



RI Housing Updates

NEAHMA RI Agency Meeting
March 12, 2020



Asset Managers

Merged Contract Administration and Asset Management teams.

- One point of contact for both LIHTC and PBCA functions.
- Most assignments fall across management agents so management agents should have only one point of contact moving forward.
- Asset Manager responsible for all LIHTC and RIHousing-administered Section 8 compliance matters, including replacement reserve requests, inspections, monthly voucher payments, and annual rent adjustments.



SharePoint














- Cloud-based document sharing service that allows you to securely upload documents.
- Upload all your MOR required documentation. Documents will be available for easy access when your next MOR is scheduled
- SharePoint is also useful outside of MORs:
 - Upload documentation for FSS reviews
 - Send documentation related to Tenant Complaints
 - MOR responses
 - All files are encrypted

Reach out to your Asset Manager for help getting started



SharePoint

+ New ▾ ↑ Upload ▾ ✎ Quick edit ↗ Share ↻ Copy link ↺ Sync ↓ Download 📄 Export to Excel

 Name ▾	Modified ▾	Modified By ▾
 01. Verification that all EH&S item...	3 days ago	Hope Lanphear
 02. Workorders correcting items n...	3 days ago	Hope Lanphear
 03. Certification documenting the...	3 days ago	Hope Lanphear
 04. Lead Base Paint Certifications ...	3 days ago	Hope Lanphear
 05. Schedule for preventive maint...	3 days ago	Hope Lanphear
 06. Inventory system to account f...	3 days ago	Hope Lanphear
 07. Written procedure that explai...	3 days ago	Hope Lanphear
 08. Written procedure for comple...	3 days ago	Hope Lanphear
 09. Documentation by unit that in...	3 days ago	Hope Lanphear
 10. Energy Conservation Plan (if r...	January 13	Eric Ryder
 11. Copy of current application (s...	January 13	Eric Ryder
 12. Tenant Selection Plan	January 13	Eric Ryder



MOR Improvements

- Asset Manager responsible for MOR
- SharePoint
- Fewer RIH staff on site
- Shorter physical inspections / implemented use of InspectCheck software
- If possible, combining Tax Credit inspections with the MOR



Utility Allowances

- For sites with utility allowances - HUD requires you to submit a baseline of utility usage every third year.
 - You must obtain the correct sampling of bills from your utility provider to create this analysis.
 - This may include bills from tenants who have moved out.
 - You cannot omit a unit because the resident has moved out. You can only omit a unit if it has been unoccupied for over 2 months.
 - You need to have releases from residents, or access to these bills, as early as possible. We highly recommend that you begin this process at move-in and ongoing at annual recertification.
 - Failure to obtain the proper sample size may result in a late adjustment and/or needing to repeat the process the following year.



New Website

- <https://www.rihousing.com/section-8-contract-administration/>

SECTION 8 CONTRACT ADMINISTRATION

The Project-Based Section 8 program is one of the largest housing resources for low-income individuals and families in Rhode Island. RIHousing serves as the Contract Administrator on behalf of HUD for project-based Section 8 in Rhode Island. Under the program, a Housing Assistance Payment (HAP) contract is entered between HUD and the project's owner for a specific period of time. Eligible tenants generally pay 30% of adjusted income toward rent and HUD provides the HAP subsidy for the remaining portion of the rent to the owner.



As Contract Administrator, RIHousing:

- Processes monthly tenant vouchers
- Processes Housing Assistance Payments
- Processes rent and utility adjustments
- Performs Management and Occupancy Review, that includes a physical inspection

Management and Occupancy Reviews



Annual Rent Adjustments (OCAFs and RCSs)



Contract Renewals



Vouchers and Special Claims



Quick Links

- [HUD's revised VAWA Q&A](#)
- [EMRs](#)
- [Income Limits](#)
- [Annual Adjustment Factors \(to increase reserve deposits for HUD and RIHousing loans\)](#)

Manuals

- [HUD 4350.3 Occupancy Requirements of Subsidized MF Housing](#)
- [HUD 4350.1 Multifamily Asset Management And Project Servicing](#)
- [HUD 4381.5 The Management Agent Handbook](#)
- [Section 8 renewal guide](#)
- [IMAX User's Manual](#)
- [TRACS Documents](#)



Questions?



