

PENNSYLVANIA HOUSING FINANCE AGENCY  
LOW INCOME HOUSING TAX CREDIT PROGRAM  
COMPLIANCE MANUAL

**April 2014**

# COMPLIANCE MANUAL

PENNSYLVANIA HOUSING FINANCE AGENCY  
**211 North Front Street**  
**P. O. Box 8029**  
**Harrisburg, PA 17105-8029**

Tax Credit Administration & Allocation  
(717) 780-3881 FAX (717) 780-1888

Tax Credit Compliance Monitoring  
(717) 780-3818 FAX (717) 780-3867

## PREFACE

The Pennsylvania Housing Finance Agency (PHFA or Agency), in response to its obligation to monitor the compliance of participants in the Low Income Housing Tax Credit (LIHTC) Program in the Commonwealth of Pennsylvania, has compiled this Compliance Manual. Even though the Agency has the legal right to delegate compliance monitoring functions, PHFA has decided to perform these functions.

This Manual outlines the components of compliance monitoring for owners/agents who are administering programs utilizing Low Income Housing Tax Credits. This is an ongoing process, which is expected to last throughout the qualified property period. The Agency began monitoring for noncompliance effective January 1, 1992. If the Agency becomes aware of any noncompliance that occurred prior to this January 1, 1992 effective date, it processes this noncompliance accordingly. The amount of PHFA involvement during the qualified property period depends on the size, as well as the financing, of the development.

It is important to note that this Manual is to be used to supplement the existing law and rules prescribed by the Internal Revenue Service (IRS). This Manual should be used in conjunction with Section 42 of the Internal Revenue Code, as amended, as well as the Qualified Allocation Plan (QAP).

The Guide For Completing Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance on Building Disposition is an IRS Audit Technique Guide that can also lend insight into the program.

## BACKGROUND

The PHFA is a public corporation created by the General Assembly of Pennsylvania to finance the development of housing for low and moderate-income individuals and families. Through the sale of taxable and tax-exempt notes and bonds, PHFA obtains funds to make construction and long-term mortgage loans to single family homebuyers and to qualified developers of rental housing. These loans, issued at interest rates below conventional financing, are an attempt on the part of PHFA to provide quality, affordable housing at lower rentals in the Commonwealth.

The LIHTC Program is a federal program created by the 1986 Tax Reform Act with revisions pursuant to the Budget Reconciliation Acts. The Governor of Pennsylvania has designated the Pennsylvania Housing Finance Agency as the Commonwealth Agency responsible for the administration of the Program, the purpose of which is to assist in the creation and preservation of affordable housing for low-income households.

The Program makes available to owners of and investors in, low-income rental housing properties a tax credit, which is a dollar-for-dollar reduction of their tax liability. This credit may be taken for a ten-year period provided that the property remains in compliance with the low-income occupancy requirements and applicable rent restrictions during the compliance period.

Chapter 01: Responsibilities

Chapter 02: Management Policies and Guidelines

Chapter 03: Resident Income Eligibility

Chapter 04: Compliance Procedures

Chapter 05: Extended Use Compliance Procedures

Chapter 06: The American Recovery and Reinvestment Act (ARRA)

Chapter 07: Subsequent New Allocation of Tax Credits for Projects in the Extended Use Period

Exhibits

## **R E S P O N S I B I L I T I E S**

## **RESPONSIBILITIES**

### **1.1 PHFA RESPONSIBILITIES**

The PHFA, in an effort to best meet the requirements as a monitoring Agency of the LIHTC Program, will perform the following functions once a final allocation has been awarded to a particular development.

1. Review the Project History Form, as submitted by the owner/agent.
2. Review the Owner's Certificate of Continuing Program Compliance, as submitted by the owner/agent.
3. Review the Tenant Income Certificate(s), as submitted by the owner/agent.
4. Notify the owner/agent of any noncompliance with the LIHTC Program.
5. Notify the Internal Revenue Service (IRS) of any noncompliance issues, as required.
6. At the discretion of PHFA and in accordance with IRS direction, from time to time, perform on-site inspections and management reviews.

### **1.2 OWNER/AGENT**

- A. Upon receiving an allocation of LIHTCs, the owner/agent is responsible for:
  1. Following the instructions in this Pennsylvania Housing Finance Agency LIHTC Program Compliance Manual.
  2. Completing and submitting the Project History Form.
  3. Completing and submitting the Owner's Certificate of Continuing Program Compliance, to the Agency as instructed in the PHFA LIHTC Compliance Manual.
  4. Completing and submitting the Tenant Income Certification(s), to the Agency as instructed in the PHFA LIHTC Compliance Manual.
  5. Participating and facilitating in the compliance review.
  6. Making all required corrections and/or clarifications as determined necessary for compliance. This action must be completed and a response received within the time established by the Agency. The Agency must give notice to the IRS of any known noncompliance.
  7. Keeping records for each building pursuant to the Tax Credit Compliance Manual, Section 4.5, Recordkeeping and Record Retention.
  8. Allowing and assisting in the review of any low income building during the compliance period. This audit would include an inspection of the building as well as the review of records.

B. The owner/agent must notify the PHFA of:

1. Change in management agent.
2. Anticipated change in ownership. Prior to a change of ownership, the owner must adhere to the procedures set forth in IRS Revenue Ruling 90-60.
3. Change of mailing address.
4. Action prescribed by the IRS should noncompliance exist.

C. Submission of Audited Financial Statements

The Pennsylvania Housing Finance Agency is compiling annual statistical data on the financial operations of the non-portfolio tax credit properties (properties that have received a tax credit allocation but no additional PHFA financing). The Agency is limiting the data to properties with **20 or more units**.

Effective January 1, 2000 and annually thereafter, PHFA will require the submission of audited financial statements. If audited financial statements are not available, a compilation must be prepared and submitted.

One copy of the financial statement or compilation is to be submitted, via scan and email, to PHFA by March 31 for the preceding calendar year.

**MANAGEMENT POLICIES  
AND GUIDELINES**



## **MANAGEMENT POLICIES AND GUIDELINES**

The following procedures apply to the processing and occupancy of Low Income Housing Tax Credit Units. These guidelines need to meet all local and state landlord tenant laws and must be in compliance with the Internal Revenue Code, Section 42, and all regulations and guidelines, promulgated in accordance thereto.

### **2.1 MARKETING**

Eligible units must be made available for use by the general public and cannot be restricted to members of particular organizations.

Owners cannot give preferences in renting units or limit occupancy to special groups or persons, such as elderly persons or persons with a handicap or disability or homeless persons, in any way, if these actions would result in violation under the Fair Housing laws and all state and federal statutes and regulations.

### **2.2 SCREENING**

Should the owner/agent choose to establish tenant selection criteria for the screening of their applicants for occupancy, they must establish this criterion in writing. This screening criterion must be applied and performed on all applicants for housing in the development. This would include the LIHTC applicant, as well as all other applicants. This screening must be in compliance with all federal, state statutes and regulations.

### **2.3 RENT AND UTILITY ALLOWANCE REQUIREMENTS**

The gross rent charged by the owner/agent must comply with the owner's election of the minimum set-aside of low-income units by targeting residents at either 50 percent or 60 percent of median income. Once an election is made, and the building is placed in service, the percent of minimum set-aside may not be changed. If further restrictions are made through a Restrictive Covenants Agreement/Extended Use Agreement, the owner must adhere to those, as well.

The gross rent must include an allowance for all utilities to be paid by the resident. Please refer to IRS Notice 89-6, Utility Allowance Requirements, Determination of General Public Use, and Provision of Services. Also, reference Internal Revenue Regulations (TD 8520 and TD 9420) for updated information on utility allowances.

The maximum allowable rent calculations include costs to be paid by the resident for utilities inclusive of heat, lights, air conditioning, water, sewer, oil or gas, where applicable. Utilities do not usually include telephone, cable TV, or internet costs unless required as part of the security system.

Utility allowances should be calculated as follows:

1. Housing and Urban Development (HUD) regulated buildings - use HUD approved utility allowances.
2. Rural Housing Services (RHS) regulated buildings - use RHS approved utility allowances.

3. Conventional buildings - use Public Housing Authority (PHA) utility allowances unless utility company data can show alternate amounts. However, for Section 8 certificates or vouchers, use the PHA Section 8 Existing utility allowances.

Effective July 29, 2008, in lieu of obtaining a utility allowance from the local utility company, the owner may choose to obtain a utility estimate for each unit from the Agency that has jurisdiction over the building/project (PHFA), to calculate utility allowances using the HUD Utility Schedule Model, or to retain the services of a qualified professional to calculate utility allowances based on an energy consumption model. (Refer to TD 9420)

Effective May 2, 1994, if a local utility company estimate has been obtained for the units of a given building and HUD assisted tenants move into one or more of those units, the use of the PHA utility allowance would apply only to those units that are rent restricted. (refer to TD 8520)

Utility allowances must be updated annually, since they are included in the maximum allowable rent calculations. Updated utility allowances must be implemented within 90 days of their change. Utility analysis data must be retained in the property's yearly files. Any changes in utility allowances may impact on the net chargeable rent to the resident.

Beginning in 1990, fees paid by a government assistance program or rental assistance provided by a tax-exempt organization to the owner for supportive services do not have to be included in the gross rent.

Gross rents are based on unit size (number of bedrooms per unit). The rent is equal to 30 percent of the maximum income for an imputed household size. The rent for a unit that does not have a separate bedroom would be based on one individual occupying the unit. The rent for units with one or more separate bedrooms is based on 1.5 individuals occupying each of the bedrooms.

