

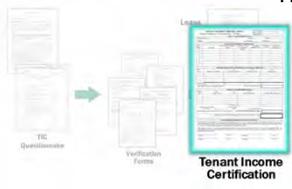
TENANT CERTIFICATION PROCESS

The certification should:

- be executed after the receipt of verification forms and reconcile to the amounts on the verifications;
- have an **effective date** of the date the household actually moves into the unit;
- **list each occupant** of the unit at the time of most recent certification, along with date of birth, employment status, and student status;
- be signed and dated by **each adult tenant** (age 18 or older at the time of certification);
- list **12-month anticipated income** and income from assets of all members of the household (exclude employment income for minors and all but \$480 for student dependents 18 or older); and
- list the **sources** of household income and household assets.

The bar chart shows the relationship between household income and rent. The household income is compared against an income limit, which is three times the household rent. If the household income exceeds this limit, it is considered a violation at the initial certification, but this violation is resolved at the annual recertification process.

TENANT CERTIFICATION PROCESS



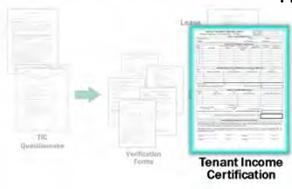
Tenant Income Certification Effective Date

Once all sources of income and assets have been properly verified, owners or managers perform an income calculation using the applicant's tenant income certification to determine whether the applicant qualifies for IRC §42 housing.

*The effective date of the tenant's income certification is the date the tenant actually moves into the unit. All adult members of the household should sign the certification. HUD Handbook 4350.3, 5-17B. If the certification is more than 120 days old, the tenant must provide a new certification. The income recertifications, if required, must be completed annually based on the anniversary of the effective date.*³⁵

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TENANT CERTIFICATION PROCESS



Example 1: Determining the Tenant Income Certification Effective Date

A potential household consisting of John and Jane Doe and their two children completed a rental application and income certification on April 12, 2004. The property manager completed the third party verifications and determined that the household was income eligible on April 21, 2004. John and Jane signed the rental lease on April 25th, and took possession of the unit on May 1, 2004.

The effective date of the tenant income certification is . All subsequent *tenant income* recertifications must be performed within 120 days before of each subsequent year of the 15-year compliance period.

When additional adult individuals join the household, the effective day will remain the same until the unit is completely vacated.

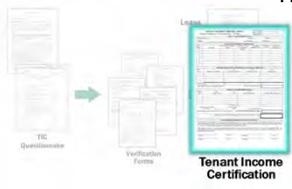
Chapter 4

Now assume this date is April 30, 2004.

April 30, 2004

April 30th

TENANT CERTIFICATION PROCESS



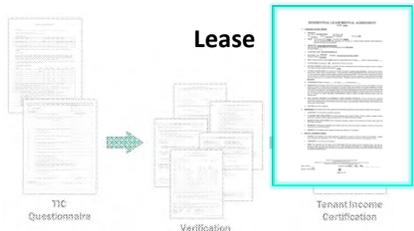
Example 2: Effective Date After Move In of Additional Adult Member

Jane and her daughter were income qualified and moved into an LIHC unit on September 5, 2003. On March 15, 2004, Jane's widowed mother joined the household.

The tenant income certification continues to be based on the original certification date. All subsequent annual income recertifications will be completed within 120 days before September 5th each year until the household vacates the unit.

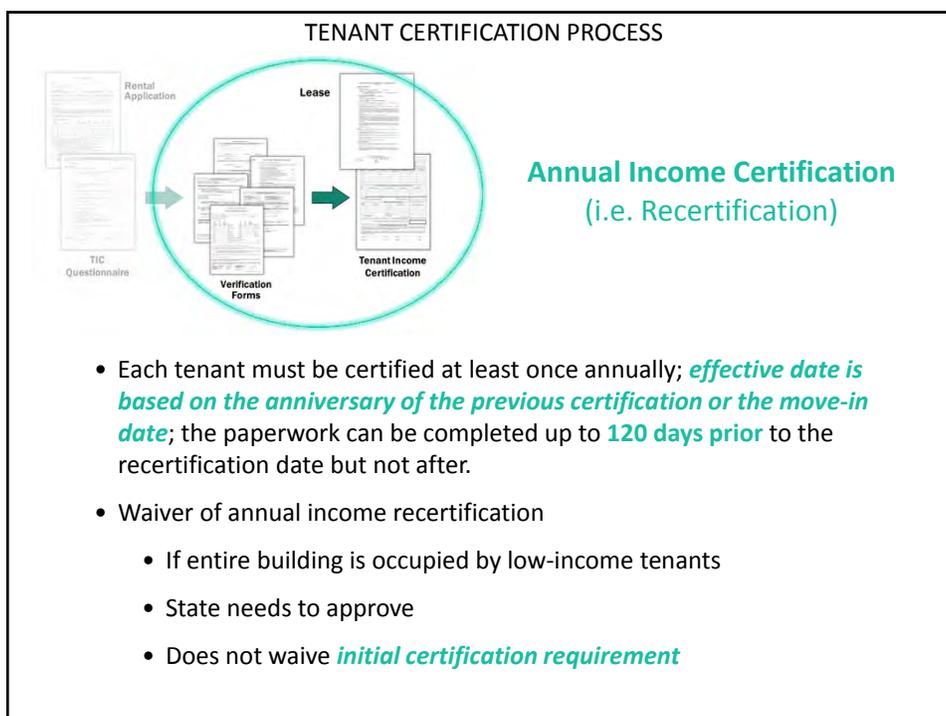
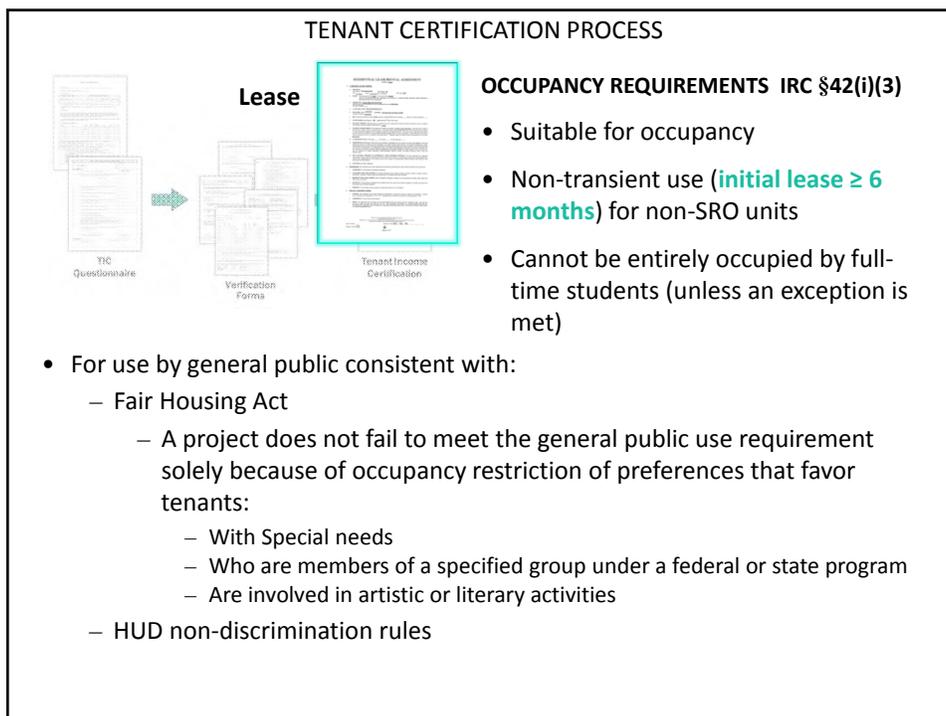
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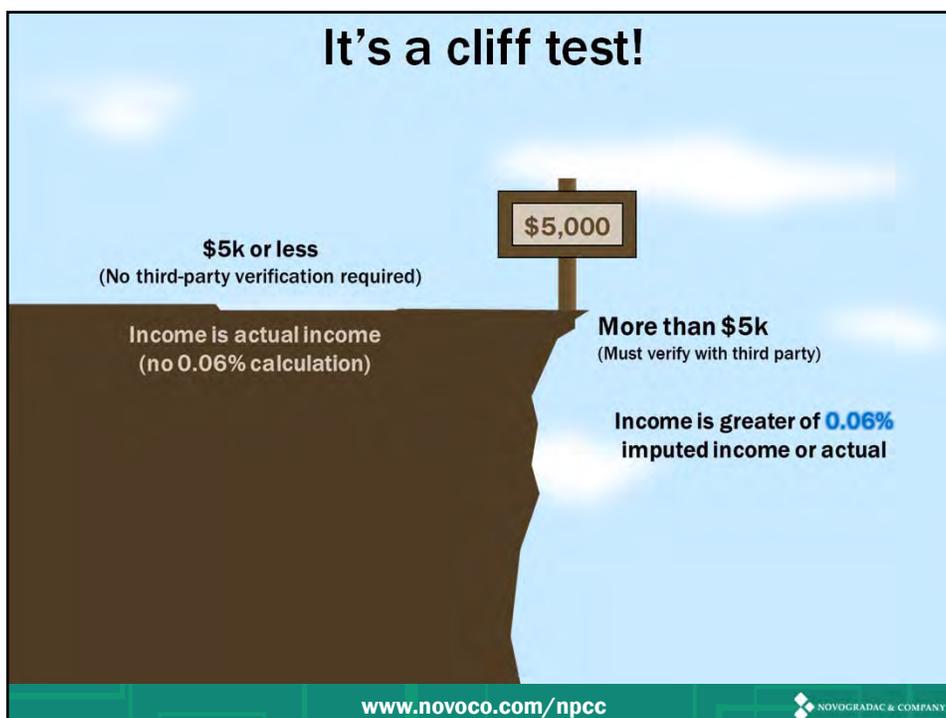
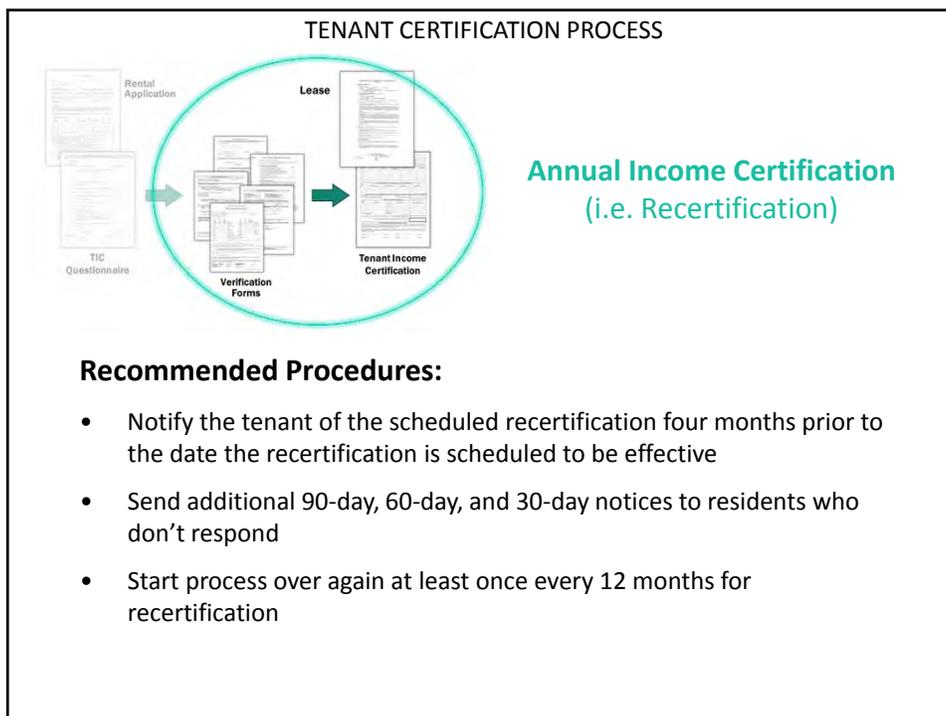
TENANT CERTIFICATION PROCESS



