

## CHAPTER 2 - RESPONSIBILITIES

Among the entities / persons involved in maintaining compliance with the Low Income Housing Tax Credit (LIHTC) program and MSHDA Direct Loan Programs are the Michigan State Housing Development Authority (MSHDA), the project owner, and the management company. Their various responsibilities are set forth in this Chapter.

### Section 2A - The Michigan State Housing Development Authority

#### Part 200 : The Michigan State Housing Development Authority (MSHDA and "The Authority")

The Michigan State Housing Development Authority allocates and administers the low income housing tax credit (LIHTC) program for the State of Michigan. The responsibilities of MSHDA are as follows:

- A. **Prepare the Michigan Qualified Allocation Plan (QAP)** – See **Part 108** (Qualified Allocation Plan) and **Part 220** (Michigan Qualified Allocation Plan) for more information.
- B. **Allocate Tax Credits** – This includes processing, scoring, underwriting, and approving applications for tax credits. See **Part 110** (The LIHTC Allocation Process) for more information.
- C. **Issue IRS Form 8609 (Low Income Housing Certification)** for LIHTC projects – See **Part 112** (IRS 8609) for more information.
- D. **Prepare Regulatory Agreement / Restrictive Covenants** – MSHDA will prepare a LIHTC Regulatory Agreement prior to issuance of the IRS Form 8609. The Regulatory Agreement is sometimes referred to as a Restrictive Agreement, Restrictive Covenants, or a Land Use Restrictive Covenant (LURA) or Extended Use Agreement. The document must be recorded by the owner. See **Part 164** (Regulatory Agreement) for more information.
- E. **Review Owner Certification of Continuous Compliance** – see **Part 704** (Owner Certification of Continuous Compliance) for more information.
- F. **Review Tenant Income and Rent Reporting Data** entered into MSHDA's Online Tenant Data Reporting System. See **Part 700** for more information.
- G. **Conduct On-Site Monitoring** – MSHDA will conduct in-depth on-site compliance monitoring (including tenant file reviews and physical inspections) of all LIHTC and MSHDA Direct Loan projects throughout each project's compliance period. For more information about on-site monitoring, see **Chapter 7** (Audits and Inspections).
- H. **Notify IRS of Noncompliance (IRS 8823)** – For LIHTC projects, MSHDA will notify the IRS of instances of potential noncompliance. See **Chapter 10** (Noncompliance) for more information.

- I. **Record Retention** – MSHDA will retain all owner certifications and records for no less than three years from the end of the calendar year in which they are received. MSHDA will retain records of noncompliance or the failure to certify compliance for six years after the filing of an IRS form 8823, Low-Income Housing Credit Agencies Report of Noncompliance.
- J. **Provide Technical Assistance** – MSHDA will provide technical assistance to owners and managers of LIHTC projects. However, a thorough understanding of LIHTC requirements and compliance monitoring procedures requires initial and on-going LIHTC training for owners and managers. This training should occur before a development is occupied and should be provided to on-site and regional property management staff. At a minimum, such training should cover key compliance terms, qualified basis rules, determination of rents, tenant eligibility, file documentation, available unit procedures and unit vacancy rules, agency reporting and record retention requirements, and site visits. Continuing education each year or at a minimum every other year is strongly recommended to keep up with regulatory and procedural changes.

MSHDA Compliance Monitoring Section and LIHTC Allocation staff can be contacted at:

Michigan State Housing Development Authority  
735 E. Michigan Avenue, PO Box 30044  
Lansing, MI 48909  
Telephone (517) 241-2560 [Compliance Monitoring]  
Telephone (517) 373-6007 [LIHTC Allocation]  
Fax: (517) 241-8471  
Compliance E-mail Address: [mshdacompliance@michigan.gov](mailto:mshdacompliance@michigan.gov)  
MSHDA Website: [www.michigan.gov/mshda](http://www.michigan.gov/mshda)

- K. **Subcontracting of Compliance Monitoring Functions** – MSHDA, in its sole discretion, may retain an agent or private contractor to perform some of the responsibilities listed above. In this event, MSHDA uses reasonable diligence to ensure that the agent or private contractor(s) properly performs the delegated monitoring functions. MSHDA will retain responsibility for notifying the IRS of any noncompliance of which it becomes aware.
- J. **Complete IRS Form 8610 (Annual Low-Income Housing Credit Agencies Report)**
- K. **Assess and Collect Fees for Compliance Monitoring** - See **Part 650** (Compliance Monitoring Fees) for more information.

