be income-qualified under IRC Section 42 during the 15-year compliance period are concurrently income-qualified households for the purposes of the +30 year extended use agreement. As a result, any household determined to be income qualified at the time of move-in for purpose of the extended use agreement is a qualified low-income household for any subsequent allocation of IRS Section 42 credit.”*
 - Households who qualify for tax credits under the first allocation and are in-place at the start of a second (or third) set of credits automatically continue as LIHTC-qualified regardless of the new income limits



Resyndication & Acquisition/Rehab

Resyndication

- **Grandfathering of existing households**
 - Owners may choose to expedite full sets of qualifying documentation
 - At a minimum, the original TIC and supporting documentation should be retained in the file
 - If the original IC is not available, any certification under the previous allocation can be used
 - Be mindful of changes since the first round of credits



Resyndication & Acquisition/Rehab

• Resyndication • Income Limits

HERA SPECIAL

Placed in service: 10/10/1999		STATE: RHODE ISLAND	-----INCOME LIMITS-----				
		PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON
		Newport-Middleton-Portsmouth, RI HMFA					
		FY 2018 MFI: 94100					
		VERY LOW INCOME	32950	37650	42350	47050	50850
		60% INCOME LIMIT	39540	45180	50820	56460	61020
		HERA Special 50%*	33100	37800	42550	47250	51050
		HERA Special 60%*	39720	45360	51060	56700	61260

HERA Special?

☒ Applicable to area?

☒ PIS 2008 or earlier?

Acquisition:
3/14/2018

HERA Special?

☒ Applicable to area?

☒ PIS 2008 or earlier?

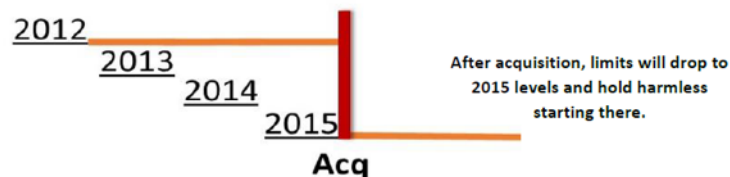
Before Acquisition...

HELD HARMLESS LIMITS



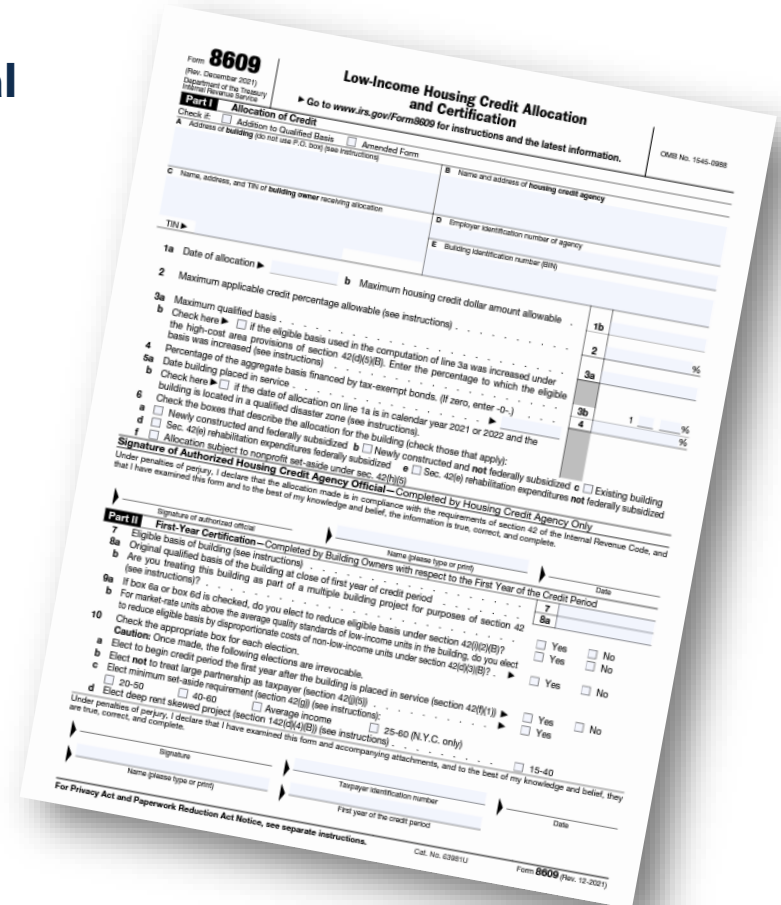
After Acquisition...

HELD HARMLESS LIMITS END



Resyndication & Acquisition/Rehab

- Resyndication
 - Monitoring continues under the original LIHTC project structure until the new 8609's are finalized
 - Form 8609 tells the monitoring agent which compliance rules to follow
 - Minimum Set Aside
 - 20-50
 - 40-60
 - Average Income Test
 - Number of projects
 - Line 8b
 - Only relevant in projects with multiple buildings
 - First year of credit period



Form 8609 (Rev. December 2021)
Department of the Treasury
Internal Revenue Service

Low-Income Housing Credit Allocation and Certification
Go to www.irs.gov/Form8609 for instructions and the latest information.