Multifamily Compliance

Inspection changes

- **LIHTC**

- Department of the Treasury, Internal Revenue Service
- Approved February 13, 2019, Published February 26, 2019
 - Final regulations to amend the compliance monitoring requirements for (LIHTC) projects
 - IRS is now revisiting these regulations

- **REAC**

- HUD Notice 19-013
- Published February 26, 2019
 - Inspection Notification & Consequences



Multifamily Compliance (cont.)

LIHTC Inspection Changes

• Sample Size

- Required min. sample size based on “the Chart”
- 20% a thing of the past
- Separate Projects
 - 8609, Line 8b determines the number of projects at a site
 - Each building may be treated as a separate project
 - Likely subject to increased compliance monitoring requirements

8609 Low-Income Housing Credit Allocation and Certification
OMB No. 1545-0088

Form 8609 (Rev. 09-2018)
Department of the Treasury Internal Revenue Service
Go to www.irs.gov/Form8609 for instructions and the latest information.

Part I Allocation of Credit

Check Addition to Qualified Basis Amended Form

A Address of building (do not use P.O. box) (see instructions)

B Name and address of housing credit agency

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

D Employer identification number of agency

E Building identification number (BIN)

TIN

1a	Date of allocation	b	Maximum housing credit dollar amount allowable	1b	
2	Maximum applicable credit percentage allowable (see instructions)	2			%
3a	Maximum qualified basis	3a			
b	Check here <input type="checkbox"/> if the eligible basis used in the computation of the line 3a was increased under the high-cost area provisions of section 42(i)(5)(B). Enter the percentage to which the eligible basis was increased (see instructions)				%
4	Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-)	4		1	%
5	Date building placed in service	5			
6	Check the boxes that describe the allocation for the building (check those that apply):				
a	<input type="checkbox"/> Newly constructed and federally subsidized	b	<input type="checkbox"/> Newly constructed and not federally subsidized	c	<input type="checkbox"/> Existing building
d	<input type="checkbox"/> Sec. 42(j) rehabilitation expenditures federally subsidized	e	<input type="checkbox"/> Sec. 42(e) rehabilitation expenditures not federally subsidized		
f	<input type="checkbox"/> Allocation subject to nonprofit test under sec. 42(i)(6)				

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.

Signature of authorized official _____ Name (please type or print) _____ Date _____

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) **7**

8a Original qualified basis of the building at close of first year of credit period **8a**

8b Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)? Yes No

9a If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(i)(2)(B)? Yes No

9b 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(i)(3)(B)? Yes No

10 Check the appropriate box for each election.

Caution: Once made, the following elections are irrevocable.

a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1)) Yes No

b Elect not to treat large partnership as taxpayer (section 42(i)(3)) Yes No

c Elect minimum set-aside requirement (section 42(g)) (see instructions): 20-50 40-60 Average income 25-60 (N.Y.C. only)

d Elect deep rent skewed project (section 142(i)(4)(B)) (see instructions) 15-40

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.

Signature _____ Taxpayer identification number _____ Date _____

Name (please type or print) _____ First year of the credit period _____

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 83081U Form 8609 (Rev. 09-2018)

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)	7	
8a	Original qualified basis of the building at close of first year of credit period	8a	
8b	Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?		<input type="checkbox"/> Yes <input type="checkbox"/> No



Multifamily Compliance (cont.)