The Michigan State Housing Development Authority maintains a comprehensive website. This website contains a vast amount of information and data, including the following:

- LIHTC Compliance Manual, policy statements, and summaries of newly issued compliance rules and regulations
- Current and historical income and rent limits
- MSHDA Utility Allowances (see **Part 438** for more information)
- The current versions of all MSHDA compliance forms
- Information about the MSHDA's Online Tenant Data Reporting System (**Part 700**)
- Links to other government websites

To access the **Compliance Manual**, go to the MSHDA website ([www.michigan.gov/mshda](http://www.michigan.gov/mshda)):

- select "Property Managers" on the column located on the left side of the screen;
- then select "Compliance for Rental Housing"; and
- then select "Manuals".

To access **Income and Rent Limits and Utility Allowance information**, go to the MSHDA website ([www.michigan.gov/mshda](http://www.michigan.gov/mshda)):

- select "Property Managers" on the column located on the left side of the screen;
- then select "Compliance for Rental Housing"; and
- then select "Income, Rent and Utility Allowances".

To access compliance-related information and **Forms**, go to the MSHDA website ([www.michigan.gov/mshda](http://www.michigan.gov/mshda)):

- select "Property Managers" on the column located on the left side of the screen;
- then select "Compliance for Rental Housing"; and
- then select "Forms".

To access the links to the **IRS 8823 Guide** and the **HUD 4350.3**, go to the MSHDA website ([www.michigan.gov/mshda](http://www.michigan.gov/mshda)):

- select "Property Managers" on the column located on the left side of the screen;
- then select "Compliance for Rental Housing"; and
- then select "Manuals".

The Michigan Housing Locator is Michigan's primary source for marketing affordable rental housing. It is a search tool for prospective renters, allowing properties to be searched by rent, location, bedroom size, and more. The services provided by the Housing Locator are free to property owners and renters. The Michigan Housing Locator is available to all Michigan rental properties and is updated periodically by the owner/management agent of the development. The site includes photos of rental properties and interactive maps. Applications and lease agreements

can be attached. While MSHDA strongly encourages its use (particularly for projects that have moderate or high vacancy rates), use of the Michigan Housing Locator is optional (not mandatory) for owners and managers of LIHTC projects. The Michigan Housing Locator can be accessed at [www.MichiganHousingLocator.com](http://www.MichiganHousingLocator.com). MSHDA does not guarantee or monitor the accuracy or completeness of the information posted by the projects utilizing this website.

For related discussions, see **Part 820** (Vacant Unit Rule) and **Part 728** (Vacancy Reporting).

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## Section 2B - Owners and Managers

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### Part 206 : Owners of LIHTC Projects - Responsibilities

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In exchange for housing tax credits, the owner is responsible for compliance with Section 42 of the Internal Revenue Code (the Code). The owner must take any lawful action to comply fully with the Code and with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury, or the Internal Revenue Service, or the Department of Housing and Urban Development that pertain to the owner's obligations under the Code. Successful operation of a LIHTC development is management intensive and the owner is responsible for ensuring that the project is properly administered by trained, knowledgeable staff.

The owner's requirements and responsibilities include, but are not limited to the following:

**A. The project owner should be knowledgeable about the following:**

1. For LIHTC projects, the credit year (year of allocation) of the project. For bond projects, the bond issue series and year of the bond issuance.
2. The date(s) the building(s) was placed in service. (The placed in service date is the date of first possible occupancy, not necessarily actual occupancy – generally, this is the Certificate of Occupancy date.)
3. For rehabilitation projects,
  - a. whether or not tenants were required to move out during rehab; and
  - b. whether or not the building was occupied during the rehab;
4. The number of buildings in the project.
5. The minimum set-aside elected
  - a. 20/50 or
  - b. 40/60
6. The percentage of the residential units in the project/building that are tax credit or bond eligible, and the percentage of floor space that is tax credit or bond eligible.
7. The year that credit was first claimed for LIHTC projects.
8. For LIHTC projects, the terms under which the tax credit reservation was made, including statutory set-aside, deeper targeting agreements, etc. For more information, see **Chapter 8** (Unit-, Building-, and Project-Level Rules for LIHTC Projects).
9. The Building Identification Number (BIN) for each building in the project.
10. For LIHTC projects that have MSHDA bond financing, owners should be aware of the mortgage loan terms and the qualified project period, as well as any additional requirements imposed by the bond financing.

