



The Arizona Department of Housing 2008 Information Bulletin

REGARDING PROGRAMS: RENTAL COMPLIANCE

REGARDING FUNDING SOURCES: Low Income Housing Tax Credit Program

INFORMATION BULLETIN No. 22-08

ISSUED: September 9, 2008

**RE: CHANGES TO LOW-INCOME HOUSING TAX CREDIT
PROGRAM REQUIREMENTS RESULTING FROM H.R. 3221**

On July 30, 2008, President Bush signed into law the Housing and Economic Recovery Act of 2008 (H.R. 3221), thereby changing several provisions of the Low-Income Housing Tax Credit (LIHTC) program.

This bulletin represents a first draft of proposed changes to program requirements for LIHTC properties in Arizona and provides details on how the Arizona Department of Housing (ADOH) intends to apply the Compliance related provisions of this legislation.

Written comment on these draft changes is welcome. Comments should be sent to Renée Serino, Housing Compliance Administrator, at renees@housingaz.com or at the address or fax number below. Please provide comments by October 6, 2008.

PROPOSED CHANGES AND CLARIFICATIONS

Treatment of Rural Projects (Section 3004(f))

- Effective for determinations after the enactment, all Rural projects which are not tax-exempt bond financed are now able to use the greater of the area median gross income standard or the national nonmetropolitan median gross income standard.

Foster Youth Exempted from Student Rule (Section 3004(e))

- Effective for determinations after the enactment, this provision adds to the current student exceptions, an exception for students who previously received foster care.

Clarification of General Public Use Requirement (Section 3004(g))

- Effective for buildings placed in service before, on, or after the date of enactment, this provision specifies that a project shall not fail to meet the general public use rule because of a special occupancy requirement such as (1) tenants with special needs, (2) tenants who are members of a specified group under a federal program or a State program, or policy that supports housing for such a specified group, or (3) those who are involved in artistic or literary activities. All LIHTC projects must continue to abide by housing discrimination policies; projects may not restrict occupancy based on membership in social organizations, or employment by a specific employer.

Exception to Annual Current Income Determination Requirement... (Section 3010)

- Exception applies to years ending after the date of the enactment.
- Exception does not apply to mixed income LIHTC properties with market units. Current annual income recertification requirements will continue to apply to these properties.
- Exception does not apply to LIHTC properties with deep-rent skewed units set-aside in the project's LURA. In order to maintain the state specified unit mix outlined in the LURA, continued income recertifications will be required for these properties. Recertifications will identify deep-skewed households that have exceeded 140% of the applicable income limit and should be reclassified in a higher set-aside. Annual income recertifications on these properties will also help identify households with decreases in income who may now be eligible for a previously unattainable deep rent skewed unit.
- Owners of qualified 100% LIHTC properties who wish to utilize this exception must submit a written request to ADOH indicating their intention. Owners must also submit to ADOH a signed certification confirming that during the previous calendar year no residential unit in the project was occupied by a new resident whose income exceeded the applicable income limit. ADOH will provide both forms for owner's convenience and to maintain consistency.
- ADOH will confirm receipt of written owner request and certification and will provide written authorization to discontinue third party verifications of tenant income with the following continued requirements:
 1. Completion of a thorough initial certification at move-in, including all currently required 3rd party verifications and supporting documentation.

2. One annual recertification, on the first anniversary of move-in, including all currently required 3rd party verifications and supporting documentation. ADOH feels that completion of at least one annual recertification is essential to ensure initial household program eligibility.
 3. Completion of a revised household certification and tenant self-certification of income annually thereafter. ADOH feels that it is important to continue a revised recertification process in order to properly track changes in household composition and student status. Revised TIC and income self-certification forms will be created by ADOH.
- If at any time it is discovered, either through annual report review or on-site monitoring visit, that a low-income unit was occupied by an over income household, the property will be regarded as ineligible for the exception described above during the year in which the household was erroneously qualified. Households that were not recertified during any affected year will be reported as such to the Internal Revenue Service on IRS Form 8823.
 - All other requirements under the property's LURA and Section 42 remain in place. This exception only relieves certain income recertification requirements for qualified properties in the Low-Income Housing Tax Credit program. It does not waive the property's recertification requirements for other programs such as HOME, HTF, the Section 8 Housing Choice Voucher program, etc.

This bulletin is not intended to be an all-inclusive summary of the compliance-related changes that will occur as a result of this legislation. Additional updates, including new requirements regarding tenant data collection and revised rules for utility allowance calculations, will be released by ADOH as they become available.



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