The lease should contain the following:

- a **full 6-month lease term** (at a minimum for the initial lease) for non-single resident occupancy (SRO) units;
- the signature of all of the adult tenants (age 18 or older at the time of certification).
- a listing of all occupants of the unit
- a provision requiring termination and eviction if a tenant has certified that he or she is a low-income tenant and has failed to so qualify; and
- a provision requiring annual certification (unless ownership is able to waive)





It's a cliff test!

F. Calculating Income from Assets When Assets Exceed \$5,000

1. When net family assets are more than \$5,000, annual income includes the greater of the following:

- a. Actual income from assets; or
- b. A percentage of the value of family assets based upon the current passbook savings rate as established by HUD. This is called *imputed* income from assets. The passbook rate is currently set at 2%.

HUD Handbook 4350.3, Chapter 5
Paragraph 5-7.F

\$5,000

More than \$5k
(Must verify with third party)

Income is greater of **0.06%** imputed income or actual

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It's a cliff test!

Example – Determining Income from Assets When Net Family Assets Exceed \$5,000

Type of Asset	Cash Value	Actual Yearly Income
Checking Account (non-interest bearing)		
Savings Account (interest at 2.5%)		
Stocks (not paying dividends this year)		
Total	\$5,677	\$5.67

0.06%

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Question

On what amount must the **0.06%** imputed income from assets be calculated?

- a. Total assets if the total is LESS THAN \$5,000
- b. Total assets if the total exceeds \$5,000
- c. Only those assets that exceed \$5,000 on their own
- d. None of the above

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Outline

LIHTC Property Compliance Overview

Household Size for Income Limits

Household Income and Assets

Calculating Rent Limits

The Tenant Income Certification

HOME and LIHTC Programs

Rental Assistance

Project-Based vs voucher-Based Assistance



Novogradac
**LIHTC
Compliance**

September 9, 2015 | Lansing, MI.

RENT RESTRICTIONS IRC§42(g)(2)

Overview

- Based on HUD statistics, which are updated annually
- Maximum rents equal to **30% or less of imputed income limits (20/50 or 40/60)**
 - No minimum rent required unless otherwise specified
- Deeper restrictions are often imposed by local governments
- If tenant pays utilities then rent is reduced by the amount of the allowance

Minimum Set-Aside:

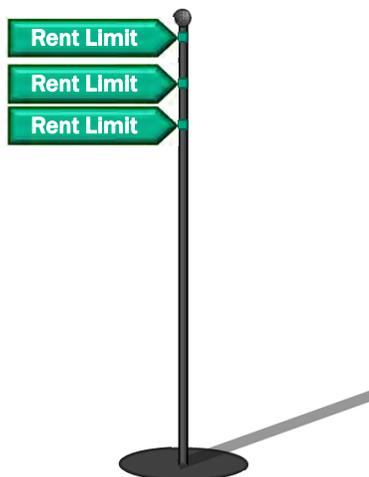
Set aside at least **20% of units** for households with incomes at or below **50% of area median income**

OR

Set aside at least **40% of units** for households with incomes at or below **60% of area median income**

RENT RESTRICTIONS IRC§42(g)(2)

Rent limits are based on unit size...



RENT RESTRICTIONS IRC§42(g)(2)

...but HUD publishes income limits according to *household size*.

STATE: ALABAMA I N C O M E

PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON
Anniston-Oxford, AL MSA FY 2015 MFI: 49400	17300	19800	22500	24700
50% VERY LOW INCOME "VLI"	8650	9900	11250	12350
60% INCOME LIMIT	10380	11880	13500	14820

Minimum Set-Aside:

Set aside at least **20%** of units for households with incomes at or below **50%** of area median income

OR

Set aside at least **40%** of units for households with incomes at or below **60%** of area median income

334 pages

www.taxcredithousing.com > Facts & Figures > Income Limits

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RENT RESTRICTIONS IRC§42(g)(2)

So for rent limits, the program assigns a household size to each unit size.

LIHTC imputed number of tenants per bedroom = **1.5**

# of bedrooms	LIHTC # of tenants
SRO	1
1	1.5
2	3
3	4.5
4	6

www.taxcredithousing.com > Facts & Figures > Income Limits

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RENT RESTRICTIONS IRC§42(g)(2)

The income limit of a theoretical 4.5-person household is the average of the 4-person limit and the 5-person limit.