**B. Comply with terms of LIHTC Allocation Agreement** – For more information regarding the compliance monitoring requirements for representations made by project owners in their applications and allocation agreements, see **Part 164** (Regulatory Agreement).

**C. Meet Project's Initial Eligibility Requirements**

1. Submit compliance monitoring fees. See **Part 650** (Compliance Monitoring Fees).
2. Submit a copy of the signed and dated IRS Form 8609 for each building to MSHDA, with Part II completed. Copies must be submitted to MSHDA upon completion of the first year tax forms. See **Part 112** (IRS 8609).

**D. Prepare and Submit Annual Certifications** – The owner is responsible for reporting the project's status, condition, and compliance with program requirements to MSHDA annually in the form and manner MSHDA specifies. Two important components of the annual LIHTC owner certification requirements are as follows:

1. **Owner Certification of Continuing Program Compliance** – See **Part 706** (Owner Certification of Continuous Compliance) for a detailed description of this requirement.
2. **Tenant Income and Rent Reporting** – See **Part 700** (MSHDA's Online Tenant Data Reporting System) for a description of this requirement.

**E. Train On-site Personnel** – The owner must ensure that on-site management (and regional management if applicable) understands and complies with all applicable rules, regulations, and policies governing the project.

**F. Ensure Proper Maintenance** – The owner is responsible to ensure that the LIHTC project is maintained in a decent, safe, and sanitary condition. Failure to do so is a reportable act of noncompliance. For more information, see **Chapter 7** (Audits and Inspections) and **Part 734** (Physical Condition Standards).

**G. Maintain Tenant Records and Project Reports**, as discussed in **Part 208** (LIHTC Record-keeping Requirement for Owners).

**H. Retain Project and Tenant Records for the Prescribed Period of Time**- see **Part 210** (Record Retention Requirements for LIHTC Projects).

**I. Maintain a Development File** – See **Part 214** (Development File).

**J. Maintain a Tenant / Unit File for Each Unit in the Project** – A separate file containing the documentation used to certify the eligibility of tenants to reside in an income-restricted unit must be maintained for each tenant. The Tenant / Unit File requirements are outlined in **Part 646** (Tenant / Unit File).

**K. Prepare and Submit Low Income Housing Credit (IRS Form 8586)** – One IRS Form 8586 must be completed to claim credits for the first taxable year in which credit is taken and every year thereafter in the credit period. The IRS Form 8586 must be attached to IRS Form 8609 and Schedule A (IRS Form 8609) and submitted annually with the owner's federal tax return. A sample copy of the form is available on the MSHDA website.

**L. Administration and Notification** – The owner must notify MSHDA in writing prior to any changes in the ownership composition or in the management agent by submitting a Notice of Transfer or Change in Ownership or Management form. MSHDA also must be notified of any address changes for the owner or management agent or the contact person. See **Part**

**216** for additional information. For more information on project sales, ownership entity changes, or ownership transfers, see **Chapter 10** (Noncompliance).

- M. Certificates of Occupancy** - Owners must submit to the Authority's Compliance Monitoring Section a copy of the Certificate of Occupancy (or certificate of substantial completion for rehab projects) for each building in the development within five (5) business days after the document(s) becomes available.

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**Part 208**    **LIHTC Record-keeping Requirements for Owners**

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The records that must be retained include the following:

1. The total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);
2. The percentage of residential rental units in the buildings that are low-income units;
3. The rent charged on each residential rental unit in the building and the applicable utility allowance;
4. The number of occupants in each low-income unit;
5. The low-income unit vacancies in the building and information that shows when and to whom the next available units were rented (this information must include the unit number, tenant name, move-in dates and move-out dates for all tenants, including market rate tenants);
6. The income certifications of each eligible tenant;
7. Documentation to support each eligible tenant's income certification;
8. The eligible basis and qualified basis of the building at the end of the first year of the credit period;
9. Documentation to support how the utility allowance was derived; and
10. The character and use of the nonresidential portion of any building included in the project's eligible basis (for example, any community building, recreational facility, etc. available to all tenants and for which no separate fee is charged).

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**Part 210**    **LIHTC Record Retention Requirement for Owners**

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The owner of any building for which credit has been or is intended to be claimed must keep records that include all of the information set forth above in **Part 208**, on a building by building basis, for a minimum of **six years** after the due date (with extensions) for filing the federal income tax return for that year (at least 7 years). However, the records for the first year of the credit period must be kept for six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building (i.e. first year records must be kept for at least **21 years**).