LIHTC Inspection Changes

Number of Low-Income Units in the Low-Income Housing Project	Number of Low-Income Units Selected for Inspection or Low-Income Certification Review (Minimum Unit Sample Size)
1	1
2	2
3	3
4	4
5-6	5
7	6
8-9	7
10-11	8
12-13	9
14-16	10
17-18	11
19-21	12
22-25	13
26-29	14
30-34	15
35-40	16
41-47	17
48-56	18
57-67	19
68-81	20
82-101	21
102-130	22
131-175	23
176-257	24
258-449	25
450-1,461	26
1,462-9,999	27

• Example 1

- Owner selected “No” on item 8b
 - Each building is a project
- Large Scattered Site
 - 20 buildings
 - 1 – 5 units in each building
- 100% of files/units will be inspected
 - At least once every three years

• Example 2

- One building = One project
- 200 units
- 24 files/units will be inspected
 - At least once every three years



Multifamily Compliance (*cont.*)

LIHTC & REAC Inspection Changes

- Reasonable Notice

- The “reasonable time” period to notify an owner of an upcoming inspection has been reduced from 30 days to 15 days.
 - Inspection dates will no longer be mutually agreed upon
 - Exceptions will be allowed only for extraordinary circumstances, including natural disasters and severe weather conditions.
 - Good news! If RIH is performing your REAC inspection, you will be notified 30 days prior.



Multifamily Compliance (*cont.*)

