



M E M O R A N D U M

TO: Owners and Managers of MSHDA LIHTC and Bond-financed Projects

FROM: Michael Witt, Director of Asset Management
Sherri Davio, Compliance Manager

DATE: September 12, 2017

RE: Temporary Emergency Housing for Displaced Individuals
Affected by Hurricane Harvey or Hurricane Irma

In accordance with Revenue Procedures 2014-49 and 2014-50, the Michigan State Housing Development Authority (MSHDA) is permitting owners of low-income housing tax credit (“LIHTC”) and MSHDA Bond properties in the State of Michigan to provide temporary emergency housing to displaced individuals affected by Hurricane Harvey or Hurricane Irma. Information about the major disaster declarations for these hurricanes can be accessed at www.fema.gov/disaster.

- Hurricane Harvey received a Major Disaster Declaration on August 25, 2017, with a FEMA incident period beginning on August 23, 2017.
- Hurricane Irma received a Major Disaster Declaration on September 10, 2017 with a FEMA incidence period beginning on September 04, 2017.

I: BACKGROUND

Revenue Procedure 2014-49 provides temporary relief from certain requirements of Section 42 of the Internal Revenue Code for owners of LIHTC buildings after the declaration of a Major Disaster by the President. Revenue Procedure 2014-50 provides temporary relief from certain requirements of Section 142 of the Internal Revenue Code for owners of bond projects or bond/LIHTC projects. Specifically, Section 12 of Rev Proc 2014-49 and Section 6 of Rev Proc 2014-50 (“Emergency Housing Relief”) allow the owners of LIHTC properties to provide temporary housing for displaced individuals for a period of 12 months with approval from the state housing credit agency. Through this Notice, MSHDA hereby authorizes all LIHTC owners/management agents in the State of Michigan to utilize the emergency housing relief authorized in the applicable Revenue Procedures for the duration of the temporary housing period, as defined below.

II: KEY DEFINITIONS

- **DISPLACED INDIVIDUAL:** An individual who is displaced from his or her principal residence as a result of a Major Disaster and whose principal residence was located in a Major Disaster Area designated as eligible for Individual Assistance by FEMA.
- **MAJOR DISASTER:** An event for which the President has declared a major disaster under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 et seq.
- **MAJOR DISASTER AREA:** Any city, county, or other local jurisdiction for which a Major Disaster has been declared by the President and which has been designated by FEMA as eligible for Individual Assistance, Public Assistance, or both.
- **TEMPORARY HOUSING PERIOD:** The period, if any, beginning on the first day of the incident period, as determined by FEMA, and ending on the date determined by the Agency under section 12.02 of Revenue Procedure 2014-49 or section 5.02 of Revenue Procedure 2014-50. The Temporary Housing Period cannot exceed 12 months from the end of the month in which the President declared the Major Disaster.
 - Hurricane Harvey - The relevant Temporary Housing Period for this emergency housing relief begins on August 23, 2017 and ends on August 31, 2018.
 - Hurricane Irma – The relevant Temporary Housing Period for this emergency housing relief begins on September 04, 2017 and ends on September 30, 2018.

III: EMERGENCY HOUSING RELIEF FOR DISPLACED INDIVIDUALS

If a displaced individual applies for residency at a LIHTC property, the owner may allow the individual to move into an income-restricted unit regardless of income qualification. The displaced individual may be treated in one of two ways:

1. **Qualified LIHTC Households:** If a displaced individual qualifies as a low-income household under the applicable LIHTC income limits, then the Owner may either move the household in as a LIHTC qualified household or may apply the emergency housing relief rules described in this notice.
2. **Unqualified LIHTC Households:** If a displaced individual does not qualify as a low-income household under the applicable LIHTC income limits, then the owner may move the household into an available market rate unit or may move the household into a LIHTC unit by applying the emergency housing relief rules described in this notice.

