Post 15 Monitoring Procedures Webcast Script

You may view the webcast by going to:

http://www.wshfc.org/managers/ManualTaxCreditIndex.htm#11

Intro:

Welcome to the Commission's Post-Year 15 Compliance Monitoring Procedures. The Commission has developed monitoring procedures for qualified tax credit properties after year fifteen of the Extended Use Agreement. The procedures are designed to preserve the long-term affordability of the property as well as lessen the reporting burden for owners. The following presentation will assist you in determining a property's participation in the Post-Year 15 monitoring procedures, and also keep it in compliance with the Regulatory Agreement, Commission and IRS policies and regulations.

Slide 1:

Properties are not automatically authorized for this new program; therefore, the Commission has established qualifications for participation with these new procedures consisting of the following:

- Owners must demonstrate that the property has been free from material noncompliance for three consecutive years. Staff will review the status of noncompliance associated with annual reports as well as any deficiencies previously noted during on-site inspections.
- Owners must also submit a written request to the Compliance & Preservation Director to participate in Post-Year 15 procedures;
- If the property is approved to report under the Post-Year 15 procedures, the owner may continue with this reporting method for the remainder of the property's extended use agreement. Should reportable noncompliance be discovered by the Commission or the owner, the property may be required to begin a new qualifying period. Additionally, any transfer of ownership could trigger a new qualifying period.

Slide 2:

- Although initial household qualification requirements remain unchanged, meaning households must continue to be qualified at move-in, and owners must continue to limit up-front charges and fees, the Post-Year 15 procedures will allow a streamlined resident re-certification process.
- Re-certifications will not be required for 100% tax credit properties; and Annual Report certification reviews will include only new qualified households for the reporting year.
- Resident certifications will be requested for review by the Compliance Officer. Do not send certifications until requested.
- Please note that the Part B Table 1 spreadsheet must include current resident income and household size information for all households. This information can be obtained with a completed self-certification form, available from the Commission.

Slide 3:

- Different from prior regulations, households may transfer unit to unit and building to building within the property without re-certifying; all household transfers should be indicated on the Annual Report Part B spreadsheet.
- Bond reporting properties must continue to re-qualify all unit transfers, and they must also abide by the Available Unit Rule if those units are to be counted toward the bond set-aside.

For example: Let's say you have a property with 100 total units financed by bonds and tax credits. Your property is 100% tax credit-restricted 'low-income', but is also restricted by a bond agreement. For the bonds, your property must maintain 20% of the units at 50% of median income. What this means is that at least 20% of your units must be income certified and/or recertified annually to demonstrate that you met the 20 @ 50% bond requirement. Additionally, if one of your 'bond designated' households moves to another unit, they must be re-certified.

Slide 4:

- Property management staff occupying a Common Area Unit are not required to be employed fulltime as long as the owner can justify the need for site personnel.
- This includes management, maintenance, and security personnel.
- The owner or representative can designate a unit by sending the Commission a brief written statement explaining the need for site staff, their specific job duties, and how they will be paid.

Slide 5:

- Site visits by Commission staff will continue at the minimum three year period.
- The number of units inspected will be reduced from 20% to 10% overall.
- Resident packages are not required to be the same as the units inspected.

Slide 6:

- Properties participating in the Post-Year 15 monitoring procedures will pay reduced annual compliance monitoring fees.
- At this time participating properties will have those fees reduced $10 per unit per year.
- Rural Development property fees will be reduced to $100 per property.

Slide 7:

- Owners may submit a written request to the Compliance Director to change Transitional Commitments to Homeless Commitments.
- Changes to other Special Needs set-asides will require proof of significant demographic changes, or financial hardship, and documentation that the current Special Needs Commitments have caused significant vacancy or turnover issues, thereby affecting the financial viability of the property.

Slide 8:

- Changes to additional low income set asides, those below the federal limits of 50%, will be considered by Commission staff on a case by case basis.
- For properties with extreme hardship cases, owners may submit requests for waivers or changes that will assist in improving the property's financial health.
- The request will need to be accompanied by supporting documentation including but not limited to financial data, reserves analysis, capital needs assessment, market change analysis, and the effect of the proposed changes to the local population.
- All changes must be coordinated with any other funding agencies that assisted in financing the property.

Slide 9:

- Beginning in Year 16, initial household certifications must be maintained for 5 years from the move-in date.
- To break that down, original hardcopy records must retained for 3 years from the move-in date, and electronic or photocopies for the remaining 2 years.

Slide 10:

- Reportable noncompliance will continue to include the current correction period of 90 days, allowing the owner to remedy any issues.
- The Commission will continue to use IRS Form 8823 to track uncorrected noncompliance.
- Copies of the Form 8823 will be sent to the owner, other divisions at the Commission, and any other funding agencies; but not to the IRS.
- A property receiving reported uncorrected noncompliance may no longer be eligible for Post-year 15 procedures, and chronic problems could result in temporary suspension or debarment from Commission programs.

Slide 11:

- The Compliance staff may provide additional workshops, or one-on-one assistance in addition to this webcast, for the Post-Year 15 monitoring procedures, depending on the number of eligible owners who express interest or need.
- Compliance staff are always available to answer questions regarding your property.

Slide 12:

- There will be no changes in the full time student rule, utility allowance calculations, the Additional Low Income Housing Use Period, or any HUD or Rural Development requirements.

Conclusion:
We hope this information has been helpful. For additional guidance, the Post-Year 15 monitoring procedures and required forms are outlined in Chapter 11 of the Tax Credit Compliance Manual. Please feel free to contact your Compliance Officer, the Compliance Manager or Director if you have any additional questions or concerns.