LIHTC & REAC Inspection Changes *Continued...*

- **LIHTC**

- Asset Manager will provide notification letter

- **REAC**

- Inspector will provide notification letter

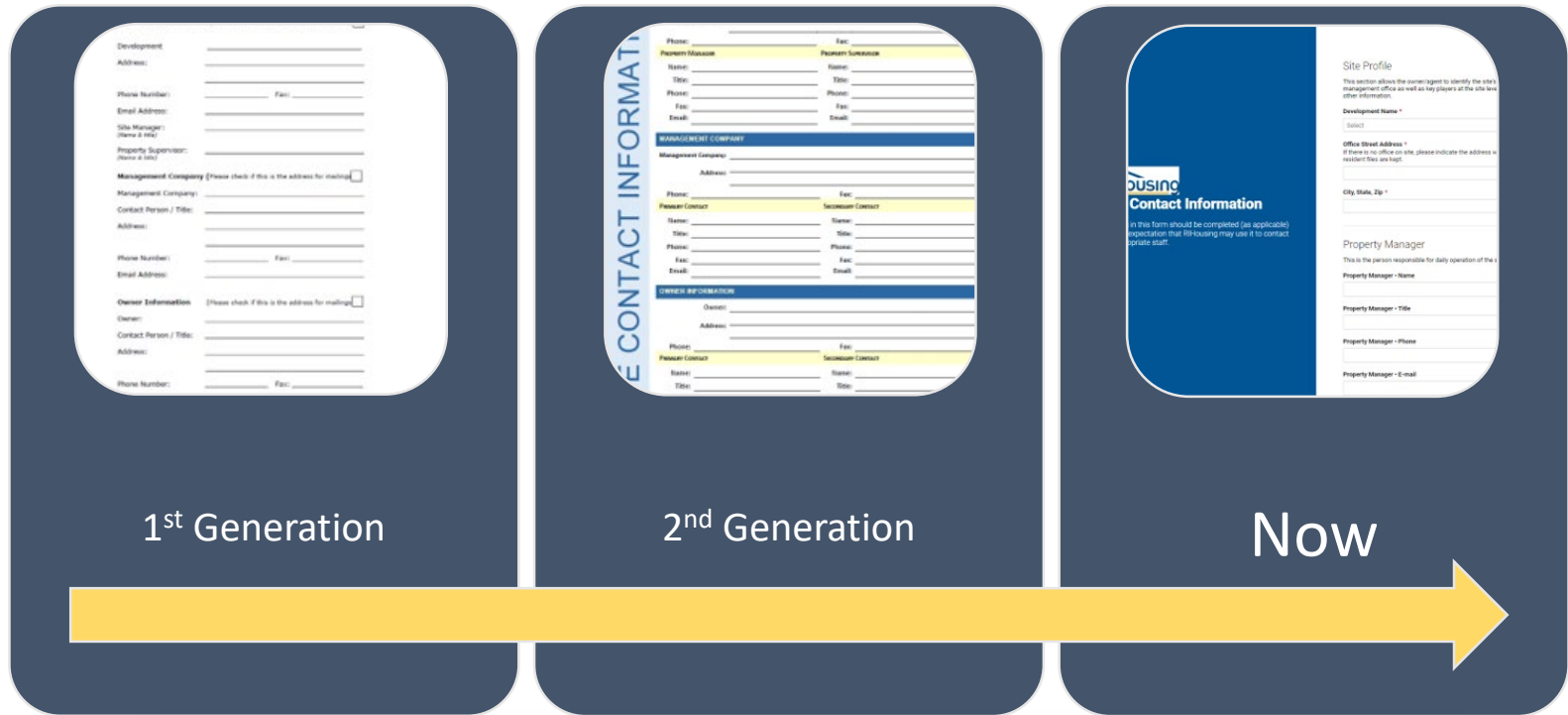


REAC • QA Inspections

- **Effective Feb. 3, 2020**, REAC will be conducting Quality Assurance Inspections (QAI). A QAI is a re-inspection of a property by a federal inspector that has recently been inspected by a contractor. The QAI is generally within two business days of the contract inspection and is meant to assess the contractor's performance using the same inspection protocol and same sample used by the contract inspector.



Site Contact Information



Site Contact Information

Looking to update your site contact information? Owners or agents of LIHTC and PBCA communities can access the form below to update their site contact information.

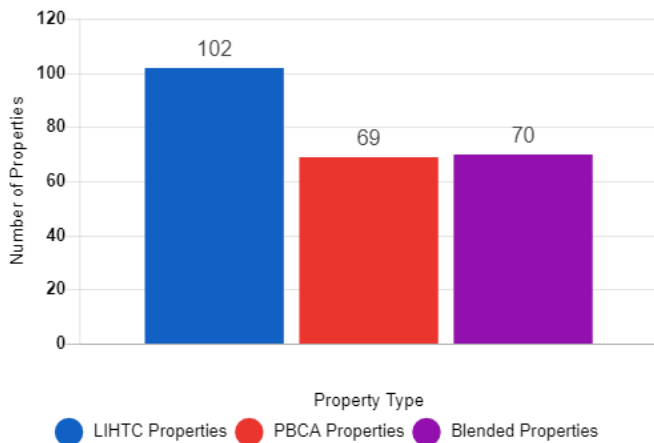
[Update Site Contact Information](#)