Because of the importance of these records (particularly the records for the first year of the credit period), they should be stored in a secure, fireproof, waterproof location or in a file or box that is indestructible. MSHDA recommends that a duplicate set of first year records be kept off-site.

Electronic data storage is acceptable for Section 42 record keeping, retention, and storage requirements as long as it meets the requirements of Revenue Procedure 97-22. The records must be made available to MSHDA or the IRS upon request.

Owners must maintain applicant and tenant information in a way to ensure confidentiality. Owners must dispose of records in a manner that will prevent any unauthorized access to personal information.

#### Electronic File Storage of Tenant Data

Owners have the option to maintain copies of the records described in **Part 208** on electronic storage systems, provided they comply with the requirements listed in Revenue Procedure 97-22 and referenced in IRS Revenue Ruling 2004-82 Q&A. In addition, MSHDA has established more restrictive retention rules specific to tenant files as follows:

- (a) All initial qualifying tenant files must be maintained in hard-copy form for the duration of the initial 15-year compliance period, plus six years (6) years beyond, for a total of no less than twenty-one (21) years. In other words, the move-in files for all tenants that occupied a unit during the first year of the credit period must be maintained in hardcopy form for at least 21 years.
- (b) The owner must maintain tenant files for current and past residents in original hard copy form for the most recent 36 months period (i.e. the three-year period ending with today's date). These include any move-in certifications and recertifications that were conducted during that time period.
- (c) Tenant files older than three (3) years can be electronically archived, with the exception of files for households discussed in (a) and (d).
- (d) For current households that have occupied units for more than three (3) years, all original move-in and first-year annual certifications, as well as the corresponding backup documentation, must be available upon request during an audit. In addition, all records for recertifications for current residents that were conducted within the past 36 months must be maintained in hardcopy form as discussed in (b).

Note: The average "shelf-life" for a scanned disc is approximately 10 years. Re-saving to a "fresh" disk for proper continued archival may be necessary.

For related discussions, see **Part 646** (The Tenant/Unit File) and **Part 214** (Development File for LIHTC Projects).

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### **Part 212 : Management Company and On-Site Personnel - : Responsibilities**

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The owner is ultimately responsible for compliance with Section 42 and the proper administration of the LIHTC program. The Authority's obligation to monitor for compliance with the requirements of Section 42 does not make the Authority liable for the owner's noncompliance.

The owner is responsible to ensure that the management company and all on-site personnel properly implement all LIHTC program requirements. Anyone who is authorized to lease units to tenants should be thoroughly familiar with all federal and state laws, rules, and regulations governing certification and leasing procedures. It is also important that the management company provide information, as needed, to MSHDA and submit all required reports and documentation in a timely manner.

For a related discussion, see [Part 608](#) (Pre-occupancy Conferences).

Note: Management Agents of MSHDA Direct Loan projects must be pre-approved by MSHDA, as discussed in [Chapter 11](#).

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**Part 214    :: Development File for LIHTC Projects**

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Owners must maintain a Development File that contains all pertinent documents for the project. MSHDA retains the right to inspect the Development File at any time. The Development File must contain:

- All approved tax credit applications together with applicable attachments;
- A recorded copy of the Regulatory Agreement / Restrictive Covenant (except for pre-1990 credit projects), discussed in [Part 164](#);
- IRS Forms 8609 for each building in the project (see [Part 112](#) for more information);
- IRS Form 8586 for the project for each year credit is claimed;
- All applicable documents relating to any other form of housing or finance programs (i.e., HOME, HUD Section 8, RHS, etc.);
- Documentation that the project complies with any statutory set-asides and Qualified Allocation Plan requirements. For more information, see [Part 220](#) (Michigan's Qualified Allocation Plans);
- Utility Allowance Documentation Form, discussed in [Part 470](#), for each utility allowance update or revision which must occur at least once per year. A blank copy of this form is available on the MSHDA website; and
- A copy of the Annual Compliance Certifications (see [Part 704](#)) along with the required attachments for each year of the compliance period.

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**Part 216    :: Contact Information Must Be Up-To-Date**

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This Part applies to the LIHTC Program and all other MSHDA-administered Rental Housing Programs.

