

## *Qualifying a Household*

Qualifying families for Tax Credit-financed housing is a complex process. We want to help you think about what factors to plan for when interviewing families for housing at your property, and offer tips for things to do that will help you maximize this process, both initially and ongoing.

### **Prior to Interviewing**

#### *Physical Environment*

#### **The Interview Environment**

- Is the location convenient to public transportation, and/or does it provide parking? Is the entrance clearly marked?
- Is the location accessible to persons with disabilities?
- Is there informational material available about your property?
  1. Do these materials need to be available in languages other than English, or available in large type, depending on your market or funding requirements?
- Do you have copies of Landlord/Tenant law readily available for applicants? Are your staff familiar with state regulations as well as any local directives?
- Do you have written information and/or clearly-posted signs regarding Fair Housing laws?
  1. Do these materials need to be available in languages other than English, or available in large type, depending on your market or funding requirements?
  2. Is Fair Housing signage clearly visible to current and prospective Residents?
  3. Are your staff aware of additional Fair Housing laws pertaining to your local jurisdiction, as well as the state and federal rules?
- Is your interview area free from significant auditory or visual distractions? Is there a door so that the interview area can be closed off and personal information can be examined in a confidential manner?
- In your interview area, do you have signs posted listing the responsibilities of the applicant and those of the interviewer? These are often very helpful in establishing “ground rules” for the interview process, and can help applicants know what to expect.

*Planning for Tax  
Credit Set-Aside  
Requirements*

The income and asset certification part of the interview is the most challenging and labor-intensive part of qualifying a family for a tax credit property. However, there are other issues that management staff need to plan for prior to leasing appointments so that other critical requirements can be met.

**Income Set-Asides**

- If you have multiple income set-asides, it is important to plan ahead of time how many units you must rent to satisfy each income set-aside.
  1. How would you explain, for instance, the set-aside concept to a family that may qualify for a 30% unit but can only be offered a 45% or 50% unit because you have already met your lower income set-asides but not yet met your higher income set-asides?

**Special Needs Commitments**

- Plan in advance how many units you will have to rent in order to satisfy any Special-Needs Commitments (e.g. Farmworker, Homeless, Disabled, Large Household).
  1. Remember that any project with Transitional units is 100% Transitional by building, not necessarily the whole project.
  2. Any project with an Elderly commitment is a 100% Elderly project.
  3. How are you going to effectively market your units to these populations?

**Common Area Units**

These units are for full time property staff. If you decide not to have an on-site manager or maintenance person, or these staff live off-site, you can rent the Common Area Unit to a tax credit-qualified Household. Remember that Common Area Units cannot be moved from building to building without prior Commission approval. Even moving a Common Area Unit within a building could be tricky if you have market-rate units, and if the proposed unit is a different size, thus upsetting your applicable fraction in that building.

Remember that your set-asides numbers must be met by the end of the property's First Credit Year (both the low-income set-asides and the Special-Needs Commitments). Failure to lease all your low-income units means that the project could lose some or all of its allocated tax credits.

- Do you have a leasing goal schedule for each building? Is it, at minimum, a weekly schedule?

*Leasing Issues*

- Do you always attach a copy of the latest Commission Lease Rider to each lease?
- Is your lease detailed enough to prohibit, within acceptable legal parameters, any unwanted behavior at your project?
  1. Does your lease include language making a Resident's failure to abide by Tax Credit program rules a material violation of their lease?
  2. Do you outline in your lease the process you follow for rent increases?
  3. Does your lease speak to the issue of household additions or changes?
  4. Language about these and other kinds of issues can be included in the lease, or in a House Rules document, or another type of lease rider. Check with an attorney to find out the best option for your property.
- Do you contract with a background check company that gives you thorough, reliable information (including rental history, criminal/eviction information, credit history) about your applicants?
  1. A background check that includes credit history can be helpful for identifying an applicant's marital status, whether or not they own real estate, and their length of time at particular addresses.
- What are your lease term options after fulfilling the initial six-month lease term? Are these set out in your lease?
- Do you use lease compliance documents that are valid according to state and local Landlord/Tenant laws? Are you consistent in your treatment of all residents when notifying them of lease violations or initiating the eviction process?

