



Michigan State Housing Development Authority  
**Compliance Update**  
Correction: August 25, 2005

**Full-Time Students Enrolled In Grades K-12**

To: Owners and Managers of LIHTC Projects:

This notice is to inform you about a change in policy regarding the definition of “full-time student” as it pertains to eligibility to reside in Low Income Housing Tax Credit (LIHTC) projects. Persons enrolled in grades K-12 are now considered to be full-time students for purposes of meeting the requirements of IRC Section 42(i)(3)(D).

Previously, MSHDA followed the best practices as adopted by NCSHA, which recommended that persons under the age of 18 who are students in kindergarten, elementary, middle school, or high school not be considered as “full-time students” for purposes of IRC Section 42(i)(3)(D). The IRS has now indicated (verbally) that persons (both adults and children under the age of 18) who are enrolled in grades kindergarten through 12<sup>th</sup> grades must be counted as full-time students for purposes of meeting the LIHTC guidelines. This directive from the IRS replaces the policy outlined in the NCSHA best practices.

Effective September 1, 2005, all new move-ins must meet the student eligibility guidelines as updated in this notice. Households comprised solely of persons who are full-time students (including those enrolled in grades K-12) are not eligible to reside in an LIHTC unit, unless the household meets one of the exceptions outlined in IRC Section 42(i)(3)(D).

This updated policy will not be applied to existing residents (those that moved into the unit prior to September 1, 2005). Existing tenants in which all of the members of the household are presently (as of September 1, 2005) full-time students and whose members include persons enrolled in kindergarten, elementary, middle school, or high school will not be deemed ineligible to continue occupancy in the LIHTC unit. Similarly, existing tenants in which all adult household members are presently (as of September 1, 2005) full-time students, but which include young children (e.g. age five and under) who will reach school age and become full-time students at some time during the future during the households occupancy in the LIHTC unit, will also not be deemed ineligible to continue to reside in the LIHTC unit.

Please contact the Compliance Monitoring Section at (517) 241-2560 if you have any questions.