# of bedrooms	LIHTC # of tenants
SRO	1
1	1.5
2	3
3	4.5
4	6

STATE: ALABAMA

Anniston-Oxford, AL MSA
FY 2015 MFI: 49400

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www.taxcredithousing.com > Facts & Figures > Income Limits

PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON
VERY LOW INCOME	17300	19800	22250	24700	26700
60% INCOME LIMIT	20760	23760	26700	29640	32040

Avg = 30,840

This is the income limit by which we multiply 30% to get the 60% RENT LIMIT for a 3-bedroom apartment (for the Anniston-Oxford, AL MSA for 2015)

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RENT RESTRICTIONS IRC§42(g)(2)

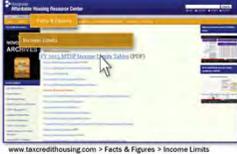
Then we multiply the imputed income limit by 30% and divide by 12 to get the monthly rent limit.

# of bedrooms	LIHTC # of tenants
SRO	1
1	1.5
2	3
3	4.5
4	6

STATE: ALABAMA

Anniston-Oxford, AL MSA
FY 2015 MFI: 49400

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www.taxcredithousing.com > Facts & Figures > Income Limits

PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON
VERY LOW INCOME	17300	19800	22250	24700	26700
60% INCOME LIMIT	20760	23760	26700	29640	32040

Avg = 30,840

Income Limit: \$30,840

30%

Rent Limit: \$9,252

÷ 12 mo. = \$771/mo.
Rent Limit

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RENT RESTRICTIONS IRC§42(g)(2)

Then we multiply the imputed income limit by 30% and divide by 12 to get the monthly rent limit.

Income Limit: \$30,840

30% → **Rent Limit: \$9,252**

+ 12 mo. =

# of bedrooms	LIHTC # of tenants
SRO	1
1	1.5
2	3
3	4.5
4	6

Avg = 30,840

Tenant Income Certification (TIC)

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RENT RESTRICTIONS IRC§42(g)(2)

But the rent limit can more easily be found using our **FREE Rent & Income Calculator**

Income Limit: \$30,840

30% → **Rent Limit: \$9,252**

+ 12 mo. = **\$771/mo. Rent Limit**

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# of bedrooms	LIHTC # of tenants
SRO	1
1	1.5
2	3
3	4.5
4	6

Avg = 30,840

LIHTC Rent Limits for 2015
(Based on 2015 MTSP/VI Income Limits)

Bedrooms (People)	Charts	60.00%
Efficiency (1.0)		519
1 Bedroom (1.5)		556
2 Bedrooms (3.0)		667
3 Bedrooms (4.5)		771
4 Bedrooms (6.0)		861
5 Bedrooms (7.5)		949

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RENT RESTRICTIONS IRC§42(g)(2)

But the rent limit can more easily be found using our **FREE Rent & Income Calculator**

Income Limit: \$30,840

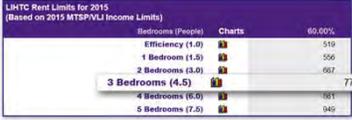
30%

Rent Limit: \$9,252

+ 12 mo. = \$771/mo. Rent Limit

# of bedrooms	LIHTC # of tenants
SRO	1
1	1.5
2	3
3	4.5
4	6

334 pages



Bedrooms (Pluses)	Charts	60.00%
Efficiency (1.0)		510
1 Bedroom (1.5)		556
2 Bedrooms (3.0)		687
3 Bedrooms (4.5)		771
4 Bedrooms (6.0)		881
5 Bedrooms (7.5)		949



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Advantages of the Calculator:

- Rural designation
- Placed-in-service date
- HERA special designation
- LIHTC allocation date (Rent Floor Election)

www.novoco.com/npsc



Question

The HUD-published very low income (VLI) limits for a particular county are as follows:

- 1-person household: \$25,000
- 2-person household: \$26,000
- 3-person household: \$27,000
- 4-person household: \$28,000

← 1.5-Person

The 50% RENT limit for one-bedroom LIHTC units in this county will be based on an INCOME limit of:

- a. \$25,000
- b. \$25,500
- c. \$26,000
- d. \$27,000

www.novoco.com/npsc



Outline

LIHTC Property Compliance Overview

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HOME and LIHTC Programs

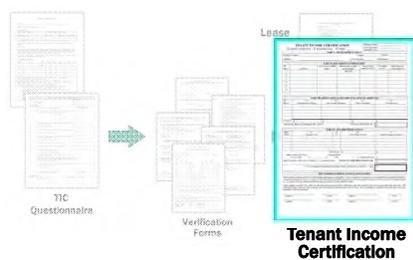
Rental Assistance

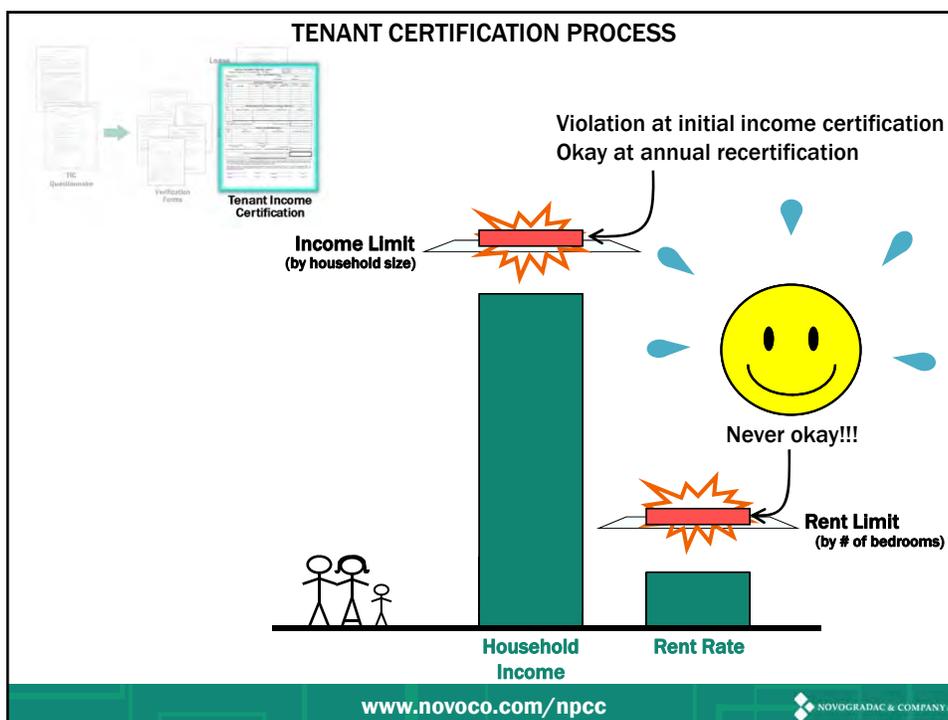
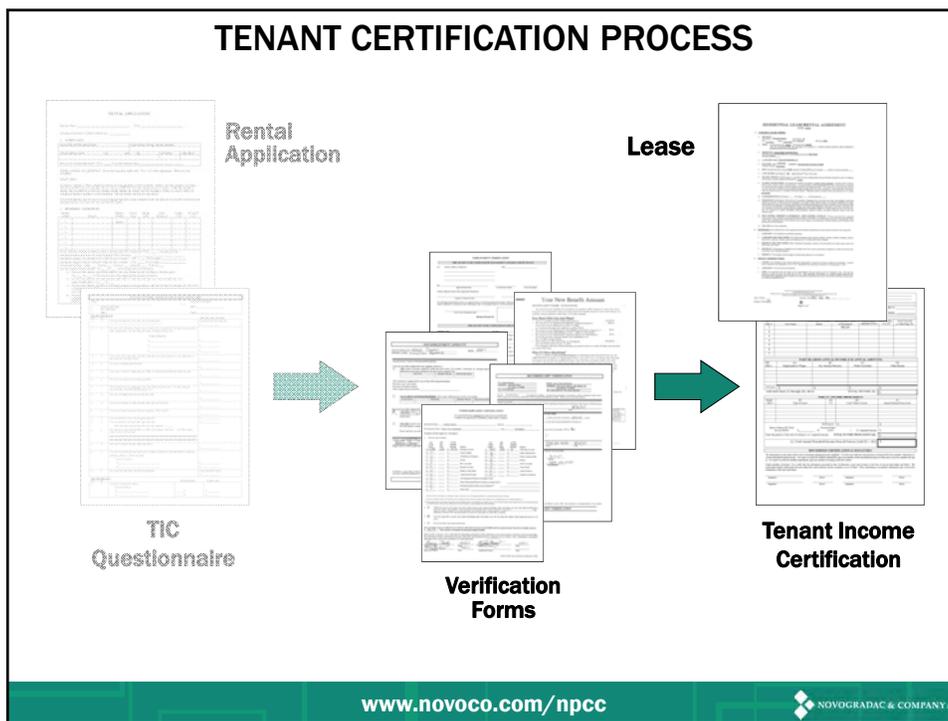
Project-Based vs Voucher-Based Assistance



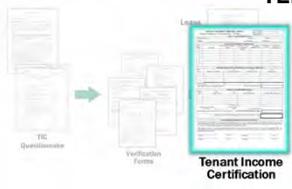
September 9, 2015 | Lansing, MI.