OMB No. 1545-0088

Part I Allocation of Credit
Check if ☐ Addition to Qualified Basis ☐ Amended Form
A. Address of building (see instructions)

C. Name, address, and TIN of building owner receiving allocation
TIN

D. Name and address of housing credit agency
E. Employer identification number of agency
F. Building identification number (BIN)

1a. Date of allocation
b. Maximum applicable credit percentage allowable (see instructions)
c. Maximum housing credit dollar amount allowable

2. Maximum qualified basis
b. Check here ☐ If the eligible basis used in the computation of line 3a was increased under the high-cost area provisions of section 42(d)(9)(B). Enter the percentage to which the basis was increased (see instructions)

3a. Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-)
b. Building placed in service
c. Check the boxes that describe the allocation for the calendar year 2021 or 2022 and the building is located in a qualified disaster zone (see instructions).
d. ☐ Newly constructed and federally subsidized
e. ☐ Sec. 42(j) rehabilitation expenditures federally subsidized
f. ☐ Allocation subject to nonprofit set-aside under sec. 42(h)(6)
g. ☐ Newly constructed and not federally subsidized
h. ☐ Existing building rehabilitation expenditures not federally subsidized

Signature of Authorized Housing Credit Agency Official—Completed by Housing Credit Agency Only
Under penalties of perjury, I declare that the allocation made is in compliance with the requirements of section 42 of the Internal Revenue Code, and that I have examined this form and to the best of my knowledge and belief, the information is true, correct, and complete.

Part II First-Year Certification—Completed by Building Owners with respect to the First Year of the Credit Period
7. Eligible basis of building (see instructions)
8a. Original qualified basis of the building at close of first year of credit period
b. Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?
c. If box 8a or box 8d is checked, do you elect to reduce eligible basis under section 42(i)(2)(B)?
d. For market-rate units above the average quality standards of low-income units in the building, do you elect to reduce eligible basis by disproportionate costs of non-low-income units under section 42(c)(3)?
e. Check the appropriate box for each election.
f. Elect to begin credit period the first year after the building is placed in service (section 42(f)(1))
g. Elect not to treat large partnership (section 42(g)) (see instructions)
h. Elect minimum set-aside requirement (section 42(i)(3)) (see instructions)
i. ☐ 20-50 ☐ 40-60 ☐ Average income ☐ 25-60 (N.Y.C. only)
j. ☐ 20-50 ☐ 40-60 ☐ Average income ☐ 25-60 (N.Y.C. only)
k. ☐ 20-50 ☐ 40-60 ☐ Average income ☐ 25-60 (N.Y.C. only)
l. ☐ 20-50 ☐ 40-60 ☐ Average income ☐ 25-60 (N.Y.C. only)
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s. ☐ 20-50 ☐ 40-60 ☐ Average income ☐ 25-60 (N.Y.C. only)
t. ☐ 20-50 ☐ 40-60 ☐ Average income ☐ 25-60 (N.Y.C. only)
u. ☐ 20-50 ☐ 40-60 ☐ Average income ☐ 25-60 (N.Y.C. only)
v. ☐ 20-50 ☐ 40-60 ☐ Average income ☐ 25-60 (N.Y.C. only)
w. ☐ 20-50 ☐ 40-60 ☐ Average income ☐ 25-60 (N.Y.C. only)
x. ☐ 20-50 ☐ 40-60 ☐ Average income ☐ 25-60 (N.Y.C. only)
y. ☐ 20-50 ☐ 40-60 ☐ Average income ☐ 25-60 (N.Y.C. only)
z. ☐ 20-50 ☐ 40-60 ☐ Average income ☐ 25-60 (N.Y.C. only)

Under penalties of perjury, I declare that I have examined this form and accompanying attachments, and to the best of my knowledge and belief, they are true, correct, and complete.

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form 8609 (Rev. 12-2021)

QUIZ TIME



**Scan the QR Code with your smartphone's
camera app to participate!**



Quiz 2: ANSWERS

- **An existing LIHTC household does not have to be initially qualified for a resyndication.**
True
- **120 Rule for the IC in an Acquisition/Rehab can be before and after the acquisition date.**
False
- **The Next Available Unit Rule is applicable to 100% LIHTC properties.**
False



Quiz 2: ANSWERS

- **HERA limits remain in effect for a resyndication.**
False
- **A third party file review is required of all LIHTC deals, resyndicated or otherwise.**
True
- **The Average Income Test is now applicable to all LIHTC developments.**
False



Questions?



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Thank you!

