

TAX CREDIT PROGRAM GUIDELINES

The Low-Income Housing Tax Credit Program ("Tax Credit Program") is a federal program created by the 1986 Tax Reform Act and amended pursuant to several subsequent federal laws. The Pennsylvania Housing Finance Agency ("Agency") is responsible for the administration of the Tax Credit Program in the Commonwealth of Pennsylvania. The purpose of the Tax Credit Program is to assist in the creation and preservation of affordable housing for low-income households. The Agency has adopted an Allocation Plan containing the criteria to be used in distributing the Tax Credits based upon the housing needs of the Commonwealth. The Allocation Plan is located in the Multifamily Housing Program Guidelines.

The Tax Credit Program makes available to owners of and investors in low-income rental housing developments a federal Tax Credit which is a dollar-for-dollar reduction of their federal tax liability. The Tax Credit may be taken for a ten-year period provided that the development remains in compliance with the Tax Credit Program.

These guidelines are provided to assist applicants for Tax Credits in preparing the Application. The guidelines are a supplement to the Allocation Plan. Should there be an inconsistency between these guidelines and the Allocation Plan, the terms and descriptions set forth in the Allocation Plan will prevail. The terms set forth in these guidelines may change from time to time. The Agency will attempt to notify interested parties of any changes in the Tax Credit Program or the process of implementing the Tax Credit Program through the Agency's website at www.phfa.org.

Applicants are advised to be familiar with the requirements of Section 42 of the Internal Revenue Code, as amended (the "Code"). Information concerning the basic requirements of the Tax Credit Program is provided on the Agency's website. It is recommended that, before completing the Application, applicants should check the Agency's website to ensure that the development meets current program eligibility.

Review Process

An Application, once received by the Agency, may not be altered, amended or modified except as approved by staff during underwriting and program review. If a discrepancy is found in an Application during the review process, the applicant may be given five business days to respond to the request for clarification. Corrections allowed by staff may not include replacement, substitution, or amendment of material items used in the ranking of the Application. An omission from the Application Checklist may result in the immediate rejection of the Application.

The following information and summaries are provided as a general overview only. Applicants must consult their own tax advisors and may be required to provide opinions from qualified professionals regarding any aspect of their development and the Tax Credit Program. All Tax Credits allocations in the Commonwealth are subject to the Agency's review and approval of Applications submitted in accordance with the Allocation Plan and subject to compliance with all of the requirements of the Tax Credit Program. Specific definitions of all terms used in the following description may be found in the Allocation Plan and in the Code.

Property Eligibility Requirements

- Be located within the Commonwealth.
- Make all units available to the general public and allow units to be occupied in accordance with all federal, state, and local laws, including fair housing and accessibility laws.
- Be suitable for occupancy and comply with all applicable federal, state, and local building and health codes.
- Meet all requirements of the Internal Revenue Code (the “Code”) and applicable federal laws relating to rental housing.
- Provide a permanent, decent, safe, and sanitary structure for year round residential use on a non-transient basis.
- Be located in a geographic area which does not have competing developments.
- Provide new units, substantially improve the quality of or preserve existing units, or preserve existing federally assisted/subsidized housing units.
- Address a demonstrated housing need.
- Properties are encouraged to adopt smoke-free policies to protect residents from the dangers of second-hand smoke and to reduce property maintenance costs. HUD, HHS, the American Lung Association and the American Academy of Pediatrics have new toolkits to assist owners with instituting a smoke-free initiative. The HUD toolkit is found at <http://portal.hud.gov/hudportal/documents/huddoc?id=pdfowners.pdf>.

Preservation of Agricultural Land

The Agency is committed to the preservation of the Commonwealth's primary agricultural lands. Multifamily or single family housing developments proposed for certain priority agricultural lands as defined in Executive Order 2003-2 may not be eligible for Agency funding. Priority agricultural lands include lands that are currently in active non-timber agricultural use and that have been in such use for the preceding three years, lands that are subject to specific land use restrictions, and/or lands that are classified as unique or prime agricultural lands by applicable federal or state agencies.