TENANT CERTIFICATION PROCESS





TENANT CERTIFICATION PROCESS



The certification should:

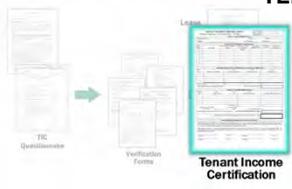
- be executed after the receipt of verification forms and reconcile to the amounts on the verifications;
- have an **effective date** of the date the household actually moves into the unit;

- **list each occupant** of the unit at the time of most recent certification, along with date of birth, employment status, and student status;
- be signed and dated by **each adult tenant** (age 18 or older at the time of certification);
- list **12-month anticipated income** and income from assets of all members of the household (exclude employment income for minors and all but \$480 for student dependents 18 or older); and
- list the **sources** of household income and household assets.



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TENANT CERTIFICATION PROCESS



Tenant Income Certification Effective Date

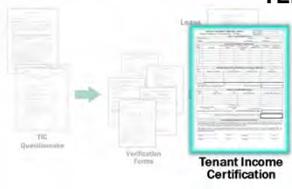
Once all sources of income and assets have been properly verified, owners or managers perform an income calculation using the applicant's tenant income certification to determine whether the applicant qualifies for IRC §42 housing.

The effective date of the tenant's income certification is the date the tenant actually moves into the unit. All adult members of the household should sign the certification. HUD Handbook 4350.3, 5-17B. If the certification is more than 120 days old, the tenant must provide a new certification. The income recertifications, if required, must be completed annually based on the anniversary of the effective date.³⁵

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TENANT CERTIFICATION PROCESS



Now assume this date is April 30, 2004.

Example 1: Determining the Tenant Income Certification Effective Date

A potential household consisting of John and Jane Doe and their two children completed a rental application and income certification on April 12, 2004. The property manager completed the third party verifications and determined that the household was income eligible on April 21, 2004. John and Jane signed the rental lease on April 25th, and took possession of the unit on May 1, 2004.

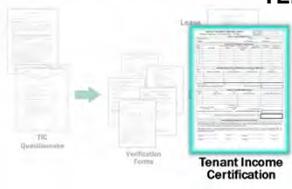
The effective date of the tenant income certification is April 30th. All subsequent tenant income recertifications must be performed within 120 days before April 30th of each subsequent year of the 15-year compliance period.

When additional adult individuals join the household, the effective day will remain the same until the unit is completely vacated.

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TENANT CERTIFICATION PROCESS



Example 2: Effective Date After Move In of Additional Adult Member

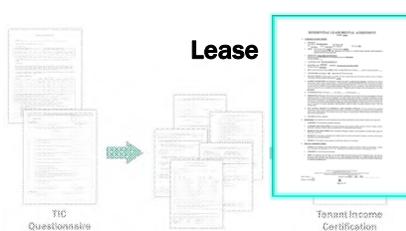
Jane and her daughter were income qualified and moved into an LIHC unit on September 5, 2003. On March 15, 2004, Jane's widowed mother joined the household.

The tenant income certification continues to be based on the original certification date. All subsequent annual income recertifications will be completed within 120 days before September 5th each year until the household vacates the unit.

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TENANT CERTIFICATION PROCESS



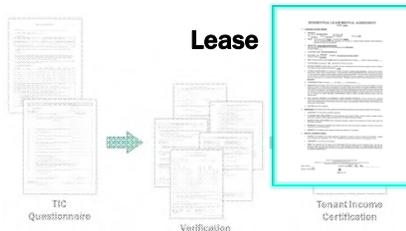
Lease

The lease should contain the following:

- a **full 6-month lease term** (at a minimum for the initial lease) for non-single resident occupancy (SRO) units;
- the signature of all of the adult tenants (age 18 or older at the time of certification).
- a listing of all occupants of the unit
- a provision requiring termination and eviction if a tenant has certified that he or she is a low-income tenant and has failed to so qualify; and
- a provision requiring annual certification (unless ownership is able to waive)

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TENANT CERTIFICATION PROCESS



Lease

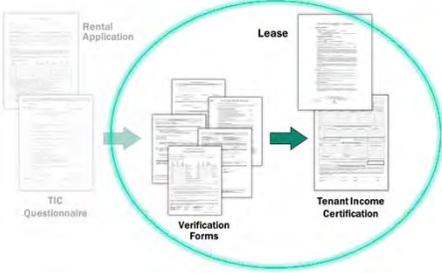
OCCUPANCY REQUIREMENTS IRC §42(I)(3)

- Suitable for occupancy
- Non-transient use (**initial lease ≥ 6 months**) for non-SRO units
- Cannot be entirely occupied by full-time students (unless an exception is met)

- For use by general public consistent with:
 - Fair Housing Act
 - A project does not fail to meet the general public use requirement solely because of occupancy restriction of preferences that favor tenants:
 - With Special needs
 - Who are members of a specified group under a federal or state program
 - Are involved in artistic or literary activities
 - HUD non-discrimination rules

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TENANT CERTIFICATION PROCESS

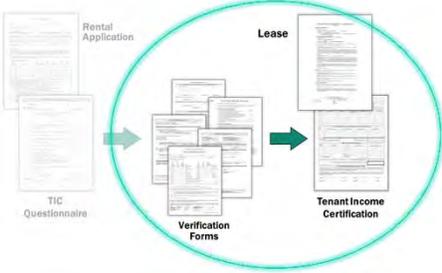


**Annual Income Certification
(i.e. Recertification)**

- Each tenant must be certified at least once annually; *effective date is anniversary of the original certification effective date*; the paperwork can be completed up to **120 days prior** to the recertification date but not after.
- Waiver of annual income recertification
 - If entire building is occupied by low-income tenants
 - State needs to approve
 - Does not waive *initial certification requirement*

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TENANT CERTIFICATION PROCESS



**Annual Income Certification
(i.e. Recertification)**

Recommended Procedures:

- Notify the tenant of the scheduled recertification four months prior to the date the recertification is scheduled to be effective
- Send additional 90-day, 60-day, and 30-day notices to residents who don't respond
- Start process over again at least once every 12 months for recertification

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The image shows a portion of a LIHTC recertification form. A green callout box highlights the 'PART VIII. PROGRAM TYPE' section. The callout box contains the following text:

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit <input type="checkbox"/>	b. HOME <input type="checkbox"/>	c. Tax Exempt <input type="checkbox"/>	d. Taxable Bond <input type="checkbox"/>	e. (Name of Program) <input type="checkbox"/>
See Part V above.	Income Status <input type="checkbox"/> ≤ 60% AMGI <input type="checkbox"/> ≤ 80% AMGI <input type="checkbox"/> ≤ 80% AMGI <input type="checkbox"/> OI**	Income Status <input type="checkbox"/> 60% AMGI <input type="checkbox"/> 80% AMGI <input type="checkbox"/> 80% AMGI <input type="checkbox"/> OI**	Income Status <input type="checkbox"/> 60% AMGI <input type="checkbox"/> 80% AMGI <input type="checkbox"/> OI**	Income Status <input type="checkbox"/> 60% AMGI <input type="checkbox"/> 80% AMGI <input type="checkbox"/> OI**

** Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

At the bottom of the callout box, it says: '2 Tenant Income Certification (February 2008)'.

Below the callout box, the website www.novoco.com/npsc and the logo for NOVOGRADAC & COMPANY LLC are visible.

Outline

- LIHTC Property Compliance Overview
- Household Size for Income Limits
- Household Income and Assets
- Calculating Rent Limits
- The Tenant Income Certification
- HOME and LIHTC Programs**
- Rental Assistance
- Project-Based vs Voucher-Based Assistance

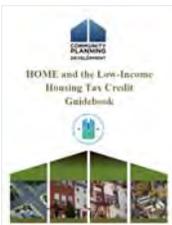


September 9, 2015 | Lansing, MI.