RIHousing Multifamily Portfolio

Multifamily Portfolio Dashboard

Portfolio Summary



Total Properties in Portfolio

241

100%

LIHTC Properties

102

42%

PBCA Properties

69

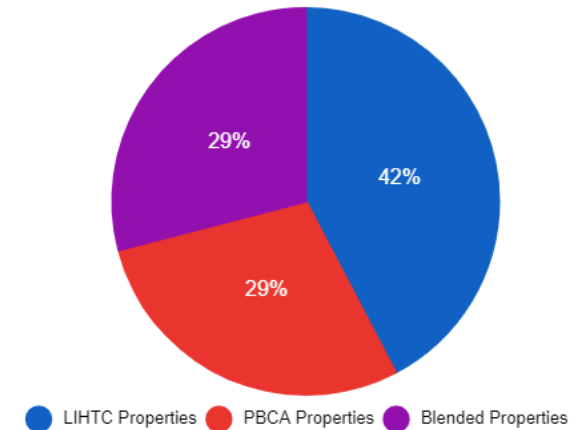
29%

Blended Properties

70

29%

Portfolio Percentage



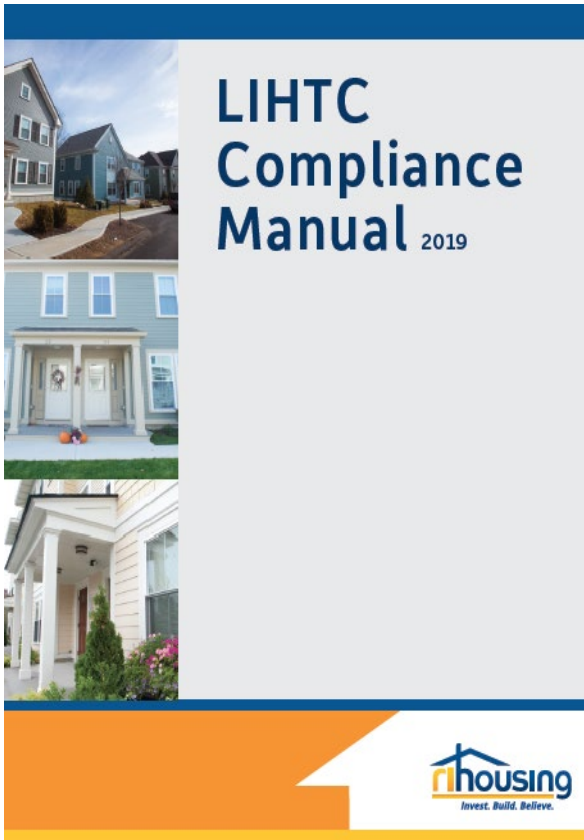
- LIHTC portfolio continues to grow
- This dashboard does not include developments with other funding sources
 - HOME, BHRI, NSP, NOP, AHP, CMF, etc.



Questions?



NEW LIHTC Compliance Manual



- Contracted with Costello Compliance, a nationally recognized industry leader and expert in LIHTC compliance
- Developed specifically for owners and managers of LIHTC developments in Rhode Island

https://www.rihousing.com/wp-content/uploads/RIHousing_LIHTC_Compliance_Manual_March_2019.pdf



Award Winning



NEW LIHTC Compliance Manual Features

- Easily searchable in pdf format
- Click on Table of Contents and Index
- Charts and flow charts

➤ **Email questions to:**

LIHTCManualQuestions@rihousing.com

- FAQs are published here:

[https://www.rihousing.com/wp-content/uploads/LIHTC-Compliance-Manual-FAQs updated 11132019-1.pdf](https://www.rihousing.com/wp-content/uploads/LIHTC-Compliance-Manual-FAQs_updated_11132019-1.pdf)



Policy Changes 2019

Before	After
Review 20% of tenant files or <u>all</u> new MI tenant files	Review number provided in “Sample Size Chart”
AR Waivers <ul style="list-style-type: none"> • Owners needed to request • Seldom approved • Applicable with year 3 of tenancy 	<ul style="list-style-type: none"> • Abbreviated Certifications allowed only for 100% LIHTC projects • Owner must request and receive approval for Abbreviated AR • Owners of 100% LIHTC projects are allowed to conduct an Abbreviated AR Certification for <u>all years after IC/MI</u>
Annual income calculations <ul style="list-style-type: none"> • Must use highest amount • Averaging hours not allowed • If tenant works 35 - 40 hrs., calculate 40 hrs. 	Allow Section 8 method of averaging <ul style="list-style-type: none"> • A tenant works 34-40 hours a week, HUD would calculate this as average of 37 hours.
Range of paystubs to calculate annual income RIHousing policy: 4 - 6 , strongly recommended 6 paystubs	Require 2-month minimum when using paystubs to verify employment income
Lease Agreement: 1-year term minimum	Lease Agreement: 6-month term minimum
Rent increase \$25 every 6 months w/o approval More than \$25, requires approval	Rent increase more than 5% needs pre-approval



LIHTC Compliance Manual Revision

2nd Edition in process

- Updates to RIHousing policy and procedures
- Updates to IRS regulations
- Updates to required forms and documents
 - Alimony self certification
 - Child support self certification
 - LIHTC Lease Addendum



Non traditional financial accounts

➤ Sources:

Chime banking

Pay Card

Cash App

Netspend

Apple Pay

➤ Challenges

Verifying

Due diligence

Savings or checking?



Questions?



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