The Agency will evaluate developments involving conversion of lands in these categories and may deny funding unless specific economic and environmental concerns support the conversion. The Agency will continue to actively encourage both single family and multifamily housing development in rural communities as long as the affected lands meet all applicable program funding criteria.

Equal Opportunity

The equal opportunity policy adopted by the Board of the Agency is as follows:

It is the policy of the Agency to actively encourage and ensure minority and female participation in the ownership, development, design, financing, construction, and management of multifamily housing developments that receive funding from the Agency.

To further this policy, the Agency has developed technical assistance and outreach efforts to increase minority and women's business enterprise (“M/WBE”) participation in Agency sponsored developments. The Agency will provide technical assistance to development owners and their development teams on how to identify and include minority and female

vendors and establish ongoing working relationships with these enterprises. Agency staff will also coordinate efforts with state and local M/WBE technical assistance providers and certification offices to apprise M/WBE firms of opportunities available from Agency programs.

Agency staff will review this Equal Opportunity Policy with program applicants and will monitor MBE/WBE outreach activities of funding recipients.

Fees and Cost Limitations

The Agency has developed a Development Cost Limits Schedule and a Fee Schedule. These schedules, included in the Application Instructions, are an applicant's guide for the fees and expenses that are normally incurred in developing a property. The fees and expenses outlined in these two schedules are the maximum amounts that may be included in the total development cost and, if applicable, the eligible basis of the development. Any cost, whether developmental or operational, that is deemed unreasonable may be adjusted by the Agency.

Maximum Per Unit Basis Limitations

The Agency has established Maximum Basis limits as defined in the Allocation Plan. A detailed explanation of the conditions under which an applicant may request a waiver of these limits is found in the Allocation Plan. Maximum Basis is calculated by applying the limits by the number of units, as shown in the Application. To this amount is added the approved developer fee. This total may be adjusted for any federal subsidies, non-recourse debt, non-qualifying units of higher quality, and historic rehabilitation tax credits. In certain developments, these adjustments may be pro-rated. To request a waiver of the Maximum Basis limits, a development's high costs must be due to the existence of one or more of the factors outlined in the 2015 Allocation Plan. An applicant must formally request a high cost waiver at the time of application, supplying detailed information on the high cost conditions, cost estimates, and cost comparisons. This information will be reviewed by Agency staff and a specific waiver amount may be approved. This approved high cost amount will be added to the Maximum Basis amount. If a development also qualifies for Acquisition Tax Credits, the Acquisition Tax Credits will be in addition to the New Construction/Rehabilitation Tax Credit. There is no high cost waiver provision applicable to Acquisition Tax Credits.

Rural Development Section 515

For developments financed through the Rural Development Section 515 program, the Agency will recognize only those costs that have been approved by Rural Development. The Agency has entered into a Memorandum of Understanding with Rural Development regarding agreed-upon procedures for processing developments involving both Rural Development funds and Tax Credits. These procedures will be applied when processing a Tax Credit request for a development with Rural Development funding and are available upon request.

Submission Requirements for Tax Credit Developments following receipt of Tax Credit award

- 1) Upon receiving notification of a preliminary notice to move forward, all developments shall submit:

- a) An updated equity letter which includes the amount of the anticipated pay-in, the amount of Tax Credits upon which the pay-in is based, and an estimated pay-in schedule.
 - b) Applications for the development of unoccupied buildings must provide a copy of the Residential/Non-residential Anti-displacement and Relocation Assistance Plan prepared for the development.
 - c) The following Schematic Drawings and Specs:
 - Site Plan at a scale of 1" = 20' or 30', show building(s), parking, driveways, building setbacks, and any site amenities.
 - Building plans at a scale of 1/8" = 1'-0" with all rooms/spaces/units identified. Include all floors, except that repetitive floors only need to be included once. Include major building dimensions.
 - Unit plans at a scale of 1/4" = 1'-0", for all unit configurations including all accessible units. Include room dimensions and show clear area required for accessibility at all doors, appliances and plumbing fixtures.
 - Exterior elevations at a minimum scale of 1/8" = 1'-0" with materials noted.
 - Exterior wall section at a minimum scale of 3/4" = 1'-0", showing foundation/basement detail, floor construction, and roof edge detail. Identify all materials, flashing, and insulation (including R-value).
 - Detail of unit separation wall assembly and floor/ceiling assembly. Identify all materials, and include sound ratings (STC for walls; STC & IIC for floor/ceilings) and fire ratings (include UL or equivalent design numbers).
 - A brief outline specification: Follow CSI Division format and include major materials, products, systems, equipment, appliances and fixtures. Provide a description of heating/cooling system(s) domestic water heating and ventilation system(s). Include fuel type, whether it is a central or individual system, detailed description (split-system heat pump, gas furnace with cooling coil and condensing unit, etc.) and efficiency information (SEER, HSPF, AFUE, etc.).
- 2) **At least 60 days prior to the construction closing**, all developments shall submit two (2) sets of drawings and specifications for review by the Technical Services Division of the Agency (exception – only one copy of the Phase I Environmental Site Assessment is required). Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Hard copies of all documents shall be submitted, except for the Phase I Environmental Site Assessment, which may be submitted electronically. Drawings shall be full size.

Items to be Reviewed

The documents submitted are not required to be 100% complete, but shall be of sufficient completeness that the following Items can be reviewed; as applicable:

- 1) Accessibility, Adaptability & Visitability features and clearances (clearances at doors, fixtures and appliances shall be indicated).
- 2) Required dwelling unit and community room areas (provide dimensions).
- 3) Threshold Requirements: Laundry facilities, Management office, Community room, Window treatment, Green building criteria.

- 4) Energy Efficiency Requirements: Insulation levels, Energy Star® labeled equipment and products, preliminary HERS index, REScheck/COMcheck certificates, window efficiency, air sealing requirements.
- 5) Renewable energy documentation to verify percentages certified in the application (the submitted drawings must show locations and layout of all components).
- 6) Green building/Sustainability documentation to verify materials, products, and percentages certified in the application.
- 7) Mechanical equipment and systems (locations of ductwork and piping must be clearly identified).
- 8) Availability of utilities.
- 9) Full Phase I Environmental Site Assessment report.
- 10) Minimum development standards (see below).

Minimum Development Standards

Minimum Development Standards Applicable to New Construction and Rehabilitation Developments (Preservation developments shall comply to the greatest extent possible.):

- 1) Minimum room areas and dimensions:
 - a) Living Room: 150 sq. ft., minimum dimension 11'-0" (dining area shall be in addition to this area if a combination living/dining room is proposed).
 - b) Primary bedroom: 120 sq. ft., minimum dimension 10'-0".
 - c) Additional Bedrooms: 90 sq. ft., minimum dimension 9'-0".
 - d) Ceiling Height: 7'-6" minimum, except that 7'-0" ceiling height is allowable in bathrooms, storage rooms, mechanical rooms, corridors and closets. A maximum of 15% of any other room may have a ceiling height of 7'-0" to allow for soffits and bulkheads.

Note: Minimum room areas do not include unusable alcove space at doors. Accessible rooms may require additional area in order to provide an accessible route and maneuverability clearances. Waivers may be granted for room sizes and minimum dimensions in rehabilitation developments based on the submission of acceptable furnishability plans.