Other Programs		
Program	Income Limits	Rent Limits
FEDERAL	Section 8	<ul style="list-style-type: none"> Based on VLI Not held harmless
	HOME	<ul style="list-style-type: none"> Based on comparables Not adjusted for changes in income limits
	USDA 515	<ul style="list-style-type: none"> Based on VLI Held harmless (if VLI decreases the rent will be held harmless at prior year amount)
	State and Local	<ul style="list-style-type: none"> Based on "USDA Basic" rent Not adjusted as income limits change
		<ul style="list-style-type: none"> Generally based on VLI Not held harmless
		<ul style="list-style-type: none"> Generally based on a percentage of VLI Not held harmless; as VLI decreases the rent limit will decrease

April 3, 2015 www.novoco.com/webinars NOVOCRADAC & COMPANY

HOME Rents



163 pages

“Both HOME and LIHTC require that the rents that are charged for assisted units are affordable to income-eligible households. Each program issues its own rent limits to define what is affordable. The rent limits represent the maximum rents that can be charged to income-eligible households. The cost of any tenant-paid utilities must be deducted from the published rent limit to determine maximum rents that can be charged. Each program issues utility allowances for this purpose—these represent the average utility cost for the area.”

“For each specific unit(s), the Participating Jurisdiction’s (PJ) underwriter uses the following guidelines to determine the rent limit that applies:

- HOME rent limits apply to units that are designated as HOME-assisted units only.
- Tax credit rent limits apply to units that are designated as tax credit units only.
- The lower of the HOME or LIHTC rent limit applies to units that are designated as both HOME and tax credit.

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HOME Rents



163 pages

“The PJ determines the minimum number of units which must be designated HOME-assisted based on the amount of HOME investment in the project and the maximum per unit subsidy for the area...The PJ also determines how many units must be designated **High HOME Rent** and **Low HOME Rent units** in the project. In projects with five or more HOME-assisted units, at least 20 percent of the units are designated as Low HOME Rent units.”

Warning: If you have LIHTC units and HOME units, beware being lulled into thinking, “We always stick with our LIHTC rent limit for our High HOME rent units,” because...

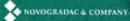
HIGH: Lesser of...

- 65% of AMI or FMR
- LIHTC Limit if units are HOME and LIHTC
- LIHTC HERA Special Limit
- FMR
- High HOME Rent Limit (at 65% AMI)
- FMR
- LIHTC Rent limit (at 60% AMI)

LOW: Lesser of...

- 50% of AMI or HIGH HOME
- FMR
- Low HOME Rents Limit (at 50% AMI)
- FMR

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HOME & LIHTC Programs

Program	HOME	LIHTC
Who monitors the program?	The PJ	The allocating agency
Can monitor report non-compliance in other programs?	No. However, if non-compliance was found in one program and since the programs are so similar, the issues found might affect compliance with the other program. Sharing findings is beneficial to both agencies.	
What is the consequence of non-compliance?	Could result in repayment of HOME funds by the PJ and/or owner. PJs use their judgment to tailor consequences of non-compliance.	Could result in tax credit recapture

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So which rules do we follow???

- Use the most restrictive limit; the lower, applicable limit
- Check with monitoring agency for preference



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What do we put on the TIC?

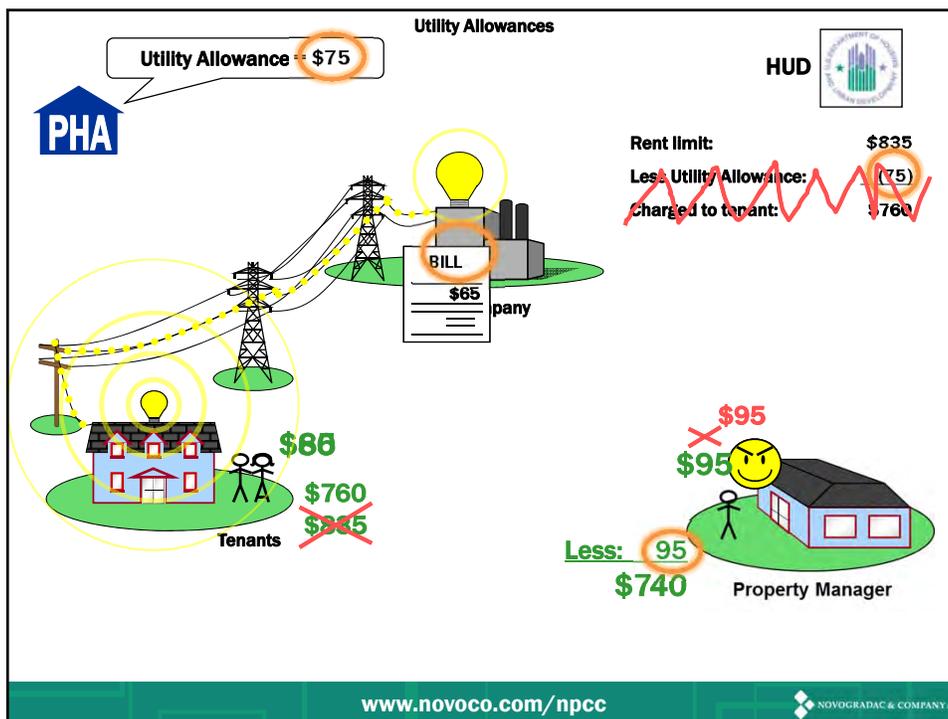
- The most restrictive rules and regulations of the programs in place
- If it's unclear which is more restrictive, use the greatest potential income, gather all third-party verifications

Chapter 11
coming soon!



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Utility or Service	Monthly Dollar Allowances					
	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas					
	b. Bottle Gas					
	c. Oil / Electric					
	d. Coal / Other					
Cooking	a. Natural Gas					
	b. Bottle Gas					
	c. Oil / Electric					
	d. Coal / Other					
Other Electric						
Air Conditioning						
Water Heating	a. Natural Gas					
	b. Bottle Gas					
	c. Oil / Electric					
	d. Coal / Other					
Water						
Sewer						
Trash Collection						
Range/Microwave						
Refrigerator						
Other -- specify						

Form HUD-52667
Allowance for Tenant-Furnished Utilities and Other Services
www.hud.org

www.novoco.com/npsc



Form HUD-52067
Allowance for Tenant-Furnished Utilities and Other Services
www.hud.org

Locality CITY OF ATLANTA		Unit Type MULTIFAMILY		Year of Construction 1996 or NEWER		Effective Date JULY 1, 2012	
UTILITY OR SERVICE		MONTHLY ALLOWANCES					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	Natural Gas	8	8	9	10	11	12
	Electric	13	13	17	20	24	28
	Heat Pump	7	7	9	11	13	15
	Oil or Bottle Gas	8	8	9	10	11	12
Cooking	Natural Gas	5	5	6	8	9	11
	Electric	9	9	11	14	16	19
	Bottle Gas	5	5	6	8	9	11
Other Electric (Includes Base Charge)		39	39	48	57	66	75
Air Conditioning		9	9	16	22	28	34
Water Heating	Natural Gas	9	9	13	16	19	22
	Electric	18	18	25	32	40	47
	Oil or Bottle Gas	9	9	13	16	19	22
Water		22	22	34	47	61	74
Sewer		53	53	83	117	150	184
Range/Microwave		7	7	7	7	7	7
Refrigerator		9	9	9	9	9	9
Natural Gas Base Charge		30	30	30	30	30	30
Reasonable Accommodation		This allowance refers to electricity usage related to medical equipment. Each request will be handled on a case by case basis, as required and verified by a medical professional.					