## **2.4 UNIT ELIGIBILITY REQUIREMENTS**

For a building to qualify for the low income housing tax credits, the following requirements must be considered:

- A. Non-Transient Housing - The building may not be used for transient housing. A resident is considered transient if the initial lease term is less than six months. The only exception to the six-month lease restriction is Single Room Occupancy (SRO) housing, which permits units to be rented on a monthly basis.
- B. Suitable for Occupancy - All units must be suitable for occupancy as determined under regulations prescribed by the Secretary of Treasury, which will take into account health, safety, and building codes. The owner shall certify that this requirement is being met annually by use of the Owner's Certificate of Continuing Program Compliance. This report must be submitted to the Agency each of the 15 years of the compliance period. See Exhibit A for the required submission date.
- C. Fair Housing - Under current Internal Revenue Service interpretations, compliance with the general public use requirement for tax credit properties requires compliance with the Fair Housing Act. Monitoring Agencies have been instructed that noncompliance with the Fair Housing Act will constitute noncompliance with the general public use requirement and are reportable offenses.
- D. Housing Students - In general, a unit is not considered a low-income unit if all the

occupants of such unit are full-time students (as defined in Section 151(c))(4) of the Code; which includes children K-12). The exceptions to this are as follows:

- The full-time adult students are married and filing a joint federal income tax return.
  - The full-time student is receiving assistance under Title IV of the Social Security Act.
  - The full-time student is enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar federal, state, or local laws. Note: The IRS does not consider an internship a “similar” program (for example, a medical school student doing their residency or a student in a fellowship).
  - The full-time student is a single parent living with his/her minor children (with none of the persons being dependents of a third party; Exception: Child may be a dependent of his non-resident parent.)
  - The full time student is/was a recipient of foster care assistance under Part B or E of Title IV of the Social Security Act. **(Effective for determinations after 7/30/2008.)**
- E. Hospitals, nursing homes, sanitariums, life-care facilities, retirement homes (providing significant services other than housing), dormitories, or trailer parks may not be qualified LIHTC properties.
- F. Transfers – Same Building: The Available Unit Rule permits transfers within the same building. If an over income household transfers between units in the same building, the units swap status and the 140% status will transfer with the household to the new unit. **Different Building:** Look to the IRS Form 8609 for guidance. If the Form 8609 Part II, line 8b was marked “Yes”, then the owner chose to treat the building as part of a multiple building project. In this case, a transfer between buildings may occur as long as the household income as of the last recertification was not determined to be over 140% of the AMI Limit. If the Form 8609, Part II, line 8b was marked as “No”, the owner chose to NOT treat the building as part of a multiple building project. In this case, a transfer between buildings may not take place. In order to move to a unit in a different building, a household must be treated as a *new move-in*. Therefore, all application, verification, and certification procedures must be completed for the transferring household. The household must now meet the current income limit (not the 140% limit) to maintain the LIHTC status. **NOTE: A Tenant Income Certification must be completed at the time of transfer in order to track the current residence of the tenant.**
- Reminder:** For **all transfers**, the effective dates for the recertifications that follow do not change. The effective date should always be the anniversary date of the household’s move-in (unless a change was mandated by Section 8 or RHS).
- G. Vacant Units - When a unit becomes vacant, which was formerly occupied by low income individuals, it may continue to be treated as occupied by a qualified low income individual for purposes of the set-aside requirement (as well as for determining qualified basis) provided reasonable attempts are made to rent the unit and no other units of comparable or smaller size in the property are rented to non-qualifying households.
- H. Restrictive Covenants – When a property commits to additional special set-asides, the appropriate number of units must either be rented to households that meet the set-aside requirements or they must be kept vacant; unless otherwise specified by the Agreement.

## 2.5 RESIDENT APPLICATION PROCESS

Applicants being processed for a LIHTC unit should be advised of the income limit restrictions of the development, as well as any tenant selection criteria the owner/agent uses to determine eligibility for occupancy.

The applicant must complete and sign a Release of Verification Form for use by the owner/agent in retrieving third-party asset and income information. This information is necessary to complete the Tenant Income Certification.

In offering equal opportunity to all applicants, a consistent method of accepting and processing applications should be devised.

## **RESIDENT INCOME ELIGIBILITY**

## **RESIDENT INCOME ELIGIBILITY**

### **3.1 INCOME ELIGIBILITY REQUIREMENTS**

The LIHTC Program requires that the determination of eligible household income be based on the HUD Regulations in the Code of Federal Regulations. As a result, in order to determine income eligibility, the owner/agent must obtain verification of all income sources of all adult household members age 18 and older, as well as benefits paid on behalf of minors in the household. Unborn children and children who are in the process of being adopted (who do not live in the unit) are considered household members for purposes of determining unit size and income limits (Ref. HUD 4350.3 REV 1 Chapter 3). Income from assets is also to be included in annual income. To arrive at an income from asset figure, the owner/agent needs to verify all assets and establish a cash value of the asset. Include in the computation any assets that were disposed of for less than Fair Market Value within the two years prior to the effective date of the certification. At the time of verification, the anticipated income of the asset must be included in the total income figure that is compared to the applicable income limit.

For the LIHTC Program, the amount of income from assets will be determined on the total cash value of all assets owned by the household members.

- If the total cash value of all assets owned by the household is less than \$5,000, include the actual income derived from the asset in annual income.
- If the total cash value of all assets owned by the household is \$5,000 or greater, include in annual income the larger amount of either the actual income derived from the assets or an imputed amount, which is calculated by multiplying the total cash value of all assets owned by the household times 2.00 percent.

This process cannot occur until third-party verification of all income and assets has occurred. When this verification has been retrieved, the owner/agent will complete a Tenant Income Certification.

The Internal Revenue Service has determined that an owner may satisfy the documentation requirement for a low income tenant's income from assets by obtaining a signed, sworn statement from the tenant or prospective tenant if (1) the tenant's or prospective tenant's net family assets do not exceed \$5,000, and (2) the tenant or prospective tenant provides a signed, sworn statement to this effect to the building owner. This determination was published in Revenue Procedure 94-65 and was effective October 11, 1994.

### **3.2 INCOME LIMITS**

The U.S. Department of Housing and Urban Development (HUD) publishes median income information for Pennsylvania that is broken down into local areas, such as county or metropolitan areas. HUD publishes these limits on an annual basis. The Agency will make them available to all owners of the Low Income Housing Tax Credit Program.

Rural projects will use the greater of the area median gross income (AMGI) or the national non-metropolitan median income for determinations made after July 30, 2008.

### **3.3 INCOME INCLUSIONS AND EXCLUSIONS**

Refer to HUD Handbook 4350.3 REV 1, Chapter 5, Exhibit 5-1.

The regulations can be found on HUD's website at [www.hud.gov](http://www.hud.gov).

### **3.4 CALCULATING INCOME FROM EARNINGS AND BENEFITS**

Verified income must be converted to annual amounts by using the following calculations:

1. To annualize full-time employment, multiply;
  - hourly wages by 2080 hours;
  - weekly wages by 52;
  - biweekly amounts by 26;
  - semi-monthly amounts by 24;
  - monthly amounts by 12.
2. To annualize income from anything other than full-time employment, multiply;
  - hourly wages by the number of hours the family expects to work annually;
  - average weekly amounts by the number of weeks the family expects to work;
  - other periodic amounts (monthly, biweekly, etc.) by the number of periods the family expects to work.
3. Annual wages should always reflect a full 12-month period, regardless of the pay schedule. For example, if a schoolteacher earns a gross annual salary of \$17,000, the \$17,000 should be used as annual salary whether the teacher is paid over only nine months or throughout the year.
4. If a family indicates that income might not be received for the full 12 months, i.e., unemployment compensation, the owner should still annualize the income, i.e., income benefits may be extended.

### **3.5 INCOME FROM ASSETS**

The Tenant Income Certification will help in working through the calculation to determine income from assets.

Third-party verification is required to determine the market value of an asset. The value of the asset may then be reduced by whatever costs that may be incurred to convert that asset to cash. Examples of these costs are:

- penalties for premature withdrawal;
- brokers fees;
- legal fees;
- settlement costs for real estate transactions.

## HOW TO CALCULATE CASH VALUE

Owners must use the cash value of the asset, i.e., the amount the family would receive if the asset were converted to cash.

Cash value is the market value minus any reasonable expenses that would be incurred in selling or converting the asset to cash, such as:

- penalties for early withdrawals;
- broker and legal fees;
- settlement costs for real estate.

When valuing checking accounts, remember to use the average monthly balance for the last six months. If the bank will not provide this information, you must collect the statements from the residents and compute a six-month average.

Examples:

	<u>Balance</u>	<u>Interest Rate</u>	<u>Penalty for Early Withdrawal</u>
A.	\$5,000	6.0%	3 months
B.	\$8,000	7.5%	4 months
C.	House valued at \$50,000 with broker fees of \$2,000 and settlement cost of \$6,000.		

To Calculate:

- A.  $\$5,000 \times 6\%$  divided by  $12 \times 3 = \$75$  (penalty for early withdrawal).  
 $\$5,000 - \$75 = \$4,925$  (cash value).  
 $\$5,000 \times 6\% = \$300$  (actual yearly income from asset).
- B.  $\$8,000 \times 7.5\%$  divided by  $12 \times 4 = \$200$  (penalty for early withdrawal).  
 $\$8,000 - \$200 = \$7,800$  (cash value).  
 $\$8,000 \times 7.5\% = \$600$  (actual yearly income from asset).
- C.
- |                  |               |
|------------------|---------------|
| Market Value     | \$50,000      |
| Broker Fees      | -2,000        |
| Settlement Costs | <u>-6,000</u> |
| Cash Value       | \$42,000      |

Actual yearly income from asset - zero.

## 3.6 ASSET INCLUSIONS AND EXCLUSIONS



Refer to HUD Handbook 4350.3 REV 1, Chapter 5, Exhibit 5-2.

The regulations can be found on HUD's website at [www.hud.gov](http://www.hud.gov).

### **3.7 INCOME AND ASSET VERIFICATION**

All sources and forms of income and assets must be verified. Verification must be received by the owner/agent prior to the execution of the Move-in Certification and occupancy, as well as prior to the annual recertification.

#### **PROCESSING/DATING OF CERTIFICATIONS**

**Effective Date:** For an initial certification, this date is the same as the move-in date. For an annual certification, this date is either the exact month/day of the move-in on yearly intervals, or the first of the month, at yearly intervals from move-in. EXAMPLE: Resident(s) move in 01/21/08, their Annual Certification is effective either 1/21/09 or 01/01/09. (Exceptions: (1) If a new recertification is needed prior to the anniversary date to meet RHS income recertification requirements, a new LIHTC TIC can be processed too. This will establish a new yearly recertification date to coincide with the RHS processing. (2) If a new recertification is needed prior to the anniversary date due to the resident being accepted into the Section 8 Program between certifications, a new LIHTC TIC can be processed to allow the paperwork to coincide with that of the Section 8 office. This will establish a new yearly recertification date to coincide with the Section 8 processing.) When a transfer occurs, an interim certification is processed effective the day of the transfer. An annual recertification is then processed at yearly intervals from the original move-in date. **Note:** The effective date, and not the date the resident signs the Certification Form, is the driving force behind the Certification. The resident should not backdate his signature date.

**Move-In Date:** This is the initial date the resident took legal possession of the unit. If the move-in is the result of a transfer, use the original move-in effective date into the property. If the move-in is the result of an acquisition with existing residents, the move-in date is the date of the acquisition.

Each adult household member prior to the application interview and again at the annual recertifications should sign an Authorization for Release of Verification Form. These forms are consent forms to allow for the release of information necessary for third-party verification. Additional signatures of new adult members should be obtained prior to move-in or when the member turns 18 years of age.

If a tenant's net family assets do not exceed \$5,000, then the Internal Revenue Service has determined that an owner may satisfy the documentation requirement for verification of income from assets by obtaining a signed, sworn statement directly from the tenant. The statement must include notations that the tenant's net family assets do not exceed \$5,000 and a reference to the amount of annual income the tenant earns from the net family assets.

