

SAMPLE TENANT NOTIFICATION LETTER

Date of Notice #1

(May 2018)

To: Tenants and New Rental Applicants of PROJECT NAME

The purpose of this letter is to notify you that OWNER ENTITY/NAME, the owner of PROJECT NAME, has submitted a qualified contract request to the Michigan State Housing Development Authority (MSHDA).

PROJECT NAME is a Low Income Housing Tax Credit (LIHTC) project¹. All LIHTC projects must comply with the LIHTC program rules for minimum of 30 years or longer. After year 15, however, Internal Revenue Service (IRS) regulations provide the owner an option for shortening the 30-year compliance period and exiting the LIHTC program early. This option is known as the qualified contract process. Under the qualified contract process, the property is listed for sale to try and locate a company that will buy the PROJECT NAME project and keep it enrolled in the LIHTC program. If a buyer is located within the one-year search period, the PROJECT NAME project will remain in the LIHTC program. If a buyer cannot be located, the PROJECT NAME project will be released from the LIHTC program and will no longer have income limits or limits on the amount of rent that can be charged to tenants.

Three Years of Protection for Tenants - If a buyer is not located and the project is thus released from the LIHTC program, existing tenants at PROJECT NAME will have a three-year protection period. During this three year period, the owner is not allowed to increase the rent it charges to an amount that is above LIHTC guidelines. The owner will also not be allowed to evict or refuse to renew the lease agreements of existing tenants, unless there is good cause for doing so.

The buyer search period for PROJECT NAME will end on END DATE. After that date, the owner will notify tenants whether a buyer was located or not. If no buyer was located, the owner will tell the tenants about the three-year tenant protection period discussed above.

Contact Person - The owner has named the individual listed below as the person to contact if there are any questions about the qualified contract process for the PROJECT NAME project.

CONTACT NAME, TITLE, ORGANIZATION, MAILING ADDRESS, PHONE, E-MAIL ADDRESS

Sincerely,
Owner and/or Management Agent

¹ Rules and Regulations for the LIHTC Program and the Qualified Contract Process - The rules and regulations for the LIHTC program are found in Section 42 of the Internal Revenue Code (IRC). The LIHTC program is administered in the state of Michigan by MSHDA. The qualified contract (QC) process, the formula for determining the QC price, extended use period regulations, and the three-year tenant protection period for the LIHTC program are discussed in IRC Section 42(h)(6)(E). MSHDA has published a Qualified Contracts Procedures Guide, which can be accessed at www.michigan.gov/mshda, select "Property Managers", then "Compliance for Rental Housing", and then "Manuals, Policies and Codes".

SAMPLE TENANT NOTIFICATION LETTER

(May 2018)

Date of Notice #2

To: The HOUSEHOLD NAME, an existing tenant of PROJECT NAME

The reason for this letter is to notify you that OWNER ENTITY/NAME, the owner of PROJECT NAME, has decided to end its participation in the LIHTC Program.

PROJECT NAME was a Low Income Housing Tax Credit (LIHTC) project¹. Government regulations provided the owner an option for removing PROJECT NAME from the LIHTC Program. This option was known as the qualified contract process. The owner completed the qualified contract process and has now met the requirements to remove PROJECT NAME from the LIHTC Program². With the end of the LIHTC program, PROJECT NAME will no longer have income guidelines or limits on the amount of rent that can be charged to new tenants that move-in to PROJECT NAME. Your household, however, is an existing tenant and will be provided three years of protection.

Three Years of Protection for Existing Tenants – For the next three years, the rent charged to your household can not be increased to an amount that exceeds LIHTC guidelines. Also, for the next three years your household can not be evicted or refused a lease renewal, unless there is Good Cause for doing so. The three year protection period for your household will end on TPP END DATE. After that date, there will be no LIHTC limit on the amount of rent that can be charged to your household nor will any of the other LIHTC Program regulations be applicable to your household.

Contact Person - The owner has named the individual listed below as the person to contact if there are any questions about the three year tenant protection period for PROJECT NAME. If you want to learn more about the qualified contract process, a list of the government rules and regulations are included at the bottom of this letter.

CONTACT NAME, TITLE, ORGANIZATION, MAILING ADDRESS, PHONE, E-MAIL ADDRESS

Sincerely,
Owner and/or Management Agent

¹ Rules and Regulations for the LIHTC Program and the Qualified Contract Process - The rules and regulations for the LIHTC program are found in Section 42 of the Internal Revenue Code (IRC). The LIHTC program is administered in the state of Michigan by MSHDA. The qualified contract process, formulaic price guidelines, extended use period regulations, and the three-year tenant protection period for the LIHTC program are discussed in IRC Section 42(h)(6)(E). MSHDA has published a Qualified Contracts Procedures Guide, which can be accessed at www.michigan.gov/mshda, select “Property Managers”, then “Compliance for Rental Housing”, and then “Manuals, Policies and Codes”.

² The one-year buyer search period for the qualified contract process for PROJECT NAME ended on END DATE. The Three Year Tenant Protection Period began on TPP START DATE and will end on TPP END DATE.

SAMPLE TENANT NOTIFICATION LETTER

(May 2018)

Date of Notice #3

To: Existing tenants of PROJECT NAME

The reason for this letter is to inform you that PROJECT NAME will continue to be a Low Income Housing Tax Credit (LIHTC) project. The OWNER ENTITY/NAME, the owner of PROJECT NAME, had applied for a qualified contract¹. At the conclusion of the qualified contract process, it was determined that the project would continue to be enrolled in the LIHTC program. PROJECT NAME will continue to have income limits and limits on the amount of rent that can be charged to tenants. All other LIHTC program rules will also continue to apply to PROJECT NAME.

Contact Person – Please contact the person if you have any questions about this letter.

CONTACT NAME, TITLE, ORGANIZATION, MAILING ADDRESS, PHONE, E-MAIL ADDRESS

Sincerely,
Owner and/or Management Agent

¹ Rules and Regulations for the LIHTC Program and the Qualified Contract Process - The rules and regulations for the LIHTC program are found in Section 42 of the Internal Revenue Code (IRC). The LIHTC program is administered in the state of Michigan by MSHDA. The qualified contract process, formulaic price guidelines, extended use period regulations, and the three-year tenant protection period for the LIHTC program are discussed in IRC Section 42(h)(6)(E). MSHDA has published a Qualified Contracts Procedures Guide, which can be accessed at www.michigan.gov/mshda, select "Property Managers", then "Compliance for Rental Housing", and then "Manuals, Policies and Codes". The one-year buyer search period for the qualified contract process for PROJECT NAME ended on END DATE.