\$200

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HUD 52067 (04/2011)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SECTION 8 EXISTING HOUSING ALLOWANCES FOR TENANT FURNISHED UTILITIES AND OTHER SERVICES

DATE: 4/1/2013

LOCALITY	Kingsport Housing and Redevelopment Authority					
	MONTHLY DOLLAR ALLOWANCE					
UTILITY OR SERVICE	0 - BR	1 - BR	2 - BR	3 - BR	4 - BR	5 - BR
HEATING						
a. Natural Gas (Hawkins Co.)	22	25	28	31	34	38
b. Natural Gas (Almos)	27	29	31	33	35	37
c. Natural Gas (Lincoo Co. Gas)	24	27	30	33	36	40
d. Electric (Bristol TN Elec.)	25	30	36	40	47	54
e. Electric (Holston Elec.)	26	31	37	42	49	56
f. Electric (Johnson City)	26	31	37	42	48	55
g. Electric (Kingsport Power)	23	28	33	37	43	49
h. Electric (Erwin)	25	30	36	40	47	53
i. Electric (Greeneville)	25	30	36	41	47	54
j. Electric (Mountain City)	26	31	36	41	47	54
k. Electric (Elizabethton)	27	33	39	43	50	57
l. Heat Pump (Bristol TN Elec.)	15	18	21	24	27	31
m. Heat Pump (Holston Elec.)	15	19	22	25	29	33
n. Heat Pump (Johnson City)	15	18	22	25	28	33
o. Heat Pump (Kingsport Power)	14	16	19	22	25	29
p. Heat Pump (Erwin)	15	18	21	24	27	31
q. Heat Pump (Greeneville)	15	19	21	24	28	32
r. Heat Pump (Mountain City)	15	18	21	24	28	32
s. Heat Pump (Elizabethton)	16	19	23	26	30	34
t. Fuel Oil	54	65	75	83	93	108
u. Propane	56	64	73	81	92	103
v. Coal	13	15	18	20	24	27
w. Wood	17	21	24	27	32	36
AIR CONDITIONING						
a. Bristol Tenn Elec.	6	8	10	12	15	21
b. Holston Elec.	7	9	11	13	16	21
c. Johnson City Power	7	9	11	13	16	21
d. Kingsport Power	6	8	10	11	14	19
e. Erwin Utilities	6	8	10	12	15	21
f. Greeneville Light and Power	6	8	10	12	15	21
g. Mountain City Electric Coop.	7	8	10	13	16	21
h. Elizabethton	7	9	11	13	16	22
COOKING						
a. Natural Gas (Hawkins Co.)	9	9	11	12	13	13
b. Natural Gas (Almos)	6	6	7	8	8	8
c. Natural Gas (Lincoo Co. Gas)	9	9	11	12	13	13
d. Electric (Bristol TN Elec.)	7	7	9	10	10	11
e. Electric (Holston Elec.)	7	8	9	10	11	11
f. Electric (Johnson City)	7	8	9	10	11	11
g. Electric (Kingsport Power)	7	7	8	9	10	10
h. Electric (Erwin)	7	7	9	10	10	11
i. Electric (Greeneville)	7	7	9	10	11	11
j. Electric (Mountain City)	7	8	9	10	11	11
k. Electric (Elizabethton)	8	8	10	10	11	12
l. Propane	25	28	33	36	39	39
OTHER ELECTRIC						
a. Bristol Tenn Elec.	27	29	34	40	46	53
b. Holston Elec.	31	34	39	45	51	58
c. Johnson City Power	32	34	39	45	51	58

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 8 EXISTING HOUSING ALLOWANCES FOR TENANT FURNISHED UTILITIES AND OTHER SERVICES						DATE 4/1/2013
LOCALITY	Kingsport Housing and Redevelopment Authority					UNIT TYPE Townhouse
UTILITY OR SERVICE	MONTHLY DOLLAR ALLOWANCE					
	0 - BR	1 - BR	2 - BR	3 - BR	4 - BR	5 - BR
WATER						
a. Rogersville Inside	14	21	29	44	60	75
b. Rogersville Outside	23	35	48	73	98	123
c. Kingsport Inside	8	10	15	24	32	41
d. Kingsport Outside	21	31	42	63	85	106
e. Persia	18	31	45	72	99	127
f. Hawkins Co./Church Hill	26	32	43	64	85	106
g. Lakeview	31	45	60	89	119	148
h. Bloomingdale	18	25	31	45	59	72
i. Erwin Inside	12	16	19	25	31	37
j. Erwin Outside	19	23	28	37	47	56
k. Temple Hills	17	20	24	32	39	46
l. Greeneville Inside	12	14	17	22	26	31
m. Greeneville Outside	23	28	33	43	53	62
n. Cold Springs	32	49	66	100	134	169
o. Mountain City Inside	18	22	29	43	57	71
p. Mountain City Outside	32	34	43	57	71	84
q. Brownlowe	35	40	48	63	78	94
r. Dry Run	36	39	50	73	96	118
s. Bristol Inside	9	14	18	27	36	46
t. Bristol Outside	18	27	36	55	73	91
u. Elizabethton inside	10	15	20	30	41	51
v. Elizabethton Outside	19	28	38	58	77	97
w. Johnson City Inside	10	15	20	30	40	50
x. Johnson City Outside	19	29	39	59	79	99
y. Roan Mountain	16	19	23	30	38	46
z. Blountville	16	23	29	42	55	68
aa. Hampton Utility District	22	25	31	42	53	63

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 8 EXISTING HOUSING ALLOWANCES FOR TENANT FURNISHED UTILITIES AND OTHER SERVICES						DATE 4/1/2013
LOCALITY	Kingsport Housing and Redevelopment Authority					UNIT TYPE Townhouse
UTILITY OR SERVICE	MONTHLY DOLLAR ALLOWANCE					
	0 - BR	1 - BR	2 - BR	3 - BR	4 - BR	5 - BR
HEATING						
a. Natural Gas (Hawkins Co.)	22	25	28	31	34	38
b. Natural Gas (Atmos)	27	29	31	33	35	37
c. Natural Gas (Linco Co. Gas)	24	27	30	33	36	40
d. Electric (Bristol TN Elec.)	25	30	36	40	47	54
e. Electric (Holston Elec.)	26	31	37	42	49	56
f. Electric (Johnson City)	26	31	37	42	48	55
g. Electric (Kingsport Power)	23	28	33	37	43	49
h. Electric (Erwin)	25	30	36	40	47	53
i. Electric (Greeneville)	25	30	36	41	47	54
l. Electric (Mountain City)	26	31	36	41	47	54
k. Electric (Elizabethton)	27	33	39	43	50	57
l. Heat Pump (Bristol TN Elec.)	15	18	21	24	27	31
m. Heat Pump (Holston Elec.)	15	19	22	25	29	33
n. Heat Pump (Johnson City)	15	18	22	25	28	33
o. Heat Pump (Kingsport Power)	14	16	19	22	25	29
p. Heat Pump (Erwin)	15	18	21	24	27	31
q. Heat Pump (Greeneville)	15	18	21	24	28	32
r. Heat Pump (Mountain City)	15	18	21	24	28	32
s. Heat Pump (Elizabethton)	16	19	23	26	30	34
t. Fuel Oil	54	65	75	83	93	108
u. Propane	56	64	73	81	92	103
v. Coal	13	15	18	20	24	27
w. Wood	17	21	24	27	32	36
AIR CONDITIONING						
a. Bristol Tenn Elec.	6	8	10	12	15	21
b. Holston Elec.	7	9	11	13	16	21
c. Johnson City Power	7	9	11	13	16	21
d. Kingsport Power	6	8	10	11	14	19
e. Erwin Utilities	6	8	10	12	15	21
f. Greeneville Light and Power	6	8	10	12	15	21
g. Mountain City Electric Coop.	7	8	10	13	16	21
h. Elizabethton	7	9	11	13	16	22
COOKING						
a. Natural Gas (Hawkins Co.)	9	9	11	12	13	13
b. Natural Gas (Atmos)	6	6	7	8	8	8
c. Natural Gas (Linco Co. Gas)	9	9	11	12	13	13
d. Electric (Bristol TN Elec.)	7	7	9	10	10	11
e. Electric (Holston Elec.)	7	8	10	11	11	11
f. Electric (Johnson City)	7	8	9	10	11	11
g. Electric (Kingsport Power)	7	7	8	9	10	10
h. Electric (Erwin)	7	7	9	10	10	11
i. Electric (Greeneville)	7	7	9	10	11	11
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l. Propane	25	28	33	36	39	39
OTHER ELECTRIC						
a. Bristol Tenn Elec.	27	29	34	40	46	53
b. Holston Elec.	31	34	39	45	51	58
c. Johnson City Power	32	34	39	45	51	58



Determining Appropriate Utility Allowance
Treas. Reg. § 1.42-10

§ 1.42-10 Utility allowances.
(a) Inclusion of utility allowances in gross rent. If the cost of any utility (other than telephone, cable television, or Internet) for a residential rental unit is paid directly by the tenant(s), and not by or through the owner of the building, the gross rent for that unit includes the applicable utility allowance determined under this section. This section only applies for purposes of determining gross rent under section 42(g)(2)(B)(ii) as to rent-restricted units.