The owner must notify MSHDA in writing of any changes in the composition of the ownership entity or a change in management agent. The owner must submit a Notice of Transfer or Change in Ownership or a Notice of Change in Management form (both available on the MSHDA website). Changes in the name, address, fax number, e-mail address, primary contact person, or telephone number of any of the following must be submitted to MSHDA in writing immediately and can also be reported on the form.

- Ownership Entity
- General Partners
- Limited Partner
- Management Agent

MSHDA must also be notified if there is any change in the on-site telephone number or fax number, or if the location at which the tenant files are maintained changes. Failure to expeditiously update contact information to facilitate scheduling and conducting audits, physical inspections, and other monitoring activities will be deemed as noncompliance.

For important additional information for MSHDA Direct Loan Projects and other authority-financed developments, see **Chapter 11** for information about Approved Management Agents and Selling and/or Changes in the Ownership of Authority-financed developments. Also be aware that all Limited Dividend Housing Associations (LDHA) are required to get pre-approval from MSHDA's Office of Legal Affairs prior to changing the composition of the entity and prior to changing the terms of the LDHA agreement, as discussed in **Part 1024**.

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**Part 218     :: Nonprofit Participation**

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For projects receiving allocations under the Qualified Non-profit statutory set-aside, documentation must be provided indicating that the nonprofit organization is materially participating in the ongoing management and operation of the projects. For some (but not all) projects allocated credit under the non-profit set-aside, Exhibit B of the Regulatory Agreement lists specific and/or additional participation requirements.

Documentation that must be included in the Development File (see **Part 214**) is as follows:

1. A copy of the approved 501(c)(3) or 501(c)(4) documents.
2. Documentation of the percent of project ownership held by the non-profit organization.
3. Documentation of the on-going participation of the non-profit organization.
4. The name, address, and percent of ownership of all local non-profit organizations which have an ownership interest in the entity that owns or manages the property and participates in the on-going management of the project.
5. A description of the role that non-profit organization plays in the on-going management of the project.

Chapter 23 of the IRS 8823 Guide (discussed in **Part 1034**) contains a detailed description of non-profit participation and related documentation requirements.

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## Section 2C - Michigan Qualified Allocation Plans

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### Part 220     Michigan Qualified Allocation Plan

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This Section discusses the Compliance Monitoring requirements of projects funded under Michigan-specific Qualified Allocation Plans (QAP). (Qualified Allocation Plans, in general, are discussed in [Part 108](#)). The owner should be aware of the year of the QAP under which it applied for and received its allocation of tax credits. Owners must also comply with the items for which it received points during the funding round scoring process. (Some of the items listed below may not be applicable to a particular year's QAP). Copies of the various QAPs are posted on the MSHDA website. The owner should also review the Regulatory Agreement for the project for restrictions to which it has committed.

- **Additional Years** - To receive additional points in the LIHTC allocation process, the owner may have agreed to maintain the original minimum set-aside percentage to serve qualified low income tenants for an additional number of years beyond the required initial 15 years, up to perpetuity. The Development File must include a copy of the recorded Regulatory Agreement and any other documentation of this agreement (i.e. LIHTC application) (see [Part 214](#) for more information).
- **Affirmative Fair Housing Marketing Plan** - The owner of a project must maintain an Affirmative Fair Housing Marketing Plan for the project. The Development File must include a copy of the Affirmative Fair Housing Marketing Plan for the project that was submitted to the Authority with the initial application. This requirement for an Affirmative Fair Housing Marketing Plan is applicable only to owners of projects that received points under this category. For information about affirmative fair housing marketing plans, see [Part 568](#).
- **Community Space in Elderly Projects** – For projects serving the elderly (that qualified for the elderly set-aside) that agreed to provide community space for use by tenants, the Development File must include a description of the community room and the types of activities for which it is being used. The community room must, at a minimum, be sized at 15 square feet per residential unit. It may be used for activities such as dining, crafts, exercise, medical clinics, socializing, or other activities, or use that may benefit elderly tenants. Community service facilities are discussed further in [Part 872](#).
- **Deeper Income Targeting** – For projects awarded preference points for serving the lowest income tenants by restricting the rents for such percentage of tenants below the minimum set-asides to 30% of the applicable household income for the applicable bedroom size, the Development File must include:
  - A copy of the Regulatory Agreement; and
  - A list for each year of the compliance period, detailing the income levels of all tenants in the development.

See [Part 832](#) for more information about deeper targeting.