In the event the property received acquisition and rehabilitation tax credits and the property was occupied on the date of acquisition, tenant income certifications must be completed effective the date of the acquisition (with verification of existing income and assets being completed within 120 days before or after the date of acquisition). Based upon an owner's demonstration of special circumstances, the Agency may, in its sole discretion, determine income eligibility as of the rehabilitation placed-in-service date. See Rev. Proc. 2003-82 (safe harbors), which may require January 1 recertifications. Note: The Revenue Procedure says to test the household income, the Agency considers this "test" to be a complete tenant income certification requirement.

## **VERIFICATION TERM**

All items that affect an applicant's eligibility must be verified and be 120 days current to (prior to) the move-in or annual recertification; with the exception of acquisition move-in certification data, which may be verified within 120 days after the date of acquisition.

Four methods of verification are acceptable. They are listed in order of acceptance:

1. Written verification by a third party, which should not be hand carried by the resident. Oral verification by a third party is acceptable if a form is completed, signed, and dated by agent indicating identity of the third-party oral source.
2. Review of documents evidencing income sources, but only when a third-party verification is not possible.
3. Resident Certification (notarized statement) when third-party verification or review of documents is not possible or delayed beyond four weeks. This method is usually not acceptable and should only be used as a last resort.
4. Asset Verification Only - If the tenant's net family assets are less than \$5,000, then the owner can obtain a signed, sworn statement from the tenant in accordance with Revenue Procedure 94-65.

Verification should be date stamped upon receipt to ensure compliance. Sample verification forms are included as Exhibits to this manual.

### **3.8 INCOME AND ASSET VERIFICATION OF HUD-ASSISTED RESIDENTS**

Should the LIHTC resident be the recipient of Section 8 assistance in the form of a Section 8 Certificate, Section 8 Voucher, or Section 8 Moderate Rehabilitation Contract, the owner/agent would certify with the Contract Administrator (CA) for the HUD assistance, i.e., the local PHA, that each recipient of this assistance is income eligible according to the income limit requirements of the LIHTC Program.

Verification may be secured by letter to the CA outlining the income requirements, as well as the income limits. The CA should certify that this occurs for all recipients of the assistance program by returning the letter with a certification.

A copy of that letter must accompany the appropriate certification worksheet form for all move-ins and recertifications.

### **3.9 RECERTIFICATION**

The determination of continued resident eligibility of all set-aside units must be performed annually. This calculation is performed in the same manner as the initial eligibility requirements.

The owner/agent is required to retrieve third-party verification of all income sources of all adult household members age 18 and older, as well as benefits paid on behalf of minors in the household. An **exemption** to the third party verification process may apply if: 1) a project received a tax credit allocation for 100% of its units and 2) the owner provides a statement to the Agency that the property is eligible for the exemption because it is a 100% LIHTC property and no units were occupied by nonqualifying households. (The exemption is discussed later in this chapter.)

Applicable income from assets is to be included in annual income. This amount is established by obtaining third-party verification of assets, or if assets are less than \$5,000, by obtaining a signed, sworn statement from the tenant. The income from the asset to be included in annual income is the actual income from asset if the total cash value of all assets is less than \$5,000. If the total cash value of all the assets is \$5,000 or more, include the larger amount when compared to the actual income from asset as opposed to the imputed amount, which is calculated by multiplying the total cash value of assets times 2.00 percent.

When this recertification procedure is performed, the owner/agent needs to pay particular attention to the circumstances that may have affected the continuing eligibility of a resident in a set-aside unit. Areas of concern include:

- New or additional income sources;
- Change in employment status;
- Change in family composition - (If the number of household members decreases or increases, the income limit used at time of recertification is 140 percent of the new household size);
- Addition of assets;
- Deletion of assets.

The owner must complete a Tenant Income Certification (TIC) or Alternate Certification, to establish continued eligibility. The income limits are amended to reflect 140 percent of the median income limit as adjusted for family size.

- If the household annual income at recertification increases above the qualifying income level at move-in, but is less than 140 percent of the area median income limit, as adjusted for family size, the family continues to qualify as a low income set-aside unit household.
- If the household annual income at recertification exceeds 140 percent of the area median income limit, as adjusted for family size, the unit may continue to count as a low income set-aside unit as long as all available units of comparable or smaller size in the building are occupied by qualified low income residents. (The revised available unit rule was effective as of September 26, 1997.)

The **addition of household members** is to be processed as follows:

- Complete a move-in TIC to include only the new member. The effective and move-in dates are both to be the date the person moves into the unit. The current income limits apply. If the new member is eligible as of that date, then they would also qualify to remain in the unit should all other original household members decide to vacate. If the new member is ineligible, they will have to move-out when all initial household members vacate. Third party income verification is required. **(This TIC is not entered into the Agency's Automated Web Entry System.)**
- Complete a second TIC to include all members of the household (existing; plus new). Check the "Other" category on top of the TIC form. The effective date is the date the new

member joins the household. The move-in date remains the original move-in date of the household. The annual recert date for the household does not change.

Add the income from the new member's move-in TIC to the income from the most recent TIC of the existing household to complete this TIC; no third party documentation is required. Apply the 140% rule as of the effective date. (Enter this TIC into the Agency's Automated Web Entry System.)

The Housing and Economic Recovery Act of 2008 (H.R. 3221) allows for an exemption from the annual recertification requirement (effective 1/1/2009). In order to take advantage of the exemption, an eligible owner must provide a statement to the Agency (via the Owner's Certificate of Continuing Program Compliance) that the property is eligible for an exemption of recertification because it is a 100% LIHTC property and no units were occupied by nonqualifying households. Also, the Agency may not have determined any of the units were occupied by tax credit ineligible households. The key points to this procedure are as follows:

- The exemption only applies to recertifications, not initial certifications. Each tenant must still be certified at the time of their initial move-in (including transfers within the property and when adding additional household members age 18 and older).
- The exemption is from the requirement to obtain 3<sup>rd</sup> party supporting documentation. It does not exempt the owner from the requirements of obtaining information regarding household composition, student status, or rents. The Agency has developed the Alternate Certification Form for purposes of recording and reporting this data.
- Properties with additional types of financing, i.e., HOME Investment Partnership Program, must continue using the recertification process.

## **COMPLIANCE PROCEDURES**

## **COMPLIANCE PERIOD PROCEDURES**

### **4.1 ELECTION OF MINIMUM SET-ASIDE**

An irrevocable election of the minimum set-aside of low income units is made by the owner no later than the date the building is placed in service, as outlined in the *Pennsylvania Multifamily Housing Application Program Guidelines and Submission Requirements*.

One of the following elections must be made:

1. At least 20 percent of the rental units must be rented to residents with qualifying income at or below 50 percent of area median income, or
2. At least 40 percent of the rental units must be rented to residents with qualifying income at or below 60 percent of area median income.

Properties that received tax credits prior to January 1, 1990, had to meet their minimum set-aside of low income units no later than 12 months after the building was placed in service. Properties receiving post-1989 tax credits must meet their minimum set aside by the close of the first year of the tax-credit period for the building.

The set-aside is the minimum amount of units that must be reserved for low income residents for a building to be considered a qualified low income building and retain any of its tax credits. However, the amount of units that must be reserved for qualified low income residents is determined at the placed-in-service date and is referred to as the Applicable Fraction of low income units. For a further explanation of the determination of the Applicable Fraction, please refer to the *Pennsylvania Multifamily Housing Application Program Guidelines and Submission Requirements*. The Applicable Fraction must be met on a building by building basis (statute requirement). The Applicable Fraction of units may not be decreased during the compliance or extended compliance period. A decrease in the Fraction may result in a partial recapture of tax credits, an event of noncompliance, and applicable penalties.

### **4.2 COMPLIANCE PERIOD**

A property receiving an allocation of tax credits must remain a qualified low income housing property as defined in Section 42(g) of the Code for its entire compliance period. Properties receiving an allocation of 1987-1989 tax credits were required to remain a qualified property for a period of 15 taxable years beginning with the first taxable year of the credit period. Properties receiving an allocation of tax credits after 1989 must enter into a Restrictive Covenant Agreement with the Agency. This agreement addresses not only the maintenance of the applicable fraction of tax credit units, but also the rights of the residents and provisions for an extended low-income compliance period beyond the initial 15-year compliance period. An owner may claim no tax credit for a taxable year unless the Restrictive Covenant Agreement is in effect for such taxable year.

### **4.3 ELIGIBILITY REPORTING REQUIREMENTS FOR DEVELOPMENTS**

## FINANCED BY PHFA

If a development has PHFA mortgage financing, monitoring requirements for the property must meet additional PHFA compliance procedures and requirements as set forth in the mortgage loan documents and the additional requirements as set forth below:

1. **Owner's Certificate of Continuing Program Compliance** – The owner/agent shall submit to the Agency an Owner's Certificate of Continuing Program Compliance, along with its attachment, the Rental Schedule. The Annual Report covers the prior calendar year, and the Rental Schedule should include all residents that occupied a unit at any given time during that 12-month period. Both of these forms are required submissions for each year throughout the compliance period. Both forms must be submitted through the Agency's Automated Web Entry System and are due by January 31 each year.

Should there be any items that require further clarification, either the Tax Credit Analyst or the Housing Management Representative will write to the owner/agent advising of any outstanding items to be addressed. The owner/agent must respond within 90 days of the date of the letter addressing the method and/or action completed to rectify each item indicated in the letter. (If an owner must make corrections/revisions to previously completed reports/forms, in order to correct an issue of noncompliance, all parties involved in signing the reports/forms must sign off/initial the changes.) When appropriate, the Agency will file IRS Form 8823, Low Income Housing Credit Agencies Report of Noncompliance, regardless of whether the noncompliance items have been corrected. The report will identify all outstanding items that have not been rectified, as well as deficiencies that have been corrected.

2. **Annual Tenant Income Certification / Alternate Certifications:** The TIC shall be submitted to the Agency for each household. If the owner qualifies for an exemption from Annual Recertification, the Alternate Certification must be provided in lieu of the Annual Tenant Income Certification. One of these forms, per resident household, is a required submission for each year throughout the compliance period. Each form must be submitted via the Agency's Automated Web Entry System. The certifications are to be submitted as they are processed throughout the year. Submissions on a weekly or monthly basis are preferred.

A TIC shall be submitted to the Agency for each resident move-in and/or transfer, as well as the addition of a new household member. Properties that are not 100% LIHTC do not qualify for exemption from Annual Recertification and therefore cannot use the Alternate Certification Form.

3. **Compliance Review** - At the discretion of PHFA and in accordance with IRS direction, a compliance review will be performed on LIHTC units.

The developments participating in a Compliance Review will be subject to the following:

- a. Notification in writing of a proposed visitation review date.
- b. Required to have all LIHTC resident files with applicable Tenant Income Certifications and supporting income and asset verification on site for a review or required to send hard copies of said forms to PHFA.
- c. Required to have all utility analysis data on file for review or required to send copies of utility documentation to PHFA.
- d. Required to have a copy of the signed Owner's Certification of Continuing Program Compliance on site for a review or requested to send copy of said form to

PHFA.