- 2) Minimum closet sizes (all closets must have doors to conceal contents):
 - a) Primary bedroom: 5 linear feet minimum x 24" minimum depth.
 - b) Additional bedrooms: 3 linear feet minimum x 24" minimum depth.
 - c) Coat closet: 2 linear feet minimum x 24" minimum depth.
 - d) Miscellaneous: 6 sq. ft. minimum.
- 3) Minimum number of bathrooms:
 - a) Efficiencies, 1BR, 2BR: 1

- b) 3BR: 1 ½
- c) 4 BR and larger: 2

In units with multiple bathrooms, one may contain a shower.

- 4) Natural light and ventilation: Must be provided in all living rooms and bedrooms. Skylights will not be accepted as meeting this requirement.
- 5) Sound Transmission: Dwelling unit separation assemblies must meet the following minimums:

<u>Location</u>	<u>Normal</u>		<u>High Noise</u>	
	<u>STC</u>	<u>IIC</u>	<u>STC</u>	<u>IIC_{ho}</u>
Walls	50	N/A	55	N/A
Floor/Ceiling	50	50	55	55

STC – Sound Transmission Class

IIC – Impact Insulation Class

N/A – Not Applicable

Normal – Assemblies separating living units from other living units or common areas.

High Noise – Assemblies separating living units from high noise areas (mechanical, emergency generator, trash compactor, elevator equipment and laundry rooms, trash chutes, elevators, maintenance areas, garages, etc.)

- 6) Energy efficiency:
 - a) All roof trusses with insulation located along the bottom chord shall be “energy” or “raised heel” trusses which allow for full depth (uncompressed) insulation to extend to the exterior face of the wall insulation.
 - b) Interior wall insulation at all below grade walls shall be foil-faced rigid foam insulation board rated for an exposed installation (in storage or mechanical rooms) or rigid foam insulation board covered with a code approved material (in all finished areas). All joints in the insulation board shall be air sealed. Fiberglass or cellulose insulation will not be allowed.
 - c) Rim joists in buildings with basements or crawl spaces shall be air sealed and insulated with un-faced rigid foam insulation and/or spray foam insulation.
 - d) The foundation insulation at all slab-on-grade construction shall begin at the top of the slab and extend below grade the depth required by the applicable edition of the International Energy Conservation Code (IECC).
- 7) Pipe and duct locations: All piping and heating/cooling ductwork shall be located within the conditioned space (on the living unit side of the air barrier required on the interior side of the building envelope).
- 8) Mechanical equipment servicing: In mechanical rooms or closets containing multiple pieces of equipment, it must be possible to service and replace each piece of equipment without removing any other equipment.
- 9) Electric resistance heat restriction: Electric resistance heating is not allowed as the primary heating source.

10) Elderly Housing:

- a) Handrails must be installed on both sides of all common area corridors. Handrail ends must return to the wall.
- b) An emergency call system with actuating devices in all bedrooms and bathrooms must be installed in all units (not mandatory on preservation developments) where such a system does not already exist.

11) Accessible Dwelling Units:

- a) A minimum of 5% of the dwelling units, but at least one, shall be accessible. An additional 2% of the units, but at least one, shall be equipped for the hearing and vision impaired. Accessible units shall be dispersed throughout the development and provided in a range of unit sizes and amenities comparable to those available to a non-disabled individual.
- b) All accessible units shall meet the requirements of ICC/ANSI A117.1-2009 Section 1003 "Type A Units" with the following additional provisions:
 - All required grab bars shall be installed.
 - The 30" minimum width kitchen work surface must be located adjacent to the oven.
 - Protection on drain and water piping beneath kitchen sinks and bathroom lavatories must be installed, even if removable cabinets are installed at these locations.
 - Where removable base cabinets are provided, wall and floor finishes to match the remainder of the room must be installed before the removable cabinets are installed. Any adjacent base cabinets must have the exposed ends finished.
 - A minimum of 50% of the accessible units shall include a bathroom with an accessible shower. The remaining accessible units shall have an accessible bathtub/shower. The accessible shower shall have a maximum curb height of ½". The shower shall include a built-in folding seat, shower controls and an adjustable height hand-held shower head within reach of the seat, and a collapsible dam at the shower entrance. (Not applicable to 2 and 3 bedroom units in general occupancy developments with only one bathing fixture.)
 - All bathrooms with ½" curbed showers shall have a floor drain provided in the bathroom floor outside of the shower.
 - All bedrooms in accessible units shall be accessible. Each shall have a 30" wide aisle on both sides and the foot of the bed. The primary bedroom must accommodate a queen size bed. All other bedrooms shall accommodate a twin bed. Beds shall be shown on the drawings.
- c) Visual signaling devices installed for the hearing impaired shall be visible in all rooms of the dwelling unit including the bathrooms and powder rooms.