If a displaced individual is provided emergency housing relief during a time that is within both the temporary housing period and the first year of the project's credit period, then during the temporary housing period the unit is treated as a low-income unit for purposes of meeting the project's minimum set-aside and qualified basis.

If a displaced individual is provided emergency housing relief during the temporary housing period but after the first year of the project's credit period, then the unit retains the status it had immediately before occupancy by the displaced individual. The unit does not affect the project's minimum set-aside or the building's applicable fraction. If a displaced individual remains in a LIHTC unit after the temporary housing period ends, then the status of the unit must be reevaluated. At this time, the owner must obtain all required income qualification documents to support the household's continued status as a qualified low-income household. The household is

treated as a new move-in and must go through an initial qualification. The effective date of the initial qualification must be no later than the day after the temporary housing period ends.

IV: REPORTING AND DOCUMENTATION REQUIREMENTS

To comply with the emergency housing relief provisions under the applicable Revenue Procedures, the owner must obtain and maintain certain information concerning each displaced individual temporarily housed. The information must be contained in a statement signed by the displaced individual under penalties of perjury. MSHDA is providing a mandatory form entitled "Affidavit of Displacement", which is posted on the MSHDA website (www.michigan.gov/mshda), then select "Rental", then "Property Managers", and then "Manuals, Policies, and Codes"). The information gathered must include:

- Name of the displaced individual(s)
- The address of the principal residence at the time of the Major Disaster of the displaced individual(s)
- The Social Security number of the displaced individual(s)
- A statement that the individual was displaced from the individual's principal residence as a result of a Major Disaster and that the individual's principal residence was located in a city, county, or other local jurisdiction that is covered by the President's declaration of a Major Disaster and that is designated as eligible for Individual Assistance by FEMA because of the Major Disaster.

The owner must maintain a copy of the agency's approval to provide emergency housing relief (i.e. a copy of this notice) and a copy of the displaced individual's Affidavit of Displacement ("Affidavit") in the tenant file. The owner must e-mail a copy of each completed Affidavit to MSHDA **within 24 hours** of move-in of the displaced individual to the LIHTC/Bond Unit. Social Security numbers of the tenants should be blackened out prior to e-mailing the form to MSHDA. Upon a displaced individual's move-out, a second copy of the form should be sent to MSHDA **within 24 hours** stating the move-out date. The form should be sent by e-mail to mshdacompli@michigan.gov, with "Affidavit of Displacement" in the subject line.

When updating the property's tenant event reporting (i.e. move-in, move-out, etc.) through MSHDA's Certification On Line (COL) system, the owner/management agent must include a comment next to the tenant's name indicating that the tenant is displaced from the Major Disaster Declaration and is being temporarily housed at the property. For example:

Tenant Name: Jane Doe (HURRICANE HARVEY)

V: MISC. COMPLIANCE REQUIREMENTS

RENT RESTRICTIONS

Rents for any low-income housing tax credit units used to house displaced individuals must not exceed the maximum gross rent allowable for compliance under Section 42(g)(2).

PROTECTION OF EXISTING TENANTS

Existing tenants in occupied low-income housing tax credit units may not be evicted or have their tenancy otherwise terminated solely to provide emergency housing relief for a displaced individual.

SUSPENSION OF NON-TRANSIENT REQUIREMENTS

The non-transient use requirement of Section 42(i)(3)(B)(i) shall not apply to any unit providing temporary housing to a displaced individual.

NEXT AVAILABLE UNIT RULE

During the temporary housing period, for purposes of determining compliance with the next available unit rule under Section 42(g)(2)(D)(ii), the owner disregards any unit occupied by a displaced individuals.

OTHER HOUSING PROGRAMS

This notice applies only to LIHTC and MSHDA Bond projects. Those projects that other government funding, such as Section 8, HOME, local government funding, etc. should consult the administrator of those programs prior to providing emergency housing relief.

Questions about this notice should be directed to: Audriene Patterson, Compliance Specialist, (517) 241-2560, pattersona@michigan.gov.