- e. Required to have on file all copies of IRS Form(s) 8609 with Part II completed.
- f. Required to have on file a copy of the letter sent to tenant(s) notifying them of a pending physical inspection of the unit.
- g. A review will be performed by a PHFA representative to determine compliance with this Manual and the Low Income Housing Tax Credit Program. The number of files reviewed will not be less than 20 percent of the Low Income Housing Tax Credit Resident Files, and may be up to 100 percent of the files.
- h. PHFA representative will respond to the owner/agent as to any finding during this review. The owner/agent will be required to respond to the representative within 90 days of the date of the letter, addressing the method and/or action completed to rectify each item. (If an owner must make corrections/revisions to previously completed reports/forms, in order to correct an issue of noncompliance, all parties involved in signing the reports/forms must sign off/initial the changes.) PHFA will notify the Internal Revenue Service within 21 days from the above-referenced correction period of all outstanding items that have not been rectified, as well as deficiencies that have been corrected. This may include State imposed noncompliance issues, as well as Section 42 regulated issues. IRS Form 8823 is used to do this reporting.

#### **4.4 ELIGIBILITY REPORTING REQUIREMENTS FOR ALL LIHTC DEVELOPMENTS NOT FINANCED BY PHFA**

As the monitoring agency for the LIHTC Program, PHFA will request the owner/agent utilizing the Program to complete the following steps:

1. **Owner's Certificate of Continuing Program Compliance** – The owner/agent shall submit to the Agency an Owner's Certificate of Continuing Program Compliance, along with its attachments, including the Rental Schedule. The Annual Report covers the prior calendar year, and the Rental Schedule should include all residents that occupied a unit at any given time during that 12-month period. A Tenant Income Certification or Alternate Certification (whichever applies) shall also be submitted to the Agency for each resident household. Both these forms must be submitted through the Agency's Automated Web Entry System and are due by January 31 each year. Should there be any items that require further clarification, a Tax Credit Analyst will write to the owner/agent advising of any outstanding items to be addressed. The owner/agent must respond within 90 days of the date of the letter addressing the method and/or action completed to rectify each item indicated in the letter. (If an owner must make correction/revisions to previously completed reports/forms, in order to correct an issue of noncompliance, all parties involved in signing the reports/forms must sign off/initial the changes.) When appropriate, the Agency will file IRS Form 8823, Low Income Housing Credit Agencies Report of Noncompliance, regardless of whether the noncompliance items have been corrected. The report will identify all outstanding items that have not been rectified, as well as deficiencies that have been corrected.
2. **Annual Tenant Income Certification / Alternate Certifications:** The TIC shall be submitted to the Agency for each household. If the owner qualifies for an exemption from Annual Recertification, the Alternate Certification must be provided in lieu of the Annual Tenant Income Certification. One of these forms, per resident household, is a required



submission for each year throughout the compliance period Each form must be submitted via the Agency's Automated Web Entry System. The certifications are to be submitted as they are processed throughout the year. Submissions on a weekly or monthly basis are preferred.

A TIC shall be submitted to the Agency for each resident move-in and/or transfer, as well as the addition of a new household member. Properties that are not 100% LIHTC do not qualify for exemption from Annual Recertification and therefore cannot use the Alternate Certification Form.

3. **Compliance Review** - At the discretion of PHFA and in accordance with IRS direction, a compliance review will be performed on LIHTC units.

The developments participating in a Compliance Review will be subject to the following:

- a. Notification in writing of a proposed visitation review date.
- b. Required to have all LIHTC resident files with applicable Tenant Income Certifications and supporting income and asset verification on site for a review or required to send hard copies of said forms to PHFA.
- c. Required to have all utility analysis data on file for review or required to send copies of utility documentation to PHFA.
- d. Required to have a copy of the signed Owner's Certification of Continuing Program Compliance on site for a review or required to send hard copy of said form to PHFA.
- e. Required to have on file all copies of IRS Form(s) 8609 with Part II completed.
- f. Required to have on file a copy of the letter sent to tenant(s) notifying them of a pending physical inspection of the unit.
- g. A review will be performed by a PHFA representative to determine compliance with this Manual and the Low Income Housing Tax Credit Program. The number of files reviewed will not be less than 20 percent of the Low Income Housing Tax Credit Resident Files, and may be up to 100 percent of the files.
- h. PHFA representative will respond to the owner/agent as to any finding during this review. The owner/agent will be required to respond to the representative within 90 days of the date of the letter, addressing the method and/or action completed to rectify each item. (If an owner must make corrections/revisions to previously completed reports/forms, in order to correct an issue of noncompliance, all parties involved in signing the reports/forms must sign off/initial the changes.) PHFA will notify the Internal Revenue Service within 21 days from the above-referenced correction period of all outstanding items that have not been rectified, as well as deficiencies that have been corrected. This may include State imposed noncompliance issues, as well as Section 42 regulated issues. IRS Form 8823 is used to do this reporting.

#### **4.5 RECORDKEEPING AND RECORD RETENTION**

As required by the Internal Revenue Service, *FEDERAL REGISTER*, Part 1 and 602, the owner is required to maintain accurate records for each building in the low income housing property. These data MUST include:

- The total number of residential units in the building and the square footage of all residential units in the building.
- The total number of all low-income units in the building.
- The percentage of residential rental units in the building that are low-income units.
- The number of occupants in each low-income unit.
- The rent charged on each residential unit in the building, including an account of the utilities that are paid by the resident and/or the owner. These records should reflect all applicable utility allowances as well.
- The number of bedrooms in each unit.
- The low-income unit vacancies in the building.
- The rentals of all available units in each building, including when and to whom rented.
- Documentation regarding the eligible and qualified basis of each building as of the end of the first year of the tax-credit period.
- The character and use of the nonresidential portion of the building that was included in the building's Eligible Basis.
- The certification data discussed in Section 4.3 and 4.4 of this Chapter.

These records must be kept for a minimum of six years after the due date (with extensions) for filing the federal income tax return for that year. However, the records for the first year of the credit period must be retained for at least 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. All records must be available to the Agency at any time for its review.

**EXTENDED USE**  
**COMPLIANCE PROCEDURES**

## **EXTENDED USE COMPLIANCE PROCEDURES**

### **5.1 APPLICABLE FRACTION**

The Applicable Fraction must be met on a project basis. The Applicable Fraction of units may not be decreased during the extended use compliance period.

### **5.2 EXTENDED USE COMPLIANCE PERIOD**

Properties receiving an allocation of tax credits after 1989 must enter into a Restrictive Covenants Agreement with the Agency. This agreement addresses not only the maintenance of the applicable fraction of tax credit units, but also the rights of the residents and provisions for an extended low-income compliance period beyond the initial 15-year compliance period.

### **5.3 ELIGIBILITY REPORTING REQUIREMENTS FOR DEVELOPMENTS FINANCED BY PHFA**

If a development has PHFA mortgage financing, monitoring requirements for the property must meet additional PHFA compliance procedures and requirements as set forth in the mortgage loan documents and the additional requirements as set forth below:

1. **Owner's Certificate of Continuing Program Compliance** – The owner/agent shall submit to the Agency an Owner's Certificate of Continuing Program Compliance, along with its attachment, the Rental Schedule. The Annual Report covers the prior calendar year, and the Rental Schedule should include all residents that occupied a unit at any given time during that 12-month period, minus the income information for recertifications. The Tenant Income Certification shall also be submitted to the Agency for each resident household move-in, along with copies of third-party supporting income and asset verifications. Both the Owner's Certificate of Continuing Program Compliance and the Tenant Income Certifications are required submissions for each year throughout the extended use period. All reports are due on or before January 31 each year and unless otherwise requested, must be submitted via the Agency's Automated Web Entry System.

Should there be any items that require further clarification, either the Tax Credit Analyst or the Housing Management Representative will write to the owner/agent advising of any outstanding items to be addressed. The owner/agent must respond within 90 days of the date of the letter addressing the method and/or action completed to rectify each item indicated in the letter. (If an owner must make corrections/revisions to previously completed reports/forms, in order to correct an issue of noncompliance, all parties involved in signing the reports/forms must sign off/initial the changes.)

2. **Annual Recertification** – The owner will no longer be required to annually recertify households for LIHTC purposes. An Alternate Certification Form must be completed on an annual basis, if the owner chooses not to complete an Annual Recertification. Annual Recertifications are sometimes required for other types of financing.

3. **Physical Inspection of Property** - At the discretion of PHFA, physical inspections will be performed on LIHTC units at least every five years.

The developments participating in a Physical Inspection will be subject to the following:

- a. Notification in writing of a proposed visitation review date.
- b. Required to have on file a copy of the letter sent to tenant(s) notifying them of a pending physical inspection of the unit.
- c. A review will be performed by a PHFA representative to determine compliance with code requirements. The number of units reviewed will not be less than 20 percent of the Low Income Housing Tax Credit units, and may be up to 100 percent of the units.
- d. PHFA representative will respond to the owner/agent as to any finding during this review. The owner/agent will be required to respond to the representative within 90 days of the date of the letter, addressing the method and/or action completed to rectify each item. If at the end of the 90-day period any issue remains unaddressed, the Agency will issue a letter to the owner informing them of possible repercussions.

#### **5.4 ELIGIBILITY REPORTING REQUIREMENTS FOR ALL LIHTC DEVELOPMENTS NOT FINANCED BY PHFA**

As the monitoring agency for the LIHTC Program, PHFA will request the owner/agent utilizing the Program to complete the following steps:

1. **Owner's Certificate of Continuing Program Compliance** – The owner/agent shall submit to the Agency an Owner's Certificate of Continuing Program Compliance, along with its attachment, the Rental Schedule. The Annual Report covers the prior calendar year, and the Rental Schedule should include all residents that occupied a unit at any given time during that 12-month period, minus the income information for recertifications. A Tenant Income Certification shall also be submitted to the Agency for each resident household move-in, along with copies of third party supporting income and asset verifications. Both of the Owner's Certificate of Continuing Program Compliance and the Tenant Income Certification are required submissions for each year throughout the extended use period. All reports are due on or before January 31 each year and, unless otherwise requested, must be submitted via the Agency's Automated Web Entry System.  
Should there be any items that require further clarification, a Tax Credit Analyst will write to the owner/agent advising of any outstanding items to be addressed. The owner/agent must respond within 90 days of the date the letter addressing the method and/or action completed to rectify each item indicated in the letter. (If an owner must make corrections/revisions to previously completed reports/forms, in order to correct an issue of noncompliance, all parties involved in signing the reports/forms must sign/off/initial the changes.)
2. **Annual Recertification** – The owner will no longer be required to annually recertify households for LIHTC purposes. An Alternate Certification Form must be completed on

an annual basis, if the owner chooses not to complete an Annual Recertification. Annual Recertifications are sometimes required for other types of financing.

3. **Student Households** – Households will no longer be excluded because they are comprised in their entirety by students.

NOTE: An owner who plans to seek a new allocation of low income housing tax credits should continue to implement the Full-Time Student Rule during the Extended Use Period, so the existing residents will qualify for the new credit allocation.