- **Developmentally Disabled Tenants** – For projects serving developmentally disabled persons under a qualified program of the Michigan Department of Mental Health, the Development File must include documentation of the following:
  - A copy of the signed agreement with the Michigan Departments of Community Health or a signed legal contract with a local service provider; and
  - A list detailing the units occupied by developmentally disabled persons.

Projects for developmental disabled tenants are discussed further in [Part 538](#).

- **Equitable Distribution / Economic Integration** – For projects that agreed to promote economic integration by serving market rate tenants (non-tax credit units) the owner/management agent must evenly distribute the low-income units among bedroom types and buildings, except elderly projects. The Development File must include a list detailing which units are occupied by market rate tenants. Equitable Distribution / Economic Integration is discussed further in [Part 802](#) (Mixed Income Projects).
- **High-speed Internet** - New construction projects must provide certification from the architect that all units were required to be equipped for high-speed Internet capability. Rehabilitation projects received five points in the scoring process for providing high-speed Internet access to each unit. This may be accomplished by connecting each unit to a separate data network using either Category 5e wiring or by installing a wireless Local Area Network (LAN) server and providing each unit with at least one wireless LAN card. The Development File must contain documentation indicating that each low income unit has high-speed internet availability.
- **Households with Children** – For projects that agreed to reserve at least 10% of the two and/or three bedroom units for households with children, the Development File must include a copy of a list detailing which two and three bedroom units are rented to households with children.
- **Innovative Technology** – For projects utilizing innovative technology that will decrease initial costs without increasing maintenance costs or decreasing fire safety and energy conservation standards, the documentation in the Development File must include:
  - A description of the innovative technology used; and
  - A signed letter from the builder or certified inspector (conducted after completion of construction) indicating the use of the innovative technology.
- **Large Families** – For projects designed to meet large, low-income family needs by having units of three bedrooms or more, the Development File must include documentation of the addresses of the units that contain three or more bedrooms.
- **Minorities and Women Management** – For projects with material participation in management by minorities and/or women, the Development File must include documentation of name and percent of ownership of all minorities and/or women who have an ownership interest in the entity that manages the property.

- **Minorities and Women Ownership** – For projects with material participation in sponsorship and proposed ownership by minorities and/or women, the Development File must contain documentation of the name and percent of ownership of all minorities and/or women who have an ownership interest in the entity that owns the property.
- **Non-Profit Participation** – see **Part 218** for more information.
- **Sell Units to Tenants** – For projects that agree to sell the rental units to eligible tenants at the end of the initial low-income use period, the Development File must include a list of to whom the units were sold, as well as indicate the date that the tenant/new owner moved into the LIHTC rental project. This option is/was available only for single family or townhouse units.
- **Supportive Services for Special Needs Tenants** – For projects specifically and entirely designed to serve persons with special needs who receive substantial support services as a result of a contract (or equivalent relationship) with a local service provider, the Development File must include a copy of a list detailing which units are occupied by special needs persons and a copy of the contract entered into with the local service provider. This option was available only for new construction of 30 or fewer units, or for rehabilitation projects regardless of the number of units.
- **Transitional Housing and/or Homeless Tenants** – For projects for transitional housing and/or homeless tenants, the Development File must include the following:
  - A detailed list of the units occupied by transitional or homeless persons.

The Development File is discussed in **Part 214**. A copy of the Michigan QAP is available on the MSHDA Website (see **Part 202**).

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## Section 2D – Other

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<b>Part 222</b>	<b>National Council of State Housing Agencies</b>
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Congress has delegated responsibility for administering the LIHTC Program to states, recognizing that each state is better able than the federal government to address the low income housing needs unique to its citizens. Within the statutory and regulatory parameters set forth by the Congress and the Internal Revenue Service, the states have developed a variety of practices for allocating Housing Credits and monitoring these developments for compliance.

Since 1992, state housing credit allocation agencies, through the National Council of State Housing Agencies (NCSHA), have developed several “recommended practices” to strengthen state administration of the Credit. Consistency in some procedures and reporting among the states strengthens the LIHTC Program by streamlining and simplifying agency reviews and creating efficiency and clarity for developers and other Housing Credit industry professionals. In other areas, uniformity among the states is impractical or inconsistent with the state’s need for flexibility to respond to their unique priorities. All states require Housing Credit development owners to use certain forms for compliance reporting. These forms differ from state to state. The NCSHA has developed standardized compliance forms among the states in order to create efficiency for developers and other Housing Credit industry professionals. Throughout this compliance manual, several NCSHA standardized forms and reporting practices will be discussed.