- 12) Radon Protection: A passive sub-slab de-pressurization system, vented through the roof is required in all newly-constructed buildings to reduce the levels of radon gas (see EPA publication EPA/402-K-01-002). Provisions for an in-line fan, including electrical power, or a conduit with a pull string run to a power source, shall be made in the vent pipe above the highest floor level, along with a conduit to a junction box mounted in an occupied portion of the unit or building. All of the dwelling units on the lowest level of each portion of the building and all ground level or sub-grade level community spaces shall be tested for radon in new construction and rehabilitation developments and found to have levels below 4.0 picocuries/liter (pCi/L) prior to occupancy. If radon levels above 4 pCi/L are found an exhaust fan shall be installed on the system and the unit(s) or areas retested and/or the system modified until satisfactory results are obtained. Although rehabilitation projects are required to test for radon prior to submitting an application, developers should be aware that most buildings are more air-tight after rehab than before, and a building with acceptable pre-construction levels may have higher radon levels after construction. Therefore venting systems in rehab developments should be considered to avoid costly retrofit installations later if high levels of radon are found.

All submissions shall be sent to the Development Officer or Tax Credit Officer assigned to that project **at least 60 days prior to the scheduled construction closing date**. If the Agency's review of the submitted documents finds conditions that are not in compliance with these requirements, written comments will be forwarded to the owner identifying the deficiencies. Revised documents addressing these comments along with written responses to the comments must be submitted to the Agency. When all of the documents are found to be in compliance, an approval letter from the Technical Services Division of the Agency will be issued. **When submitting documents for 10% Test for the Carryover Agreement, a copy of the approval letter must be included.**

Extended Use Agreement/Restrictive Covenant Agreement

The Indenture of Restrictive Covenants Agreement (the "Agreement") sets forth the income and occupancy restrictions for the development for the entire compliance period or extended use period, whichever is greater. Furthermore, the Agreement requires that the applicable fraction of low-income units will remain the same for each taxable year in the extended use period. In addition to identifying the minimum set-aside election of the buildings, the Agreement will also include the Selection Criteria on which the development was ranked and obtained a reservation of Tax Credits. Tax Credits may not be claimed until the Agreement is executed and recorded. The Agreement must be recorded in the Office of Recorder of Deeds for the county in which the property is located prior to any recording or filing of financing documents for the development. The Agreement will be forwarded to the owner with a copy of the executed carryover Allocation Agreement, and must be returned with the Carryover Allocation 10% test documentation evidencing that it has been recorded prior to any other document. The original Recorded Agreement must be returned to the Agency.

The Agreement is binding on all successors to the owner.

Carryover Allocation Requirements

The Allocation Plan outlines the important deadlines and requirements associated with the execution of a Carryover Allocation Agreement.

If the building is to be placed-in-service by December 31, 2015, all documents shown under Placed-In-Service Requirements must be received by November 4, 2015, to enable the Agency to issue IRS Forms 8609 in 2015. In the event the development will not be placed-in-service by December 31, 2015, or if the Placed-In-Service Requirements cannot be submitted by the required date, the following requirements must be met no later than November 13, 2015 to enable the Agency to execute the Carryover Allocation Agreement by November 17, 2015.