4. **Physical Inspection of Property** - At the discretion of PHFA, physical inspections will be performed on LIHTC units at least every five years.

The developments participating in a Physical Inspection will be subject to the following:

- a. Notification in writing of a proposed visitation review date.
- b. Required to have on file a copy of the letter sent to tenant(s) notifying them of a pending physical inspection of the unit.
- c. A review will be performed by a PHFA representative to determine compliance with code requirements. The number of units reviewed will not be less than 20 percent of the Low Income Housing Tax Credit units, and may be up to 100 percent of the units.
- d. PHFA representative will respond to the owner/agent as to any finding during this review. The owner/agent will be required to respond to the representative within 90 days of the date of the letter, addressing the method and/or action completed to rectify each item. If at the end of the 90-day period any issue remains unaddressed, the Agency will issue a letter to the owner informing them of possible repercussions.

**THE AMERICAN RECOVERY AND  
REINVESTMENT ACT**

**(ARRA)**

## **THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)**

On February 17, 2009, President Obama signed into law The American Recovery and Reinvestment Act (ARRA). The Act included two provisions involving low income housing tax credits: 1) the Tax Credits Assistance Program (TCAP) and 2) A tax credit exchange program under Section 1602 of the Act (Section 1602 or Exchange Program).

### **6.1 TAX CREDIT ASSISTANCE PROGRAM (TCAP)**

TCAP amounts were expected to fund capital investments and fill the gap caused by lack of investor interest for tax credits; after the credit market stalled in 2008. TCAP amounts were used for developments that received an award of tax credits. Therefore all tax credit rules and regulations apply to projects with TCAP.

All TCAP funds were to be fully expended and drawn down on or before February 16, 2012.

The TCAP is administered by the Department of Housing and Urban Development (HUD).

### **6.2 SECTION 1602 PROGRAM (EXCHANGE)**

Section 1602 Exchange amounts were expected to temporarily fill the gap caused by lack of investor interest for tax credits; after the tax credit market stalled in 2008. Exchange funds were used for projects that had received an award of tax credits, and were also used for projects that did not receive an award of tax credits.

All Section 1602 Program funds were to be fully expended and drawn down on or before December 31, 2010.

Section 1602 is administered by the United States Department of the Treasury (Treasury).

ARRA Section 1602 authorized Treasury to issue cash assistance to state housing credit agencies; in lieu of low income housing tax credits (LIHTC's). Subawards were made to projects which were selected through the standard LIHTC application process. Selected projects are required to meet all the requirements of the LIHTC Program; including the Qualified Application Plan (QAP), Extended Use Agreement, and policy and procedure manuals.

Treasury published two documents to aide in the operation of ARRA projects. Subaward recipients must read and become familiar with both documents referenced below:

#### **Section 1602: Reporting Requirements for Post-Subaward Compliance**

Most terms and conditions of Section 1602 mirror that of LIHTC.

Two main differences are:

CREDIT PERIOD - For programs of the Section 1602 program the credit period begins January 1<sup>st</sup> of the year following the Placed In Service date.

Note: The Compliance Period begins the first year of the credit period. Projects with both



Credit and Exchange dollars may have more than one “initial year” to consider at rent up.

PLACED IN SERVICE DATE – The Placed In Service Date is the date that a project is placed in service. For purposes of the Section 1602 program, if a project has multiple buildings the placed in service date is the date the last building in the project is placed in service.

**Section 1602 – Payments of States For Low – Income Housing Projects in Lieu of Low – Income Housing Credits for 2009: Recapture Guidance**

Recapture events are defined, enforced, and recaptured differently than that of LIHTC. Please see publication for details.

**SUBSEQUENT NEW ALLOCATION OF TAX CREDITS  
FOR PROJECTS IN THE EXTENDED USE PERIOD  
(PRESERVATION)**

**SUBSEQUENT NEW ALLOCATION OF TAX CREDITS:**

## **FOR PROJECTS IN THE EXTENDED USE PERIOD**

### **COMPLIANCE PROCEDURES**

Projects in the Extended Use Period with subsequent allocations for IRC Section 42 credits will be processed as new Tax Credit projects (See Chapters 1-4 of the LIHTC Compliance Manual); with one notable exception. The IRS does not want existing qualified tenants to be evicted due to a current over income status. Therefore, if existing tenants verify over the current income limits, the IRS has provided for an exemption to allow them to remain in the unit under the new allocation. Note: An Extended Use Agreement must be in place throughout the term of the prior allocation in order for existing tenants to be exempt from requalifying.

#### **7.1 UNIT ELIGIBILITY**

Projects with new allocations are asked to qualify units as if the project were a new project (new allocation = new project). However, one exception shall apply for existing Tax Credit qualified tenants who no longer fall below the applicable Tax Credit income limits. The IRS does not want existing tenants who are currently over the income limit to be evicted. Therefore, proof of original qualification is required. Owners are asked to provide hardcopy of the original Move-In Tenant Income Certifications, with the supporting third party documentation, for these tenants. NOTE: The Agency Automated Web Entry System will ask for the original Tax Credit Number, BIN, Unit Number and Effective Date of the original move-in TIC. This data should be entered for any Initial Move-In TIC that is showing income over the current income limit.

#### **7.2 AVAILABLE UNIT RULE**

The Available Unit Rule applies to over income tenants; even when those tenants are the existing over income tenants of a prior allocation

#### **7.3 VACANT UNIT RULE**

The Vacant Unit Rule only applies to subsequent allocations to the same owner. Subsequent allocations to new owners treat vacant units like empty units. They require new qualified tenants to initially qualify those units under the new allocation.

#### **7.4 RECORDKEEPING AND RECORD RETENTION**

Recordkeeping and Record Retention: For existing over-income tenants: the original Tenant Income Certification and documentation, from the project with the first allocation of credits, should be maintained in the files of the project with the subsequent allocation; as first year records.

#### **7.5 STUDENT RULE**

An owner who plans to seek a new allocation of low income housing tax credits should continue to implement the Full-Time Student Rule during the Extended Use Period, so the existing residents will qualify for the new credit allocation.

#### **7.6 INCOME/RENT LIMITS**

MTSP income/rent limits differentiate between Impacted and Non-Impacted properties. If an Impacted property received a subsequent allocation of credits, the property is no longer considered Impacted. New income/rent limits may apply.

## **EXHIBITS**

- A. Pennsylvania = Region By Region / Due Date**
- B. Project History Form**
- C. Owner's Certificate of Continuing Program Compliance**
- D. Post Year 15 – Owner's Certificate of Continuing Program Compliance**
- E. Tenant Income Certification / Alternate Certification**
- F. Income Limits**
- G. Sample Verification Forms**

PENNSYLVANIA HOUSING FINANCE AGENCY

OWNER'S CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

YEAR ENDING DECEMBER 31, \_\_\_\_\_

PROJECT NAME: \_\_\_\_\_

TAX CREDIT NUMBER: a/k/a  
TC \_\_\_\_\_ - \_\_\_\_\_ REGION #: \_\_\_\_\_  
TC \_\_\_\_\_ - \_\_\_\_\_

ADDRESS: \_\_\_\_\_ COUNTY: \_\_\_\_\_

No buildings have been Placed in Service.  
 At least one building has been Placed in Service, but owner elects to begin credit period in the following year.  
If either of the above applies, please check the appropriate box and proceed to Page 5 to sign and date this form.

OCCUPANCY INFORMATION (As of 12/31) WAIT LIST INFORMATION

\_\_\_\_\_ Number of low-income units occupied. \_\_\_\_\_ Number of households requesting low income units.  
\_\_\_\_\_ Number of low-income units vacant. \_\_\_\_\_ Number of households requesting market rate units.  
\_\_\_\_\_ Number of market rate units occupied. \_\_\_\_\_ Number of households requesting accessible units.  
\_\_\_\_\_ Number of market rate units vacant.  
\_\_\_\_\_ TOTAL NUMBER OF UNITS

CERTIFICATION

The undersigned \_\_\_\_\_ on behalf of \_\_\_\_\_ (the "Owner"), hereby certifies that:

1) The project meets the minimum requirements of: (check one)

- 20-50 test under Section 42(g)(1)(A) of the Code.
- 40-60 test under Section 42(g)(1)(B) of the Code.
- 15-40 test for "deep rent-skewed" developments under Section 42(g)(4) and 142(d)(4)(B) of the Code.

2) There has been **no change in the applicable fraction** (as defined in Section 42(c)(1)(B) of the Code) for any building in the project:

**NO CHANGE**  **CHANGE**

If **CHANGE**, list the applicable fraction to be reported to the IRS for each building in the project for the certification year:  
\_\_\_\_\_

3) a. The owner has received Tenant Income Certification from each low-income resident and documentation to support the certification at their initial occupancy.

**YES**  **NO**  **NA** **If NO, please explain:**  
\_\_\_\_\_

b. The owner has obtained an Annual Tenant Income Certification from each low-income resident and documentation to support that annual recertification, or the owner has qualified for an exemption from recertification by 1) having a 100% LIHTC qualified property and 2) certifying that no units were occupied by nonqualified households (Reference question 23) and has obtained an Alternate Certification from each low-income resident.

**YES**  **NO** **If NO, please explain:**  
\_\_\_\_\_

4) Each low income unit in the project has been rent-restricted under Section 42(g)(2) of the Code.  
 **YES**       **NO**      **If NO, please explain:**

---

5) All low income units in the project are and have been for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under Section 42(l)(3)(B)(iii) of the Code).  
 **YES**       **NO**       **HOMELESS**

---

6) No finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, has occurred for this project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C. 3616a(a)(1), or an adverse judgment from a federal court.  
 **NO FINDING**       **FINDING**      **If a FINDING, please explain:**

---

---

7) Each building in the project is and has been suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low-income unit in the project.  
 **YES**       **NO**

If **NO**, state nature of violation and provide a copy of the violation report as required by Treasury Regulation 1.42-5 and any documentation of correction:

---

---

8) There has been no change in the eligible basis (as defined in Section 42(d) of the Code) of any building in the project since the last certification submission.  
 **NO CHANGE**       **CHANGE**

If **CHANGE**, state nature of change (e.g., a common area has become commercial space, a fee is now charged for a tenant facility formerly provided without charge, or the project owner has received federal subsidies with respect to the project which had not been disclosed to the allocating authority in writing):

---

---

9) All tenant facilities, included in the eligible basis under Section 42(d) of the Code, of any building in the project, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances, were provided on a comparable basis without charge to all tenants in the buildings.  
 **YES**       **NO**      **If NO, please explain:**

---

10) If a low income unit in the project has been vacant during the year, reasonable attempts were or are being made to rent that unit, or the next available unit of comparable or smaller size, to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income.  
 **YES**       **NO**      **If NO, please explain:**

---

11) If the income of tenants of a low-income unit in any building increased above the limit allowed in Section 42(g)(2)(D)(ii) of the Code, all available units of comparable or smaller size in that building were or will be rented to residents having a qualifying income.  
 **YES**       **NO**      **If NO, please explain:**

---

- 12) a. An extended low-income housing commitment as described in Section 42(h)(6) was in effect, including the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s.