IF:	Then the appropriate utility allowance is:
Buildings assisted by Rural Housing Service (RHS) Buildings with RHS assisted tenants	1. RHS Utility Allowance
Buildings regulated by HUD	2. Applicable HUD Utility Allowance
All other buildings*	3. PHA Utility Allowance 4. Local Utility Company Estimate 5. State Agency Estimate 6. HUD Utility Schedule Model 7. Energy Consumption Model (performed by engineer or other professional approved by state agency)

* Individual units with tenants receiving HUD rental assistance must use the applicable PHA Utility Allowance (No. 3 in our list)

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Determining Appropriate Utility Allowance

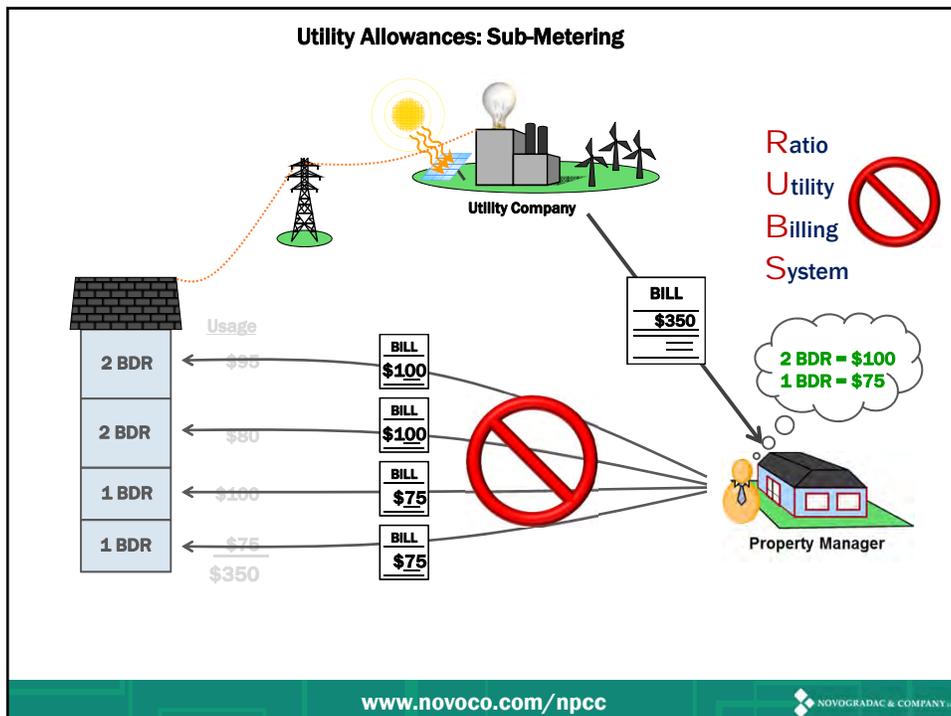
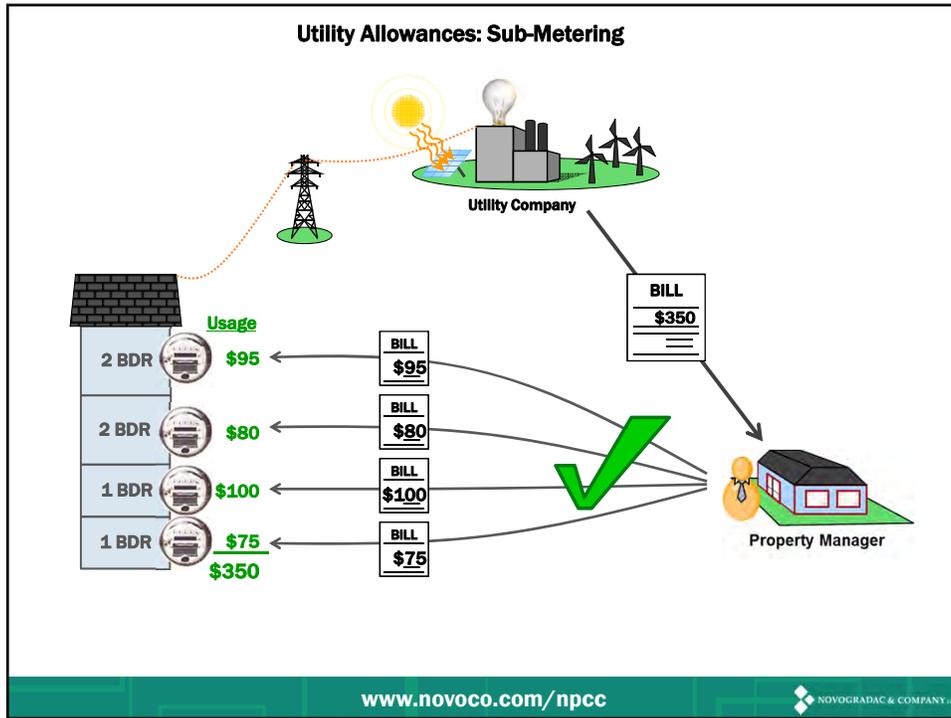
Documentation and record keeping

Must apply utility allowance within 90 days of change

Must review at least once during each calendar year the *basis* on which UAs have been established

Utility Allowance schedules must be reviewed at least annually and must be increased by PHA if utility costs have risen more than 10% since they were last established. See 24 CFR 982.517

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Ratio Utility Billing System (RUBS)

- RUBS is a method of allocating utility costs in a multi-unit complex that helps keep total housing costs as low as possible.
- The bill for utilities is distributed amongst the tenants based on a formula made of the number of occupants, square footage of the unit, number of bathrooms, and number of water fixtures.
- RUBS is not permitted for LIHTC units.

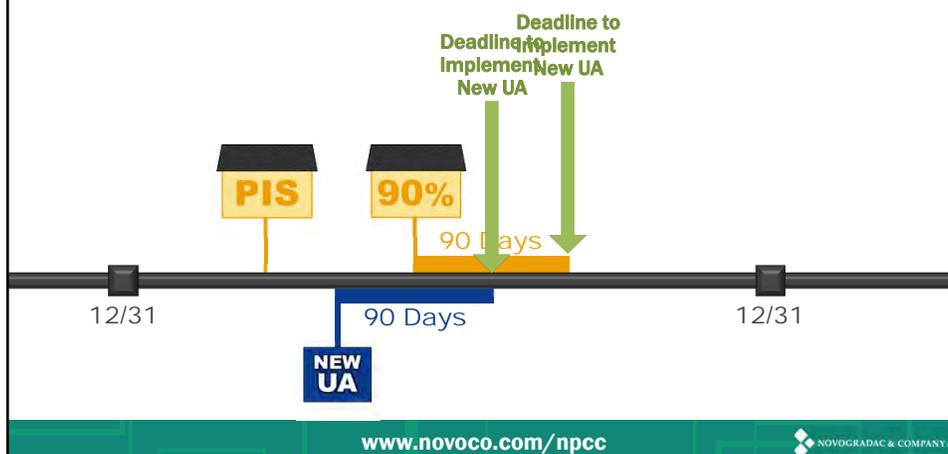
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Utility Allowances

Treas. Reg. § 1.42-10(c)(1)

“The building owner is **not required to review** the utility allowances, or implement new utility allowances, until the building has achieved **90 percent occupancy for a period of 90 consecutive days** or the end of the first year of the credit period, whichever is earlier.”



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Utility Allowances

Treas. Reg. § 1.42-10(c)(1)

“The building owner is **not required to review** the utility allowances, or implement new utility allowances, until the building has achieved 90 percent occupancy for a period of 90 consecutive days or the **end of the first year of the credit period**, whichever is earlier.”

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Question

The “Maximum Rent Limit” for a certain LIHTC unit is \$1,000. There are no “Other non-optional charges” and the property pays utilities for the tenants. The utility allowance for a unit of this type, as published by the local PHA, is \$150. How much can the monthly “Tenant Paid Rent” be without violating LIHTC rent limits?

- a. \$150
- b. \$850
- c. \$1,000
- d. \$1,150

PART VI. RENT	
Tenant Paid Rent	\$ <u>1,000</u>
Utility Allowance	\$ <u>150</u>
GROSS RENT FOR UNIT: (Tenant paid rent plus Utility Allowance & other non-optional charges)	
	\$ <u>1,000</u>
Maximum Rent Limit for this unit:	
	\$ <u>1,000</u>

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Outline

- LIHTC Property Compliance Overview
- Household Size for Income Limits
- Household Income and Assets
- Calculating Rent Limits
- The Tenant Income Certification
- HOME and LIHTC Programs
- Rental Assistance**
- Voucher -Based vs Project Based Assistance



September 9, 2015 | Lansing, MI.