### *Interview Techniques*

Interviews that involve eliciting personal information from people can make some applicants anxious, or result in some applicants overlooking (sometimes intentionally) aspects of their personal situations that are crucial to the qualification process. For this reason, it is a good idea to find feasible ways of training appropriate staff in effective interviewing techniques.

Among other traits, effective interviewers display the following skills:

- Polite and respectful demeanor
- Able to clarify mutual responsibilities and outcomes of the process

## During the Interview

(Interview Phases information courtesy of Nan McKay & Associates, Inc.)

### Interview Phases

- An interest in the applicant
- Patience, visible willingness to understand
- An orientation toward service
- Display objectivity, not being judgmental
- Ability to establish rapport with applicant
- Use effective verbal style to elicit critical information (e.g., avoid leading questions, don't use jargon, ask clarifying questions, etc.)

Do you have an interview checklist that outlines all the steps and forms required in the interview process? You may want to create a form that you use in conjunction with the Compliance Checklist so that you can keep track of all the interview steps (including what to do before and after the interview) and assemble the applicant files in an order that resembles how you will have to submit paperwork to the Commission for review.

### The Interview Itself

The following phases of the interview process can provide a sense of direction and purpose to the entire process. These phases can also help staff stay organized and remember steps they must follow to successfully complete the process.

#### **I. Rapport-building and Ground Rules**

- Ask for form of legal identification, preferably photo I.D.
- Answer critical questions or concerns first before going on.
- Provide overview of process.
- Emphasize your commitment to being conscientious about this process and about your job.
- Clarify both of your roles and objectives for the interview.
- Explain information that will be needed.
- Emphasize confidentiality and that all questions being asked are asked of every applicant at your property.
- Also emphasize that everything asked for is required by the agencies that oversee the Tax Credit program or provide your property with funding (e.g. IRS, HUD, State Dept. of Community, Trade and Economic Development, etc.)
- Explain how information will be verified.

- Explain consequences for providing false information or failing to provide complete information.
- Assure client that you will answer any additional questions at the end of the process (also ensure you will not be regularly interrupted by the phone or co-workers).

## II. Information Gathering

- Complete all paperwork keeping in mind that this is a data collection phase only, not an evaluative phase.
- Ask all questions required by the forms.
- Record all answers accurately.
- Don't interpret answers or challenge conflicting or discrepant information.
- While completing the paperwork, be making file notations as appropriate.
- Do not leave any lines or items blank; put a response down for each item (for example, "doesn't apply").
- Do not use correction fluid to correct errors. Cross out mistakes and initial next to the crossed-out item. Have the applicant do the same for any items they fill out themselves.
- Do not use name stamps to "sign" staff names on any forms or letters. This may make the document problematic for use in a legal proceeding.
- Review each form with the client before obtaining necessary signatures.
- Make sure all forms are signed and dated by all necessary household members.
- If you ask questions about information provided, only ask clarifying questions, not evaluative questions, during this stage.

## III. Evaluating Information

- Determine what information must be **verified** in order to meet IRS, HUD, funder/investor requirements, including, but not limited to:
  - Wages
  - Unearned income
  - Student Status
  - Assets
  - Accommodation requests

- Decide what additional documents you'll need to complete the file or properly verify information. Some items you may need are:
  - Income tax returns
  - Divorce decree
  - Legal identification
  - Birth certificates
  - Self-certifications (where appropriate)
- Discuss discrepancies in the information provided, ask for more information regarding circumstances that need explanation or for facts that are contradictory.

#### IV. Closing the Interview

- Summarize what you are going to do next and what the applicant needs to do next. Provide these instructions to the applicant in writing, and give a deadline date for the submission of additional information or completion of other actions.
- Answer any additional questions.
- Provide the applicant with additional information about other housing programs, if appropriate.
- Explain what will happen next and how to contact you if they have questions in the meantime.
- Reaffirm your commitment to good service and thank the applicant for their cooperation.

### Eligibility

As discussed earlier, it will be helpful to use a checklist when completing the eligibility process so you're sure to complete all required forms and perform all needed action steps.

Use our Compliance Forms Checklist to make sure all areas of eligibility have been covered and all correct forms have been used. This can also assist in your assembly of the file, and help you find information more easily for Compliance reviews.