**YES**       **NO**       **NA**      **If NO or NA, please explain:**

---

- b. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher and the project otherwise meets the provisions, including any special provisions, as outlined in the extended low-income housing commitment.

**YES**       **NO**       **NA**      **If NO or NA, please explain:**

---

- 13) The owner received its credit allocation from the portion of the state ceiling set-aside for a project involving "qualified nonprofit organizations" under Section 42(h)(5) of the Code and its nonprofit entity materially participated in the operation of the project within the meaning of Section 469(h) of the Code.

**YES**       **NO**       **NA**      **If NO or NA, please explain:**

---

- 14) There has been no change in the ownership or management of the project.

**NO CHANGE**       **CHANGE**

If **CHANGE**, please identify current owner/management agent, phone number, address, email address and date of ownership transfer:

**Current Owner:** \_\_\_\_\_ **Tax ID #:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Phone #** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Date Ownership Transferred:** \_\_\_\_\_

**Current Management Agent:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Phone #** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Date Management changed:** \_\_\_\_\_

---

- 15) For **buildings** with four units or less: Are any of the units in the building occupied by the owner or a person related to the owner?

**YES**       **NO**       **NA**      (Check **NA** only if building has more than 4 units.)

---

- 16) **For Properties Placed In Service prior to July 30, 2008:**

For this compliance period, was the project a recipient of a federal grant or other form of federal subsidy (that would cause a reduction in eligible basis)?

**YES**       **NO**      If **YES**, state the type of subsidy and the amount and term of the subsidy:

---



17) Tax Credit Owner's Utility Certification:

I have obtained accurate utility allowances using one of the following methods: 1) PHA Utility Allowance, 2) Local Utility Company Estimate, 3) State Housing Credit Agency Estimate, 4) HUD Utility Schedule Model, or 5) Energy Consumption Model.

I acknowledge this process to be an annual requirement of the LIHTC Program and certify to the adherence to this requirement for this calendar year.

**OR**

All utilities are included in rent and are not paid separately by the tenant.

**YES**       **NO**      **If NO, please explain:**

---

18) All residents listed in the attached Rental Schedule are eligible under the provisions of Section 42 of the Code, as amended, and the Indenture for Restrictive Covenants.

**YES**       **NO**       **NA**      **If NO or NA, please explain:**

---

19) The project is fully compliant with all terms and provisions of the Restrictive Covenants Agreement.

**YES**       **NO**      **If NO, please explain:**

---

20) For projects that received an allocation of tax credits based upon a certification that a percentage of units will be set aside for specific selection or resident criteria or implementation of a supportive service program, specific conditions are set forth in the Indenture of Restrictive Covenants for Low Income Housing Tax Credits (the "Indenture"). **Owner should be familiar with the specific set asides set forth in the Indenture.**

a. The Owner has provided social supportive services or has established an internal rental subsidy to subsidize rents for tenants at or below  **50%** or  **20%** of the area median income with funds available from developer's fee.

**YES**       **NO**       **NA**      **If NO, please explain:**

---

b. The Owner has provided significant funding and program support for lower income residents affected by life changes associated with preparing for and retaining employment.

**YES**       **NO**       **NA**      **If NO, please explain:**

---

c. The Owner has provided supportive services pursuant to a certain supportive services plan submitted to the Agency in connection with the allocation of tax credits to tenants age 62 years and older, which allows them to maintain an independent lifestyle.

**YES**       **NO**       **NA**      **If NO, please explain:**

---

d. The Owner has established a financially viable program with services in place to foster a conversion of the facility to homeownership at the end of the compliance period, and in the event units are not converted to homeownership at the end of the compliance period, all remaining rental units will be rented to qualified low-income residents.

**YES**       **NO**       **NA**      **If NO, please explain:**

---

e. The Owner has established an internal rental subsidy to subsidize rents for  units set aside as accessible housing to persons with disabilities from funds available for increased equity raised from additional developer's fee. The tenant's portion does not exceed the rent affordable to persons with income at or below 20 percent of the area median income.

**YES**       **NO**       **NA**      **If NO, please explain:**

---

- f. \_\_\_\_\_ units in the project have been set aside as accessible housing to persons with disabilities. The tenant's portion does not exceed the rent affordable to persons with income at or below 20 percent of the area median income.  
 \_\_\_ YES      \_\_\_ NO      \_\_\_ NA      **If NO, please explain:**
- 
- g. \_\_\_\_\_ units in the project are available to persons who need accessible features of the units. During the first 30 days of rent-up, said units were available to such persons, and, thereafter, Owner has established a policy to allow the units to be occupied by persons who need the accessible feature to the greatest extent feasible and said policy has been incorporated in the lease provisions.  
 \_\_\_ YES      \_\_\_ NO      \_\_\_ NA      **If NO, please explain:**
- 
- h. \_\_\_\_\_ units in the project are currently occupied by persons who need the accessible features of the unit.  
 \_\_\_ YES      \_\_\_ NO      \_\_\_ NA      **If YES, please specify unit numbers:**
- 
- i. At least 20 percent of the units in the project are rented to, and rents are maintained at levels affordable to, tenants whose income does not exceed 40 percent of area median gross income.  
 \_\_\_ YES      \_\_\_ NO      \_\_\_ NA      **If NO, please explain:**
- 
- j. 1. At least \_\_\_\_\_ units will be available to tenants at or below \_\_\_\_\_ percent of area median gross income, or such number of units consistent with the applicable fraction for the project.  
 \_\_\_ YES      \_\_\_ NO      \_\_\_ NA      **If NO, please explain:**
- 
2. At least \_\_\_\_\_ units will be affordable to tenants at or below \_\_\_\_\_ percent of area median gross income, or such number of units consistent with the applicable fraction for the project.  
 \_\_\_ YES      \_\_\_ NO      \_\_\_ NA      **If NO, please explain:**
- 
- k. 1. ***For allocations in years 1999 – 2001:***  
 The total rent received by the Owner including all rental and operating subsidies may not exceed the rents established for units at 50 percent of area median gross income for \_\_\_\_\_ units pursuant to its application for low-income housing tax credits with the Agency.  
 \_\_\_ YES      \_\_\_ NO      \_\_\_ NA      **If NO, please explain:**
- 
2. ***For allocations in years 2002 and later:***  
 Owner hereby certifies that the total tenant paid rent received by the Owner for \_\_\_\_\_ units may not exceed the rents established for units at 50 percent of median income. In the event the Owner receives subsidies for rent from any source (including, without limitation, project-based, tenant based or internal rent subsidy programs), Owner certifies that upon expiration or termination of the subsidy the tenant paid portion of the rent may not exceed the 50 percent of area median income tax credit rent.  
 \_\_\_ YES      \_\_\_ NO      \_\_\_ NA      **If NO, please explain:**
- 
- l. **For Properties Placed In Service prior to July 30, 2008:**  
 In the event the project is a recipient of federal HOME funds and has received an allocation of tax credits based upon a 70 percent value calculation, at least 40 percent of the units in each building are rented to tenants at 50 percent of median income.  
 \_\_\_ YES      \_\_\_ NO      \_\_\_ NA      **If NO or NA, please explain:**
-

- m. The Owner has set-aside at least \_\_\_\_\_ percent of the units in the project for residents who are physically or mentally disabled, including persons with HIV/AIDS, transitional or permanent housing for the homeless, seasonal farm workers, or extra accessible units and is providing supportive services to these residents.

**YES**       **NO**       **NA**      **If NO, please explain:**

---

- 21) For the projects comprised of buildings (or any part of a building) originally constructed or built prior to 1978, the federal regulation (24 CFR Part 35) governing lead-based paint will be applicable. (Implementation dates for these regulations may vary from jurisdiction to jurisdiction and based on program participation.) If applicable, Owner must have a clearance certification (performed by a qualified entity under the regulations) for (1) each unit occupied by a resident household with a child under the age of six receiving tenant-based rental assistance or (2) any project available for general occupancy receiving federally funded project-based rental assistance. The project is fully compliant with any applicable requirements of 24 CFR Part 35.

**YES**       **NO**       **NA**

If applicable, provide evidence that tenant file includes copy of any clearance certifications:

---

- 22) For the preceding 12-month period, no tenants in low-income units were evicted or had their tenancies terminated for other than good cause, full protections of the Violence Against Women Act were provided, as applicable, and no tenants had an increase in the gross rent with respect to a low-income unit not otherwise permitted under Section 42.

**YES**       **NO**      **If NO, please explain:**

---

- 23) For projects consisting of 100% LIHTC units, the owner hereby certifies that no unit was occupied by an ineligible household.

**YES**       **NO**      **If NO, please explain:**

---

- 24) The Owner hereby certifies that no LIHTC unit was occupied in its entirety by full-time students; unless the household met an exception under IRS 42 (i)(3)(D).

**YES**       **NO**      **If NO, please explain:**

---

- 25) The Owner has listed vacant units on PAHousingSearch.com.

**YES**       **NO**      **If NO, please explain:**

---

- 26) The Owner has not requested any waivers to the provisions of Section 42 from the Agency pursuant to IRS Notice 2014-49 or 2014-50 to provide temporary housing or other assistance in accordance with the declaration of a major disaster.

**NO WAIVER**       **WAIVER**      **If WAIVER, please explain:**

---

- 27) The Owner has provided a model lease with this report; which includes the PHFA LIHTC Lease Addendum:

**YES**       **NO**       **NA**      **If NO or NA, please explain:**

---

**NOTE: Failure to complete this form in its entirety will result in noncompliance with program requirements. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form, unless permitted by the state agency.**

**The project is otherwise in compliance with the Code, including any Treasury Regulations, the applicable State Allocation Plan, and all other applicable laws, rules and regulations. This Certification and any attachments are made UNDER PENALTY OF PERJURY.**

Ownership Entity: \_\_\_\_\_

Ownership Entity  
Tax ID #: \_\_\_\_\_

Owner Signature: \_\_\_\_\_ Title: \_\_\_\_\_

Type/Print Name: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Date: \_\_\_\_\_

**NOTE: IF THIS IS THE FIRST YEAR OF THE COMPLIANCE PERIOD, PLEASE SEND PHFA A SIGNED COPY OF YOUR IRS FORM 8609, WITH PART II COMPLETED. IF QUESTION 8b. ON THE FORM 8609 IS ANSWERED AS YES, INCLUDE THE REQUIRED ATTACHED STATEMENT OF APPLICABLE BUILDINGS.**

PENNSYLVANIA HOUSING FINANCE AGENCY

OWNER'S CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

YEAR ENDING DECEMBER 31, \_\_\_\_\_

PROJECT NAME: \_\_\_\_\_

TAX CREDIT NUMBER:           a/k/a            
 TC \_\_\_\_\_ - \_\_\_\_\_ REGION #: \_\_\_\_\_  
 TC \_\_\_\_\_ - \_\_\_\_\_

ADDRESS: \_\_\_\_\_ COUNTY: \_\_\_\_\_

OCCUPANCY INFORMATION (As of 12/31)      WAIT LIST INFORMATION

_____	Number of low-income units occupied.	_____	Number of households requesting low income units.
_____	Number of low-income units vacant.	_____	Number of households requesting market rate units.
_____	Number of market rate units occupied.	_____	Number of households requesting accessible units.
_____	Number of market rate units vacant.		
_____	TOTAL NUMBER OF UNITS		

CERTIFICATION

The undersigned \_\_\_\_\_ on behalf of \_\_\_\_\_ (the "Owner"), hereby certifies that:

1) The project meets the minimum requirements of: (check one)

- 20-50 test under Section 42(g)(1)(A) of the Code.
- 40-60 test under Section 42(g)(1)(B) of the Code.
- 15-40 test for "deep rent-skewed" developments under Section 42(g)(4) and 142(d)(4)(B) of the Code.