Internal Revenue Code Section 42(g)(2)(B)(i)
 Gross rent ***“does not include any payment under section 8*** of the United States Housing Act of 1937 or any comparable rental assistance program (with respect to such unit or occupants thereof)”

PART VI. RENT

Tenant Paid Rent \$ <input type="text"/>	Rent Assistance: \$ <input type="text"/>
Utility Allowance \$ <input type="text"/>	Other non-optional charges: \$ <input type="text"/>

GROSS RENT FOR UNIT:
 (Tenant paid rent plus Utility Allowance & other non-optional charges) \$

Maximum Rent Limit for this unit: \$

Unit Meets Rent Restriction at:

60%
 50%
 40%
 30%
 %

Tenant Income Certification

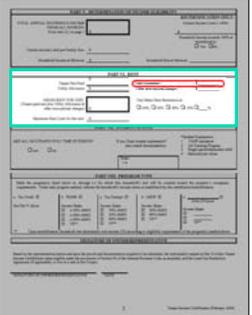
Section 8 Tenants

Section 8 Tenants

The gross rent limit applies only to payments made directly by the tenant. Any rental assistance payments made on behalf of the tenant, such as through section 8 of the United States Housing Act of 1937 or any comparable Federal rental assistance, are not included in gross rent. Congress further intended that any comparable state or local government rental assistance not be included in gross rent. See IRC §42(g)(2)(B)(i) and the General Explanation of the Tax Reform Act of 1986.



Section 8 Tenants
8823 Guide – Chapter 11, Category 11g
Gross Rent(s) Exceed Tax Credit Limits



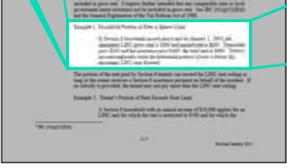
Tenant Income Certification

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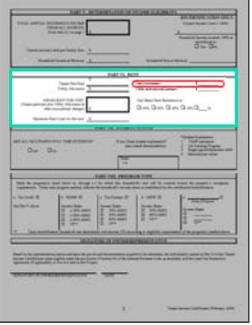
Section 8 Tenants

Example 1: Household Portion of Rent is Below Limit

A Section 8 household moved into a unit on January 1, 2000; the maximum LIHC gross rent is \$500 and market rate is \$600. Household pays \$200 and the assistance pays \$400; the total rent is \$600. There is no noncompliance since the household portion of rent is below the maximum LIHC rent allowed.



Section 8 Tenants
8823 Guide – Chapter 11, Category 11g
Gross Rent(s) Exceed Tax Credit Limits



Tenant Income Certification

IRC § 42(g)(2)

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Section 8 Tenants

Example 1: Household Portion of Rent is Below Limit

A Section 8 household moved into a unit on January 1, 2000; the maximum LIHC gross rent is \$500 and market rate is \$600. Household pays \$200 and the assistance pays \$400; the total rent is \$600. There is no noncompliance since the household portion of rent is below the maximum LIHC rent allowed.

Section 8 Tenants
8823 Guide – Chapter 11, Category 11g
Gross Rent(s) Exceed Tax Credit Limits

Section 8 Assistance \$400

\$200

Market Rate \$600
Maximum LIHC Gross Rent (Rent Limit) \$500

IRC § 42(g)(2)

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Section 8 Tenants

The portion of the rent paid by Section 8 tenants can exceed the LIHC rent ceiling as long as the owner receives a Section 8 assistance payment on behalf of the resident. If no subsidy is provided, the tenant may not pay more than the LIHC rent ceiling.

Section 8 Tenants
8823 Guide – Chapter 11, Category 11g
Gross Rent(s) Exceed Tax Credit Limits

Section 8 Assistance \$400

\$200

Market Rate \$600
Maximum LIHC Gross Rent (Rent Limit) \$500

N/A

IRC § 42(g)(2)(E)

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Section 8 Tenants

The portion of the rent paid by Section 8 tenants can exceed the LIHC rent ceiling as long as the owner receives a Section 8 assistance payment on behalf of the resident. If no subsidy is provided, the tenant may not pay more than the LIHC rent ceiling.

Payment Standard determined by local public housing authority (PHA)

(Text from HUD Handbook 4010.3: This is an amount determined by the public housing agency (PHA) for the use of the tenant to pay for the rent of the unit. It is determined by the PHA and is subject to HUD approval. It is not the same as the market rate. The PHA may adjust the payment standard at any time. The PHA may also adjust the payment standard for units that are subject to the LIHC rent ceiling. The PHA may also adjust the payment standard for units that are subject to the LIHC rent ceiling. The PHA may also adjust the payment standard for units that are subject to the LIHC rent ceiling.)

Section 8 Tenants
8823 Guide – Chapter 11, Category 11g
Gross Rent(s) Exceed Tax Credit Limits

Section 8 Tenants' portion of rent must be a minimum of 30% of their "household adjusted annual income" (assume \$675 but household pays own utilities and Section 8 utility allowance is \$75)

IRC § 42(g)(2)(E)

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PART VI. RENT

Tenant Paid Rent	\$ 600	Rent Assistance:	\$ 400
Utility Allowance	\$ 75	Other non-optional charges:	\$
GROSS RENT FOR UNIT: (Tenant paid rent plus Utility Allowance & other non-optional charges)	\$ 675	Unit Meets Rent Restriction at:	<input checked="" type="checkbox"/> 60% <input type="checkbox"/> 50% <input type="checkbox"/> 40% <input type="checkbox"/> 30% <input type="checkbox"/> %
Maximum Rent Limit for this unit:	\$ 500		

PART VII. PROGRAM TYPE

1. Tax Credit 2. REHS 3. Tax Exempt 4. AMCB 5. Other

6. Other 7. Other 8. Other 9. Other 10. Other

11. Other 12. Other 13. Other 14. Other 15. Other

Tenant Income Certification (TIC)

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Question

Thirty percent of a Section 8 household's adjusted *monthly* income is **\$1,000**. The LIHTC rent limit for the unit the household wishes to occupy is **\$800**. The payment standard established by the local PHA is **\$1,700**, which will also be the contract rent. How much of the monthly rental payment will Section 8 subsidize?

- a. \$200
- b. \$700
- c. \$800
- d. \$900
- e. \$1,000



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NOVOGRADAC & COMPANY LLC

Outline

LIHTC Property Compliance Overview

Household Size for Income Limits

Household Income and Assets

Calculating Rent Limits

The Tenant Income Certification

HOME and LIHTC Programs

Rental Assistance

Project-Based vs Voucher-Based Assistance



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Compliance

September 9, 2015 | Lansing, MI.

What's the Difference between Project-Based and Voucher-Based Assistance?

The Section 8 Project-Based Rental Assistance (PBRA)

PBRA programs enable more than 2 million people in 1.2 million low-income households to afford modest apartments by contracting with private owners to rent some or all of the units in their housing developments to low-income families. Seniors or people with disabilities occupy two-thirds of PBRA-assisted households.

- Federally assisted housing federally assisted housing produced through a public-private partnership
- HUD provides private owners of multifamily housing either long-term project-based rental assistance contracts, a subsidized mortgage, or possibly both.
- Project-based assistance is fixed to a property.



Voucher-Based Rental Assistance Program

The housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market.

- The PHAs receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program.
- Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments.
- The participant is free to choose any housing that meets the requirements of the program.



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Program	Project-Based	Voucher-Based
Where does the funding come from?	Uses HUD obligated funds (to PHA) under the annual contributions contract (ACC)	PHAs apply for funding; allocated by HUD
Who is eligible?	Owners select low-income families who are screened and put on a waiting list	Low-income families whose income is below 50% of the AMGI and some specific category of households whose income is up to 80% of the AMGI
Income Eligibility	Based on HUD published income limits	Based on HUD published income limits
Where do families apply?	Tenants apply at the participating properties	Tenants apply at the participating PHA
Who finds the apartment?	PHA refers family to participating properties with vacancies	Responsibility of family to find an apartment after voucher is received
How much will the voucher pay the owner/property?	The difference between 30% of the adjusted income and the gross rent for the unit	The difference between 30% of adjusted income and a PHA determined payment standard or the gross rent of the unit, whichever is lower
What happens after a family moves out?	The contract with the property remains in place at the property and assistance for this household ends	The contract with the property ends and assistance follows the family

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