### Tracking Tools

To track the verification process, you may want to consider using a spreadsheet for each applicant household. You can record each household member, what documentation is required for each person, when you requested pertinent documents, follow-up requests, when you received the paperwork, and whether or not you approved and leased to the applicant. Such a tool may be helpful if you regularly evaluate families with many

household members or with many different types of income and/or assets. It also serves as a record of your “due diligence” in obtaining third-party verification, in case you must use a less desirable form of documentation.

Additionally, there may be software programs that accomplish these tasks and also allow you to run reports to determine if tasks are being completed and if deadlines are being met.

### ***Filling Out Forms***

For guidance on how to fill out Commission verification forms for income, assets, students, and Commission-designated Special Needs categories, please review ***Chapter 6, Reporting and Records Retention*** in this Manual. For detailed instructions on filling out each form, please access our website at <http://wshfc.org/managers/formsindex.htm>. Click on the “Resident Certification Packages” link, then choose the specific document you need to complete.

### ***Income & Asset Certification***

For guidance on how to verify and calculate income and assets, please review ***Chapter 5, Income and Asset Certification*** in this Manual.

The Commission’s income certification policies derive from HUD’s Occupancy Handbook 4350.3, specifically *Chapter 5 - Determining Income and Calculating Rent*. However, only part of the chapter is relevant for Tax Credit property owners. For your convenience, we have excerpted *Section 1-Determining Annual Income, Section 3-Verification*, as well as some exhibits in ***Appendix N*** of this Manual. Please review this appendix for more in-depth guidance and examples of income calculation and verification.

### ***After Initial Qualification***

After successfully determining eligibility and leasing to an applicant for housing, there are periodic tasks and reviews which must be completed to keep your property in compliance and maintain the eligibility of your residents.

### ***On-going Compliance Issues***

On-going compliance issues/questions that must be addressed after a household is leased:

- Annual recertifications of all qualified households
- If at recertification you have households with income above 140% of their applicable income limit – are you applying the Available Unit Rule?
- For properties with market rate units – are you applying the Unit Vacancy Rule when you have both set-aside and market rate unit vacancies at the same time?

- For properties with Special-Needs Commitments vacancies (other than Elderly or Housing for the Homeless Commitments) – are you applying the 30-Day Marketing Rule before renting to a qualified household that does not meet the Special-Needs Commitment?
- Are you checking with your utility allowance schedule provider(s) every three months to see if the providers have made changes to the allowance amounts? Do you have forms and a process that will allow you to make rent adjustments and implement any utility updates within 90 days of a change?
- Are you checking the Commission’s Compliance website every year (usually in the Spring) to update your maximum rent limits and income limits?
- You have the option to allow or prohibit additions to a qualified household after the initial 6-month lease – is your policy clear on this issue?

For more detail on the above issues, please review *Chapter 2, Federal Regulations*, *Chapter 3, Washington State Requirements*, and *Chapter 4, Rents & Tenancy Issues* in this Manual.

#### ***Recertifications***

The eligibility of all qualified households must be recertified annually, prior to the anniversary of the lease start date. The recertification process should be started approximately 120 days prior to the lease anniversary date.

The process and priorities of the recertification interview are similar to the initial qualification interview, however, staff should now be comparing the household’s current year information to that submitted in the prior year. This is the best way to determine if changes have occurred in the last twelve months.

#### ***Annual Reports***

Every project must submit property information to the Commission each January and June. For general information on these reports, please review *Chapter 6, Reporting and Records Retention* in this Manual. For detailed instructions on how to fill out each report, access our website at <http://www.wshfc.org/managers/formsindex.htm>. Click on the appropriate Reports link, then choose the document you need to complete.

#### ***Document Retention***

Remember it is vital to keep your records in a safe and secure manner. All First Credit Year paperwork must be kept for at least 21 years (15 year Compliance Period plus 6 years). All recertification paperwork must be kept for at least 6 years beyond the applicable recertification year.



**Things to Consider**

- Do your records need to be kept at the property, or at an off-site location?
- Do you need to take precautions to prevent damage to your records from earthquakes, fires, floods, tornadoes? Other natural disasters?
- In the event of a disaster, will your records be recoverable?
- Are computer records backed up?
- Can paper records be scanned or microfiched with secondary copies kept in another location?

For more information about retaining your program records, please review ***Chapter 6, Reporting and Records Retention*** in this Manual.