2) There has been **no change in the applicable fraction** (as defined in Section 42(c)(1)(B) of the Code) for any building in the project.

\_\_\_ **NO CHANGE**                      \_\_\_ **CHANGE**

If **CHANGE**, list the applicable fraction to be reported to the IRS for each building in the project for the certification year:

\_\_\_\_\_

\_\_\_\_\_

3) a. The owner has obtained a Tenant Income Certification from each low-income resident and documentation to support the certification at their initial occupancy.

\_\_\_ **YES**                      \_\_\_ **NO**                      **If NO, please explain:**

\_\_\_\_\_

b. The owner has obtained an Annual or Alternate Certification from each low-income resident at their anniversary date.

\_\_\_ **YES**                      \_\_\_ **NO**                      **If NO, please explain:**

\_\_\_\_\_

4) Each low-income unit in the project has been rent-restricted under Section 42(g)(2) of the Code.

\_\_\_ **YES**                      \_\_\_ **NO**                      **If NO, please explain:**

\_\_\_\_\_

5) All low income units in the project are and have been for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under Section 42(l)(3)(B)(iii) of the Code).

\_\_\_ **YES**                      \_\_\_ **NO**                      \_\_\_ **HOMELESS**                      **If NO, please explain:**

\_\_\_\_\_

- 
- 6) No finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, has occurred for this project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C. 3616a(a)(1), or an adverse judgment from a federal court.

**NO FINDING**       **FINDING**      **If a FINDING, please explain:**

---

- 7) Each building in the project is and has been suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low-income unit in the project.

**YES**       **NO**

If **NO**, state nature of violation and provide a copy of the violation report as required by Treasury Regulation 1.42-5 and any documentation of correction:

---

- 8) There has been no change in the eligible basis (as defined in Section 42(d) of the Code) of any building in the project since last certification submission.

**NO CHANGE**       **CHANGE**

If **CHANGE**, state nature of change (e.g., a common area has become commercial space, a fee is now charged for a tenant facility formerly provided without charge, or the project owner has received federal subsidies with respect to the project which had not been disclosed to the allocating authority in writing):

---

- 9) All tenant facilities, included in the eligible basis under Section 42(d) of the Code, of any building in the project, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances, were provided on a comparable basis without charge to all tenants in the buildings.

**YES**       **NO**      **If NO, please explain:**

---

- 10) a. An extended low-income housing commitment as described in Section 42(h)(6) was in effect, including the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s.

**YES**       **NO**       **NA**      **If NO or NA, please explain:**

---

- b. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher and the project otherwise meets the provisions, including any special provisions, as outlined in the extended low-income housing commitment.

**YES**       **NO**       **NA**      **If NO or NA, please explain:**

---

- 11) There has been no change in the ownership or management of the project.

**NO CHANGE**       **CHANGE**

If **CHANGE**, please identify current owner and/or management agent, phone number, address, email address and date of ownership transfer:

**Current Owner:** \_\_\_\_\_ **Tax ID #:** \_\_\_\_\_

**Address:** \_\_\_\_\_  
\_\_\_\_\_

**Email:** \_\_\_\_\_

**Phone #** \_\_\_\_\_

**Date Ownership Transferred:** \_\_\_\_\_

**Current Management Agent:** \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_

Phone #: \_\_\_\_\_

Date Management changed: \_\_\_\_\_

12) Tax Credit Owner's Utility Certification.

I have obtained accurate utility allowances using one of the following methods: 1) PHA Utility Allowance, 2) Local Utility Company Estimate, 3) State Housing Credit Agency Estimate, 4) HUD Utility Schedule Model, or 5) Energy Consumption Model.

I acknowledge this process to be an annual requirement of the LIHTC Program and certify to the adherence to this requirement for this calendar year.

**OR**

All utilities are included in rent and are not paid separately by the tenant.

**YES**       **NO**      **If NO, please explain:**

13) All residents listed in the attached Rental Schedule are eligible under the provisions of the Indenture for Restrictive Covenants.

**YES**       **NO**       **NA**      **If NO or NA, please explain:**

14) The project is fully compliant with all terms and provisions of the Restrictive Covenants Agreement.

**YES**       **NO**      **If NO, please explain:**

15) For projects that received an allocation of tax credits based upon a certification that a percentage of units will be set aside for specific selection or resident criteria or implementation of a supportive service program, specific conditions are set forth in the Indenture of Restrictive Covenants for Low Income Housing Tax Credits (the "Indenture"). **Owner should be familiar with the specific set asides set forth in the Indenture.**

a. The Owner has provided significant funding and program support for lower income residents affected by life changes associated with preparing for and retaining employment.

**YES**       **NO**       **NA**      **If NO, please explain:**

b. The Owner has provided supportive services pursuant to a certain supportive services plan submitted to the Agency in connection with the allocation of tax credits to tenants age 62 years and older, which allows them to maintain an independent lifestyle.

**YES**       **NO**       **NA**      **If NO, please explain:**

c. The Owner has established a financially viable program with services in place to foster a conversion of the facility to homeownership at the end of the compliance period and in the event units are not converted to homeownership at the end of the compliance period, all remaining rental units will be rented to qualified low-income residents.

**YES**       **NO**       **NA**      **If NO, please explain:**

- d. The Owner has established an internal rental subsidy to subsidize rents for \_\_\_\_\_ units set aside as accessible housing to persons with disabilities from funds available for increased equity raised from additional developer's fee. The tenant's portion does not exceed the rent affordable to persons with income at or below 20 percent of the area median income.
- YES       NO       NA      **If NO, please explain:**
- 
- e. \_\_\_\_\_ units in the project have been set aside as accessible housing to persons with disabilities. The tenant's portion does not exceed the rent affordable to persons with income at or below 20 percent of the area median income.
- YES       NO       NA      **If NO, please explain:**
- 
- f. \_\_\_\_\_ units in the project were available to persons who need accessible features of the units. During the first 30 days of rent-up, said units were available to such persons, and, thereafter, Owner has established a policy to allow the units to be occupied by persons who need the accessible feature to the greatest extent feasible and said policy has been incorporated in the lease provisions.
- YES       NO       NA      **If NO, please explain:**
- 
- g. \_\_\_\_\_ units in the project are currently occupied by persons who need the accessible features of the unit.
- YES       NO       NA      **If YES, please specify unit numbers:**
- 
- h. At least 20 percent of the units in the project were rented to, and rents were maintained at levels affordable to, tenants whose income does not exceed 40 percent of area median gross income.
- YES       NO       NA      **If NO, please explain:**
- 
- i. 1. At least \_\_\_\_\_ units were available to tenants at or below \_\_\_\_\_ percent of area median gross income, or such number of units consistent with the applicable fraction for the project.
- YES       NO       NA      **If NO, please explain:**
- 
2. At least \_\_\_\_\_ units were affordable to tenants at or below \_\_\_\_\_ percent of area median gross income, or such number of units consistent with the applicable fraction for the project.
- YES       NO       NA      **If NO, please explain:**
- 
- j. 1. ***For allocations in years 1999 – 2001:***  
The total rent received by the Owner including all rental and operating subsidies may not exceed the rents established for units at 50 percent of area median gross income for \_\_\_\_\_ units pursuant to its application for low-income housing tax credits with the Agency.
- YES       NO       NA      **If NO, please explain:**
- 
2. ***For allocations in years 2002 and later:***  
Owner hereby certifies that the total tenant paid rent received by the Owner for \_\_\_\_\_ units may not exceed the rents established for units at 50 percent of median income. In the event the Owner receives subsidies for rent from any source (including, without limitation, project-based, tenant based or internal rent subsidy programs), Owner certifies that upon expiration or termination of the subsidy the tenant paid portion of the rent may not exceed the 50 percent of area median income tax credit rent.
- YES       NO       NA      **If NO, please explain:**
-



k. The Owner set-aside at least \_\_\_\_\_ percent of the units in the development for residents who are physically or mentally disabled, including persons with HIV/AIDS, transitional or permanent housing for the homeless, seasonal farm workers, or extra accessible units and has provided supportive services to these residents.

**YES**       **NO**       **NA**      **If NO, please explain:**

---

16) For the projects comprised of buildings (or any part of a building) originally constructed or built prior to 1978, the federal regulation (24 CFR Part 35) governing lead-based paint will be applicable. (Implementation dates for these regulations may vary from jurisdiction to jurisdiction and based on program participation.) If applicable, Owner must have a clearance certification (performed by a qualified entity under the regulations) for (1) each unit occupied by a resident household with a child under the age of six receiving tenant-based rental assistance or (2) any project available for general occupancy receiving federally funded project-based rental assistance. The project is fully compliant with any applicable requirements of 24 CFR Part 35.

**YES**       **NO**       **NA**

If applicable, provide evidence that tenant file includes copy of any clearance certifications:

---

17) For the preceding 12-month period, no tenants in low-income units were evicted or had their tenancies terminated other than for good cause, full protections of the Violence Against Women Act were provided, as applicable, and no tenants had an increase in the gross rent with respect to a low-income unit not otherwise permitted under Section 42.

**YES**       **NO**       **NA**      **If NO, please explain:**

---

18) The Owner has listed vacant units on PAHousingSearch.com.

**YES**       **NO**      **If NO, please explain:**

---

19) The Owner has not requested any waivers to the provisions of Section 42 from the Agency pursuant to IRS Notice 2014-49 or 2014-50 to provide temporary housing or other assistance in accordance with the declaration of a major disaster.

**NO WAIVER**       **WAIVER**      **If WAIVER, please explain:**

---

20) The Owner has provided a model lease with this report; which includes the PHFA LIHTC Lease Addendum:

**YES**       **NO**       **NA**      **If NO or NA, please explain:**

---

*NOTE:* Failure to complete this form in its entirety will result in noncompliance with program requirements. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form, unless permitted by the state agency.

