

## CHAPTER 16

### POST YEAR 15 COMPLIANCE PROCEDURES

#### PHFA Properties with Low Income Housing Tax Credits - Post Year 15 Compliance Procedures

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##### 1.) Pre 1990 Agency HOMES Properties with Tax Credits

Properties allocated tax credits prior to 1990 do not have an Extended Use Agreement. This means that the tax credit compliance requirements end with the completion of year 15. However, all requirements of the PHFA legal documents continue until the loan(s) have been satisfied. The requirements affecting compliance and reporting are specified in the regulatory agreement and the management agreement and include, but may not be limited to, the following:

- Tenant Income and Rent Restrictions continue to apply.
- Initial Tenant Income Certifications continue to apply.
- The Annual Inspection (Physical Conditions Critique) will continue to apply.
- A Management and Occupancy Review will continue to apply.
- With the exception of properties with tax-exempt bonds:
  - The student rule is waived.
  - Income from assets is not included in annual income.
- The Reserve for Replacement & Escrow Accounts will continue to be held and administered by the Agency.
- All Financial Reporting Requirements will continue to apply.
- Property Damage and Insurance Requirements will continue to apply (See Chapter 10).
- Monthly Occupancy Reporting and participation in PAHousingSearch.com will continue to apply (See Chapter 11).
- Annual Submission of utility allowance reports will continue (if applicable).

A complete review of the legal documents is necessary to determine specific Agency requirements. Where a conflict exists the most restrictive will apply.

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#### **2.) 1990 – June 30, 1995 Agency HOMES Properties with Tax Credits**

Properties allocated tax credits in 1990 and forward entered into an Indenture of Restrictive Covenant (IRC) Agreement with the Agency providing for an additional 15 year tax credit compliance period (30 years total). This is known as the Extended Use Period. The requirements affecting compliance and reporting are specified in the Regulatory Agreement and the Management Agreement and include, but may not be limited to, the following:

- Tenant Income and Rent Restrictions continue to apply.
- Initial Tenant Income Certifications continue to apply.
- Alternative Certifications must be completed at each annual recertification date.
- The Annual Inspection (Physical Conditions Critique) will continue to apply.
- A Management and Occupancy Review will continue to apply.
- With the exception of properties with tax-exempt bonds, the student rule is waived.
- The Reserve for Replacement & Escrow Accounts will continue to be held and administered by the Agency.
- All Financial Reporting Requirements will continue to apply.
- Property Damage and Insurance Requirements will continue to apply (See Chapter 10).
- Monthly Occupancy Reporting and participation in PAHousingSearch.com will continue to apply (See Chapter 11).
- A PennHOMES Annual Report for Post Year 15 Properties will be required to be submitted each year for 1992 – 1993 DCED properties (See Exhibit 4).
- Annual submission of utility allowance reports will continue (if applicable).
- Records must be retained for 3 (three) years after the year which such records apply.
- Owners agreed not to evict any low income tenants (other than for good cause).
- Owners may not increase the gross rent above the maximum allowed under the Section 42 of the IRS Code, for 3 (three) years beyond the Extended Use Period.

A complete review of the legal documents is required to determine specific Agency requirements. Where a conflict exists the most restrictive will apply.

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#### **3.) July 1, 1995 to Present - Agency HOMES Properties with Tax Credits**

Properties allocated tax credits in 1990 and forward entered into an Indenture of Restrictive Covenant (IRC) Agreement with the Agency providing for an additional 15 year tax credit compliance period (30 years total). This is known as the Extended Use Period. As of July 1, 1995, the PennHOMES program was implemented with the use of federal HOME dollars. The requirements affecting compliance and reporting are specified in the Regulatory Agreement and the Management Agreement and include, but may not be limited to, the following:

- Tenant Income and Rent Restrictions apply.
- Initial Tenant Income Certifications continue to apply.
- Alternative Certifications must be completed at each annual recertification date.
- Properties with PennHOMES must continue to perform full recertifications (with source documentation) every 6 (six) years from the Placed In Service Date or as of the date the property received a tax credit waiver.
  - This does not apply to properties with no Federal Home dollars.
- The Annual Inspection (Physical Conditions Critique) will continue to apply.
- A Management and Occupancy Review will continue to apply.
- With the exception of properties with tax-exempt bonds, the student rule is waived.
- The Reserve for Replacement & Escrow Accounts will continue to be held and administered by the Agency.
- All Financial Reporting Requirements will continue to apply.
- Property Damage and Insurance Requirements will continue to apply (see Chapter 10).
- Monthly Occupancy Reporting and participation in the PAHousingSearch.com will continue to apply (See Chapter 11).
- A PennHOMES Annual Report will be required to be submitted each year (see Exhibit 4). The Post Year 15 Report should be used when applicable.
- Annual submission of utility allowance reports will continue (if applicable).
- PennHOMES records must be retained for 5 (five) years after the affordability period ends.
- A Resident Selection Plan must be completed and kept at the site for review.
- Owners agreed not to evict any low income tenants (other than for good cause).
- Owners may not increase the gross rent above the maximum allowed under Section 42 of the IRS Code, for 3 (three) years beyond the Extended Use Period.