
Arizona Department of Housing 2021 Information Bulletin

REGARDING PROGRAMS: Rental Compliance

REGARDING FUNDING SOURCES: Low Income Housing Tax Credit (LIHTC), HOME, State and National Housing Trust Fund (HTF) and Neighborhood Stabilization Programs (NSP) Compliance

INFORMATION BULLETIN No. 47-21 UPDATE

ISSUED: November 15, 2021

RE: Compliance Policy Updates and Reminders

Since 2015 The Arizona Department of Housing (“ADOH”) has made a conscious effort to align its policies more closely to that of the Section 42 and HOME regulations. Examples include removing more stringent requirements for excluding income and clarifying our stance on year to date calculations. Both of those examples can be found in the 2019 Compliance Manual. The policy changes listed below will be added to the Compliance Manual in the coming months however, we felt it extremely beneficial to publish and offer them to our constituents prior to the manual being ready to publish.

Range-of-Hours

ADOH and owner/agents are required to calculate income in a manner similar to Section 8. When verifications give a range of hours or wages, owners/agents may use the average hours in their calculations. This will align with the Section 8 guidance to use the average of the range. Previous policy was to utilize the highest amount in the provide range. This was an industry created policy that will no longer apply to these instances.

Example: Employer completed a Verification of Employment listing 30 – 40 hours worked per week. When calculating the household’s employment income you will be required to use 35 hours in your calculation. $(30 + 40 = 70 / 2 = 35 \text{ hours})$

Recertifications – 100% affordable communities

Effective immediately, owner/agents are no longer required to conduct a full recertification on year two of a household’s residency. Owner/agent, at their discretion can begin to use Self-Certification on year two.

Example: Jane Doe moves in on 11/12/2021. Owner/agent can complete a Self-Certification of income on 11/12/2022. The full recertification will not be required.

Recertification policies will not change for mixed use projects. Full annual recertifications are still mandated by Section 42.

Recertification policies will not change for State Housing Fund units. Full annual recertifications are still required.

Reminders:

- Waivers offered under IRS Notice 2021-12, published January 15, 2021 and recertification waivers offered in HUD CPD's Availability of HOME Waivers updated September 27, 2021 have expired. Common areas, resident services and other requirements under your Land Use Restriction Agreement must be offered to all residents in a safe manner. ADOH has been explicitly instructed to report closures of common areas, failure to allow inspections and any other failure to abide by Section 42, even during this time, on Form 8823.
- Employment income, HOME units - Obtaining a Verification of Employment (VOE) alone is insufficient under HOME regulations. When applicable an owner/agent is required to obtain a minimum of two months of wage history. This can be in the form of pay stubs or Work # (or similar platform). This has been the case since the 2013 HOME Final Rule.
- ADOH cautions those owners/agents with layered projects of the differences in Student Rules for multiple programs. The Low Income Housing Tax Credit Student Rules are not the same as the State Housing Funds (HOME/HTF/NSP) Student Rules. You must verify eligibility under both sets of rules concurrently.
- Vacant units – Vacant low-income/state assisted units must be leased to qualified households. At this time, there is no relief to use low-income/state assisted units for any other purpose, even if it is related to COVID-19. The IRS requires vacant unit to be made rent ready in a reasonable timeframe. ADOH considers 30-days to be reasonable timeframe. Any unit found to be vacant and not rent ready within 30-days must be reported to the IRS via form 8823. Please submit any requests for additional time in making a unit rent ready to the Compliance & PBCA Administrator.
- All instances of casualty loss must be reported to the Compliance & PBCA Administrator as soon as reasonably possible. This includes natural disasters, fire damage and flooding issues. If the loss occurs in a project that is still in its Compliance Period then ADOH is mandated under Section 42 to report the loss on form 8823 by 12/31 of the year in which the loss occurred. Please ensure these items are being reported to ADOH in a timely manner.

If you have any questions please contact Juan Bello, Compliance & PBCA Administrator, at 602-771-1074 or via email at juan.bello@azhousing.gov.



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