**The project is otherwise in compliance with the applicable State Allocation Plan and all other applicable laws, rules and regulations. This Certification and any attachments are made UNDER PENALTY OF PERJURY.**

Ownership Entity: \_\_\_\_\_

Ownership Entity  
Tax ID #: \_\_\_\_\_

Owner Signature: \_\_\_\_\_ Title: \_\_\_\_\_

Type/Print Name: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Date: \_\_\_\_\_

# TENANT INCOME CERTIFICATION

Effective Date: \_\_\_\_\_  
 Move-in Date: \_\_\_\_\_  
 Current Date: \_\_\_\_\_

Initial Certification     Recertification     Other \_\_\_\_\_

## Part I - Development Data

Property Name: \_\_\_\_\_ County: \_\_\_\_\_ TC#: \_\_\_\_\_ BIN#: \_\_\_\_\_  
 Address: \_\_\_\_\_ Unit Number: \_\_\_\_\_ # Bedrooms: \_\_\_\_\_

## Part II - HOUSEHOLD COMPOSITION

HH Mbr #	Last Name	First Name & Middle Initial	Rel HH	Race *	Ethn *	Dsbs *	Gndr *	Date of Birth	F/T Student	Social Security Or Alien Reg. No.
1										
2										
3										
4										

• Indicates responses are optional and intended for statistical use only.

## Part III - GROSS ANNUAL INCOME (Use Annual Amounts)

HH Mbr#	(A) Employment or Wages	(B) Social Security/Pensions	(C) Public Assistance	(D) Other Income
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

Add Totals from (A) through (D) above **TOTAL INCOME (E):** \$

## Part IV - INCOME FROM ASSETS

Hshld Mbr#	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
<b>TOTALS:</b>			<b>\$</b>	<b>\$</b>
Enter Column (H) Total		Passbook Rate		
If over \$5,000		\$ _____ x .0006 = (J) Imputed Income	\$	
Enter the greater of the total of Column I, or J: Imputed Income				<b>TOTAL INCOME FROM ASSETS(K)</b>
				<b>\$</b>

**(L) Total Annual Household Income from all Sources [Add (E) + (K)]** \$

## HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/We have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/We agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/We agree to notify the landlord immediately upon any member becoming a full-time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading, or incomplete information may result in the termination of the lease agreement.

Signature	Date	Signature	Date
Signature	Date	Signature	Date

**PART V - DETERMINATION OF INCOME ELIGIBILITY**

**RECERTIFICATION ONLY:**

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From Item (L) on Page 1

Household Meets Income Restriction at:

- 60%     50%  
 40%     30%  
 20%

Current Income Limit x 140%

Household Income exceeds 140%

at recertification:

- Yes     No

Current Income Limit per Family Size: \_\_\_\_\_

Household Income at Move-in: \_\_\_\_\_

Household Size at Move-in: \_\_\_\_\_

**PART VI - RENT**

Tenant Paid Rent \_\_\_\_\_  
Utility Allowance \_\_\_\_\_

Rent Assistance: \_\_\_\_\_  
Other non-optional charges: \_\_\_\_\_

GROSS RENT FOR UNIT: (Tenant paid rent plus Utility allowance & Other non-optional charges)

Unit Meets Rent Restriction at:

- 60%     50%     40%     30%     20%

Maximum Rent Limit for this unit: \_\_\_\_\_

**PART VII - STUDENT STATUS**

ARE ALL OCCUPANTS FULL-TIME STUDENTS?

- Yes     No

If yes, enter student explanation\* (also attach documentation)

\*Student Explanation:

- 0 - N/A Year 16-30
- 1 - TANF assistance
- 2 - Job Training Program
- 3 - Single parent/dependent child
- 4 - Married/joint return
- 5 - Foster Care

**PART VIII - PROGRAM TYPE**

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

See Part V above.

b. HOME

*Income Status*

- ≤ 50% AMGI  
 ≤ 60% AMGI  
 ≤ 80% AMGI  
 OI\*\*

c. Tax Exempt

*Income Status*

- 50% AMGI  
 60% AMGI  
 80% AMGI  
 OI\*\*

d. PennHOMES

*Income Status*

- 20% AMGI  
 40% AMGI  
 50% AMGI  
 60% AMGI  
 80%  
 OI\*\*

e. PennHOMES/HOME

*Income Status*

- 20% AMGI  
 40% AMGI  
 50% AMGI  
 60% AMGI  
 80%  
 OI\*\*\*

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

**SIGNATURE OF OWNER/REPRESENTATIVE**

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this property.

\_\_\_\_\_  
Signature of Owner/Representative

\_\_\_\_\_  
Date

# INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

*This form is to be completed by the owner or an authorized representative.*

## PART I - DEVELOPMENT DATA

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

- Move-in Date** Enter the date the tenant has or will take occupancy of the unit.
- Effective Date** Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification.
- Property Name** Enter the name of the development.
- County** Enter the county (or equivalent) in which the building is located.
- TC#** Enter the Tax Credit identification number for the development.
- BIN#** Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
- Address** Enter the address of the building.
- Unit Number** Enter the unit number.
- # Bedrooms** Enter the number of bedrooms in the unit.

## PART II - HOUSEHOLD COMPOSITION

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

- |                       |                                |
|-----------------------|--------------------------------|
| H - Head of Household | S - Spouse                     |
| A - Adult co-tenant   | O - Other family member        |
| C - Child             | F - Foster child(ren)/adult(s) |
| L - Live-in caretaker | N - None of the above          |

Enter the race, ethnicity, disability status, and gender of each household member by using one of the following code definitions: (these fields are optional to the tenant)

Race:

1. American Indian or Alaska Native
2. Asian
3. Black or African American
4. Native Hawaiian or other Pacific Islander
5. White
- Choose all that apply

Ethnicity:

- Y - Hispanic or Latino  
N - Not Hispanic or Latino

Disabled:

- Y - Disabled according to Fair Housing Act definitions  
N - Not disabled according to Fair Housing Act definitions

Gender:

- M-Male  
F-Female

Enter the date of birth, student status, and social security number or alien registration number for each household member.

*If there are more than 7 members, use an additional sheet of paper to list the remaining household members and attach it to the certification.*

### PART III - ANNUAL INCOME

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

Form the third-party verification forms obtained from each income source, enter the gross amount anticipated to be received for the 12 months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List the respective household member number from Part II.

- Column (A)** Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
- Column (B)** Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
- Column (C)** Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
- Column (D)** Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
- Row (E)** Add the totals from Columns (A) through (D), above. Enter this amount.

### PART IV - INCOME FROM ASSETS

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third-party verification forms obtained from each asset source, list the gross amount anticipated to be received during the 12 months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

- Column (F)** List the type of asset (i.e., checking account, savings account, etc.)
- Column (G)** Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
- Column (H)** Enter the cash value of the respective asset.
- Column (I)** Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
- TOTALS** Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by .06 percent and enter the amount in (J), Imputed Income.

- Row (K)** Enter the greater of the total in Column (I) or (J)
- Row (L)** Total Annual Household Income from all Sources Add (E) and (K) and enter the total

### HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-ins, it is recommended that the Tenant Income Certification be signed no earlier than five days prior to the effective date of the certification.

### PART V - DETERMINATION OF INCOME ELIGIBILITY

- Total Annual Household Income from all Sources** Enter the number from item (L).
- Current Income Limit per Family Size** Enter the Current Move-in Income Limit for the household size.
- Household income at move-in  
Household size at move-in** For recertifications only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.
- Household Meets Income Restriction** Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the property.

**Current Income Limit x 140%**

For recertifications only. Multiply the Current Maximum Move-in Income Limit by 140% and enter the total. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the current income limit, then the available unit rule must be followed.

**PART VI - RENT**

**Tenant Paid Rent**

Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).

**Rent Assistance**

Enter the amount of rent assistance, if any.

**Utility Allowance**

Enter the utility allowance. If the owner pays all utilities, enter zero.

**Other non-optional charges**

Enter the amount of non-optional charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.

**Gross Rent for Unit**

Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.

**Maximum Rent Limit for this Unit**

Enter the maximum allowable gross rent for the unit.

**Unit Meets Rent Restriction at**

Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the property.

**PART VII - STUDENT STATUS**

If all household members are full-time\* students, check "yes." If at least one household member is not a full-time student, check "no."

If "yes" is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit. Option zero is available for projects in years 16-30, as student status no longer applies.

*\*Full time is determined by the school the student attends.*

**PART VIII - PROGRAM TYPE**

Mark the program(s) 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. If the property does not participate in the HOME, Tax-exempt Bond, Affordable housing Disposition, or other housing program, leave those sections blank.

**Tax Credit**

See Part V above.

**HOME**

If the property participated in the HOME Program and the unit this household will occupy will count towards the HOME Program set-asides, mark the appropriate box indicating the household's designation.

**Tax Exempt**

If the property participates in the Tax-Exempt Bond Program, mark the appropriate box indicating the household's designation.

**PennHOMES**

If the property participates in the PHFA PennHOMES Program, and this household's unit will count towards the set-aside requirements, mark the appropriate box indicating the household's designation.

**Other**

If the property participates in any other affordable housing program, complete the information as appropriate.

**SIGNATURE OF OWNER/REPRESENTATIVE**

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

***These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.***

# RENTAL SCHEDULE FOR LOW INCOME/MARKET RATE UNITS

(To be completed for each building in the development)

(Attachment to the PennHOMES Annual Report or the Owner's Certificate of Continuing Program Compliance)

Property Name: \_\_\_\_\_

Building Address: \_\_\_\_\_

Building ID No: \_\_\_\_\_

Unit Number	BR SIZE	(A) Unit Type MR/LI/MGR	(B) MIU/HIV	TENANT NAME	(C) Y / N	(D) E/G/R	Total number people per unit	Move In Date	EFFECTIVE DATE	Move Out Date	TOTAL ANNUAL INCOME	TENANT PAID RENT	Utility Allowance	(E) Rental Asstnce Type/Amt	Gross Rent per unit	(F) Rent 20% AMI	Amount paid by Tenant Include Utility
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

- (A) MR = Market Rate Unit, LI = Low Income Unit, MGR = Manager Unit
- (B) MIU = Mobility Impaired Units; H/V = Hearing/Vision Unit
- (C) If a member of the household needs the accessible features of the unit enter Y; if not, enter N
- (D) E = Ethnicity: Hispanic or Latino (Y) Yes (N) No  
G = Gender: (M) Male (F) Female  
R = Race (1) American Indian or Alaska Native, (2) Asian, (3) Black or African American, (4) Native Hawaiian or Other Pacific Islander, (5) White (*List all that apply.*)
- (E) V = Voucher, IS = Internal Subsidy, PB = Project Based
- (F) If unit rent is at 20% of the Area Median Income enter Y

NOTE: THIS FORM SHOULD REFLECT ALL TENANTS WHO HAVE OCCUPIED A UNIT IN THIS BUILDING AT SOME TIME DURING THE CALENDAR YEAR. IF A TENANT HAS MOVED OUT PRIOR TO THEIR ANNUAL RECERT DATE, PLEASE MAKE NOTE OF A MOVE-OUT DATE.