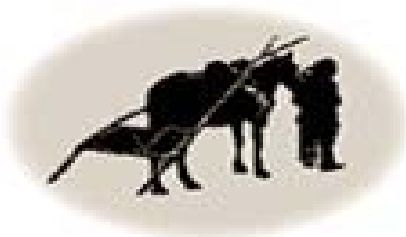
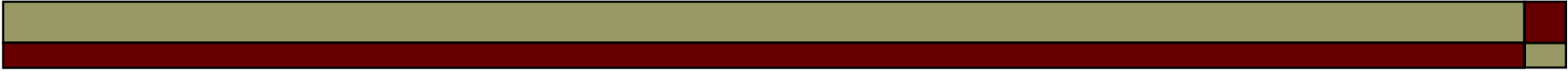




# **LIHTC Compliance**

## *Avoiding The Common Pit Falls*





# Structuring a Successful Property Management Team

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## *Four Required Team Members*

- **Executive Level**
  - Property Manager/Executive Director
- **Finance Level**
  - Accounting/bookkeeping department
  - Outside/third party accountant
- **Occupancy Level**
  - Occupancy specialist
  - Resident services specialist
- **Maintenance Level**
  - Property maintenance personnel



# Importance of Team Approach

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- All members of the property management team need to communicate on a regular and ongoing basis.
- Projects need to include all team members from inception to completion.



# Team Member Roles

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## □ Executive Level

- Oversee all departments to ensure successful completion of new projects and ongoing compliance management of existing projects
- Communicates with investors, fund program personnel, accountants, attorneys and consultants
- Delegates duties and follows up to confirm completion



# Team Member Roles

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## □ Finance Level

- Provides current financial information for projects/housing authorities
- Provides information to outside accountants for the completion of audited financial statements and tax returns
- Manages all accounts payable and accounts receivable



# Team Member Roles

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## □ Occupancy Level

- Has knowledge of all housing programs currently being utilized by project/housing authority (i.e. NAHASDA, Section 8, HOME Funds, RD 515)
- Works with prospective tenants and completes all required paperwork for tenant files
- Prepares federal, state and investor required occupancy related reports
- Responsible for notices to tenants, inspections, inspection follow-up and initial eviction paperwork



# Team Member Roles

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## □ Maintenance Level

- Maintains all units to ensure compliance with all health and safety regulations
- Completes work orders and provides necessary information to accounting and occupancy
- Inspection services



# Satisfying State, Federal, and Investor Program Requirements

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## *What are they looking for?*

- ❑ Well defined management structure
- ❑ Current audited financial statements and tax returns
- ❑ Detailed financial policy and procedures (including but not limited to)
  - Rent collection
  - Tenant accounts receivable
  - Accounts payable
  - Work order/maintenance expense tracking
- ❑ Detailed housing policy and procedures (including but not limited to)
  - Waiting list policies
  - Eviction policies
  - Drug and alcohol policies
  - Pet policies
- ❑ Structure of the housing organization.



# Maintaining a Top-Notch Property Management Team

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- **Regular staff meetings should be held to discuss:**
  - Day-to-day management issues
  - Current housing projects
  - Long-term goals.
  
- **Training must be made available to staff members on a regular and ongoing basis.**
  - This training should not be limited only to the management level's specialty, but should also include training in all programs that may benefit the housing program as a whole.



# Remember...

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*A good property management team guarantees the success of any housing program.*

They will be able to:

- Provide creative solutions to problems
- Convey to third parties that management has everything under control



# Examples of Creative Problem Solving Solutions

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- Annual neighborhood pizza party and clean-up day
- Gifts of housekeeping supplies on move-in days
- Reward programs for tenants who recertify on-time/current on rental payments
- New tenant orientation videos



# Program Compliance

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*There are two major areas of compliance in all housing programs: Tenant files and Maintenance.*

- **Tenant files** document that the household is in compliance with the housing program or programs that apply to a specific project.
- **Maintenance** deals with those issues relating maintaining housing units that are suitable for occupancy, and free of health and safety issues.



# Program Compliance

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## **Five Steps to Determine Household Eligibility**

- ❑ Interview applicant
- ❑ Complete initial application
- ❑ Verify all information (income/assets)
- ❑ Determine total household income
- ❑ Complete the TIC and lease
- ❑ Staff must know the specific state LIHTC requirements and must use state required LIHTC forms



## 2008 Housing & Economic Recovery Act – Changes

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- ❑ 2008 Housing & Economic Recovery Act introduced a major change for annual recertification of tax credit households
- ❑ Some states no longer require annual income recertifications of tenants in 100% LIHTC projects
- ❑ Some states require complete recertifications for the first anniversary year only
- ❑ All states require some type of annual tenant self-certification regarding household composition and student status.



## 2008 Housing & Economic Recovery Act – Changes (cont'd)

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- **Note: The waiver of recertification requirements only applies to the tax credit program. Annual recertification is still required by projects using NAHASDA, Section 8, Rural Development and other Low Income Housing programs.**
- TDHE staff must know which programs relate to their various housing projects



## 2008 Housing & Economic Recovery Act – Changes (cont'd)

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### □ Clarification of General Public Use Rule:

This provision specifies that a project shall not fail to meet the general public rule because of a special occupancy requirement such as tenants with special needs, who are members of a specified group under a *federal* or state program *that supports housing for a specified group*, or who are involved in artistic or literary activities. *(emphasis added)*

The clarification prevents State Housing Agencies from determining that Tribal LIHTC projects are prohibited under the General Public Use Rule.



## 2008 Housing & Economic Recovery Act – Changes (cont'd)

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- Expands the areas entitled to use the National Non-Metropolitan Income and Rent Limits
- Expands the HUD Hold Harmless provision regarding the determination of area median gross income (AMGI). AMGI may not be less than the median gross income for the same project in the prior year.