- 1) The original Allocation Carryover Agreement will be forwarded to the developer for execution. The taxpayer identification number for the taxpayer executing the Agreement is required for a valid Carryover Agreement. **Please note that the taxpayer executing the Agreement must be the party that will meet the 10% expenditure test by November 13, 2016 in order for there to be a valid Carryover Allocation Agreement.**
- 2) The executed "Owner Certification of Property Ownership" Form with either a) the current deed(s) which indicate that the taxpayer is the owner of all buildings and land in the project, or b) an extended lease agreement. All documents must be fully executed.
- 3) In the event that property is not conveyed through a deed or lease, the Agency may, in its sole discretion, accept 1) an Attorney's Opinion Letter or a Certified Public Accountant Letter that certifies that the owner has carryover allocation basis for the development pursuant to the Code, or 2) an owner's certification which includes sufficient identification of the property (i.e. legal descriptions, surveys, title insurance) to assign building identification numbers. In making this certification, the owner accepts full responsibility for all discrepancies, errors, or omissions of properties and acknowledgement that subsequent adjustments may require IRS approval.
- 4) The settlement sheet(s) must be provided for each building or parcel of land in the development, and must be fully executed. In addition, evidence must be provided that each deed was recorded. In the event the property is not owned by the taxpayer, evidence of site control through November, 2016, must be provided including evidence of payment of all extension fees. **Ownership by the taxpayer of all properties is required by November 13, 2016 and must be submitted with the 10% package due November 27, 2016.**
- 5) If the property(s) was purchased through a Purchase Money Mortgage, a copy of the mortgage and mortgage note must be provided.
- 6) Carryover Allocation Fee of \$1,000.
- 7) Remittance of the Agency construction monitoring fee of \$6,000 (estimated at \$500/month for 12 months unless a lesser amount is shown in the Agency's approved worksheet). Any additional amount owed will be due with the cost certification submission.
- 8) Draft form of tenant lease for the tax credit units.

The following requirements must be fulfilled no later than November 13, 2016, and received by the Agency by noon on November 27, 2016:

- 1) Financial Characteristics Form (Agency document).
- 2) For developments with commercial space that is a separate condominium, provide a Sources and Uses statement for each area.
- 3) Updated financing letters. If closing on the loan has already occurred, provide a copy of the executed mortgage note(s) in lieu of the updated letter. The updated financing

letters or notes must be provided for all sources of financing shown on the Application, including bridge loan if applicable. Do not send copies of the actual mortgages. If the mortgage note does not specify all of the fees and charges associated with the loan, provide a copy of the loan term sheet which does include this information.

- 4) Firm commitment letter from investor and if it exists, a fully executed partnership agreement, including all exhibits, signed by all the partners (including the investors).
- 5) Certification of Subsidies.
- 6) The executed "Owner's Certification of Costs Incurred" Form.
- 7) Independent Auditor's Report (for developments of five units or less, contact the Agency for reporting requirements).
- 8) Copy of the executed Developer's Fee Agreement (Development Services Agreement). The agreement should specify the fee earned through November 13, 2016, in order to allow these costs for inclusion in the 10% of basis expenditures test.
- 9) Syndicator/Investor Certification – If the Developer's Fee included in the 10% of basis expenditure test exceeds 20% of the total Developer's Fee, the syndicator and/or investor must certify that the percentage claimed by the accountant is a percentage acceptable to them. The letter must refer to the percentage and the amount of the Developer's Fee that is acceptable as part of the 10% of basis expenditure test. If a development has already closed on all of the construction loans and construction is underway, a certification from the investor is not required.
- 10) Copy of the recorded deed demonstrating transfer of ownership to owner for each building and/or parcel of land that is part of the development (if not previously submitted).
- 11) Copy of the fully executed Settlement Statement for each building and/or parcel of land included in the development (if not previously submitted).
- 12) The Design Architect's Certificate of Compliance and Design Requirements for Accessible Housing must be executed by the Architect and Taxpayer.
- 13) Original executed and recorded Restrictive Covenant Agreement.
- 14) Copy of the Technical Services Approval of Construction Documents letter issued by the Agency Technical Services Division upon its determination of compliance of all architectural drawings and specifications.
- 15) If the general contractor was not identified in the initial Application, the owner must identify and provide qualifications of the general contractor for review and approval by the Agency.
- 16) Development Information Form (Agency document).
- 17) In accordance with the Agency's Accessible Unit Policy, if the Application was awarded points for providing accessible units, provide a list of community agencies who will partner with the developer to identify persons with disabilities who are searching for accessible units.
- 18) If not previously submitted, provide a draft form of lease for the tax credit units.

