



## PROGRAM BULLETIN

**To:** Owners and Managers of Low Income Housing Tax Credit (LIHTC) Properties

**From:** Eric Shorter, Director of Development and Michael DiChiaro, Assistant Director of Development / Asset Management & Compliance

**Date:** February 28, 2019

**Subject:** LIHTC Compliance Monitoring Regulations

**Bulletin #** 2019-03

A handwritten signature in black ink, appearing to be "MDC", is located to the right of the "From:" field.

On February 26, 2019 The Internal Revenue Service published final regulations to amend compliance monitoring regulations for LIHTC properties. These regulations are effective immediately and contain some significant changes that will alter RIHousing's current compliance monitoring procedures.

Please use this link (<https://www.federalregister.gov/documents/2019/02/26/2019-03388/amendments-to-the-low-income-housing-credit-compliance-monitoring-regulations>) to access the new regulation.

Two changes that we believe will be most impactful to owners and managers are:

- **Sample Size:** RIHousing will no longer use the 20% standard as a sample size for inspection of units and files. The regulation provides a reference chart (attached) that shall be followed when selecting units and files to review. In most instances, the sample size will now be greater than 20%.

**\*Reminder\*** - If the owner of a LIHTC project selects "No" on Line 8b of IRS Form 8609, then each building in a multiple building project may be treated as a separate project and will likely be subject to increased compliance monitoring, further amplified by the new sample size reference chart. It is now very likely that large scattered site developments with multiple three and four family dwellings would be subject to a compliance monitoring review and inspection of 100% of its units and files at least once every three years.



- **Notice of inspections/reviews to owners and managers:** As customary, owners and managers will receive a reasonable notice of a pending file review or physical inspection. This regulation formally defines “reasonable notice” as fifteen (15) calendar days. Exceptions will be allowed only for extraordinary circumstances, including natural disasters and severe weather conditions.

RIHousing staff will continue to work closely with our ownership and management partners to ensure all of Rhode Island’s LIHTC properties are in compliance with IRS regulations and are providing safe, decent, sanitary affordable housing to the low income residents that the LIHTC program was designed to serve.

Should you have any questions, kindly contact Lenore Coughlin, LIHTC Compliance Supervisor at [lcoughlin@rihousing.com](mailto:lcoughlin@rihousing.com) or (401) 457-1258.