If at the time the 10% test documentation is required the construction is complete and the certified public accounting firm is completing the cost certification, submission of the 10% test documentation may be waived. If the event a waiver is approved, the cost certification and Placement-In-Service Package must be submitted within 90 days from the date the 10% test documentation was due or extension fees will be assessed.

Failure to meet all of the above requirements will result in an immediate recapture of the Year 2015 Tax Credit reservation.

Placed-in-Service Requirements

Upon completion of the development, a cost certification must be performed. The Placed-in-Service Package must be received by the Agency no later than 90 days after the last residential building receiving Tax Credits in the development is considered **placed-in-service** pursuant to IRS Advance Notice 88-116. Please note for rehabilitation buildings, the placed in service date for the rehab work is the close of the 24 month period when the rehab is substantially complete. The Placed-in-Service package is due to the Agency within 90 days of the placed-in-service date shown by the owner on the certification form. Owners who are not able to submit the cost certification, including all documentation required by the Placed-in-Service Package within the 90-day period, may request an extension, but will be required to pay extension fees. The maximum extension that will be granted to any development will be **30 days**, unless the owner is deferring the start of the Tax Credit period, as defined in Section 42 (f)(1) of the Code. Refer to the Placed-in-Service package located on the Agency's web site for the specific requirements.

The Agency has developed a cost certification guide to assist applicants in completing the cost certification. This guide is not an authoritative pronouncement on those costs that may be Tax Credit basis eligible or ineligible, but rather serves as a tool for completing the cost certification.

The Placed-in-Service Package requirements can be found on the Agency's website at www.phfa.org. All of the required documents must be forwarded to the Agency for review and approval prior to the issuance of IRS Form 8609 (Low-Income Housing Credit Allocation Certification).

Upon submission, review, and satisfaction of all requirements, IRS Form 8609 will be issued. For developments that have received financing through the Agency, the cost certification required by the Loan Program must be received by the Agency's Finance Division prior to the release of the IRS Form 8609. It is the owner's and syndicator's (investor's) responsibility to review the cost certification prior to its submission to the Agency to ensure that all costs and sources of funds are properly included and categorized.

Annual Recertification Exemption

The Housing and Economic Recovery Act of 2008 (HERA) eliminates the annual income recertification requirement for 100% qualified Tax Credit developments. The Agency adopted this provision effective January 1, 2009. Owners of 100% qualified properties are required to certify each year on the Owners Certification of Continuing Program Compliance that no unit was occupied by an ineligible household. In addition, owners must provide annual updates for all units regarding household composition, student status and rent. Properties that are less than 100% qualified Tax Credit developments must continue to recertify on an annual basis. Also, additional funding sources, such as Section 8 and HOME, have annual recertification requirements that must be adhered to.

HUD Tenant Data Collection

HERA requires each state Credit allocating agency to provide HUD with information on the race, ethnicity, family composition, age, income, use of federal rental assistance, disability status, and monthly rental payments of households residing in each property receiving Tax Credits. All developments receiving Tax Credits must participate in this data collection effort and will be expected to provide the required information.