

Post-Year 15 Monitoring Procedures

Chrystal White
Shawna Higgins
Asset Management & Compliance Division
Washington State Housing Finance Commission
2017

What is Post-Year 15 Monitoring?

With Commission approval, your tax credit property may be offered the ability to have streamlined monitoring procedures Year 15 of the property's Regulatory Agreement. These procedures are designed to both preserve the long-term affordability, and lessen reporting burdens for owners.

Qualifying for Post-Year 15 Monitoring

- Properties must satisfy a qualifying threshold to be eligible for Post-Year 15 Monitoring Procedures:
 - Properties must have three consecutive years of annual reports and on-site inspections free of Material Noncompliance as determined by Commission staff.
 - No transfer of Ownership or switch of Property Management companies in the last three years.

Approval Process

- If the property is in its 15th year of compliance, the owner will receive a letter of eligibility from the Commission. The letters are typically mailed in October. Alternately, you can check the *Post-Year 15 Monitoring List* on our website to see if your property is eligible to apply.

Eligible list from website

All Tax Credit Projects including Approved for Post-Year 15 Streamlined Monitoring Procedures
(alpha order by Project Name)

Project OID	Project Name	City	First Credit Year	Year 15	Date Approved for PostYr15 Monitoring	# of Low Income Units	TOTAL Project Units	WSHFC Monitoring Portfolio Analyst	Portfolio Analyst: Email
12-100A	12th Avenue Arts	Seattle	2015	2029		86	88	Shawna Higgins	shawna.higgins@wshfc.org
14-46A	15 West Apartments	Vancouver	2016	2030		119	120	Michael N. Dill	michael.n.dill@wshfc.org
04-36	1811 Eastlake Supportive Housing	Seattle	2006	2020		49	49	Shawna Higgins	shawna.higgins@wshfc.org
13-96A	1st Street Apartments	Vancouver	2015	2029		115	152	Marji Johnson	marji.johnson@wshfc.org
04-03	A Place of Our Own	Seattle	2006	2020		19	19	Michael Soper	michael.soper@wshfc.org
15-81A	Abbey Lincoln Court	Seattle	2016	2030		68	68	Erik Giesen	erik.giesen@wshfc.org
10-28	Adams View	Wapato	2012	2026		68	68	Chrystal White	chrystal.white@wshfc.org

This is a sample of what the *Post-Year 15 Monitoring List* on our website looks like, it's updated annually. To calculate when Year 15 will occur, the Commission adds 14 years to the first credit year. Please double check your 8609s and if the first credit year date differs from our records, please contact your Portfolio Analyst.

If there's a date in the column named *Date Approved for PostYr15 Monitoring* and your property recently went through a property transfer or Management change this might not be correct, please check with your Portfolio Analyst.

Approval Process

- The owner must complete the *Eligibility Request Letter* and submit it to the Commission with the *Summary of Post-Year 15 Monitoring Procedures with Owner's Certification*, both signed by Authorized Signer.

The documents must arrive at the Commission **before** November 30. This will allow us enough time to review and approve reduced compliance and monitoring procedures (as well as a reduction in monitoring fees) for your property which would take effect as of January the following year.

If your request is not complete or does not arrive at the Commission until after November 30th, we will still review it for a reduction in compliance and monitoring procedures, but you will not be eligible for a fee reduction until the second year.

Eligibility Letter



Opening doors to a better life

October 15, 2017

«Authorized_Signer_First_Name» «Authorized_Signer_Last_Name»
«Authorized_Signer_Calc_Account_Name»
«Authorized_Signer_Mailing_Address_Line_»
«Authorized_Signer_Mailing_City», «Authorized_Signer_Mailing_StateProvinc»
«Authorized_Signer_Mailing_ZipPostal_Co»

Re: «Project_Project_Name»
OID #«Project_Current_OID»

Dear «Authorized_Signer_First_Name»:

According to our records, the above-named property may be eligible for the Commission's streamlined **Post-Year 15 Monitoring Procedures**. Please review the attached materials and if interested, return the attached letter requesting approval and the attached **Summary** with the completed Owner's Certification.

Please note that your request, including the completed **Summary** document, must be received by the Commission **before November 1st** of this year. This will allow us enough time to review and approve the streamlined monitoring procedures (as well as a reduction in monitoring fees) for your property. The changes would take effect as of January 1st of the following year.

If your request is not complete or does not arrive at the Commission until after November 1st, we will still review it for the streamlined monitoring procedures, but you will not be eligible for a fee reduction until the year after next.

If you have any questions, please call your Portfolio Analyst «Portfolio_Analyst» at «Phone» or me at 206-287-4419.

Sincerely,

Valeri Pate

Director, Asset Management & Compliance Division
Email: valeri.pate@wshfc.org

Enclosures:

Owner's Request letter
Summary of Post-Year 15 Procedures with Owner's Certification

Karen Miller
Chair

Kim Herman
Executive Director

October 15, 2017

Washington State Housing Finance Commission
Attn: Asset Management & Compliance Division
1000 2nd Avenue, Suite 2700
Seattle, Washington 98104-1046

Re: «Project_Project_Name»
OID #«Project_Current_OID»
«Ownership_Entity»
First Credit Year: «First_Credit_Year»

Dear Asset Management & Compliance Division:

On behalf of the owner of the above-referenced property, the undersigned hereby requests approval from the Washington State Housing Finance Commission of streamlined Post-Year 15 Monitoring Procedures and a waiver of certain compliance requirements in the regulatory agreement with respect to the above named property.

I certify that the first year tax credit credits were taken, with respect to the project was «First_Credit_Year» thus making us eligible for consideration. I have also read and signed the attached **Summary of Post Year-15 Monitoring Procedures**.

If you have any questions, I can be reached at _____ or by email at _____

Sincerely,

«Ownership_Entity»

Signature and Title of Authorized Signer for Ownership Entity

Date: _____

Enclosures:

Summary of Post-Year 15 Procedures with Owner's Certification

Summary of Post-Year 15 Monitoring Procedures with Owner's Certification Letter

Summary of Post-Year 15 Monitoring Procedures with Owner's Certification Washington State Housing Finance Commission

The Commission's **Post-Year 15 Streamlined Monitoring Procedures** are summarized as follows:

Annual Reports

Owners will continue to report annually and use the existing annual reporting forms. Owners will report all data for **new** households on the Table 1 report in WBARS, and complete all Owner certification information on the *Owner's Annual Certification* document.

Commission staff will request a sampling of **new move-in** resident packages after reviewing Table 1 and the OAC.

Initial Qualifications

Owners must continue to income-qualify all households upon initial occupancy of any affordable unit. Owners must also continue to adhere to limiting Up-Front Charges & Fees.

Re-certifications

Third-party verified re-certifications are not required for existing households after Year 15 on 100% tax credit properties that qualify for and continue to be eligible for Post-Year 15 Monitoring Procedures.

To satisfy the IRS other public Funders, the Commission has adopted a **Self-Certification of Annual Income** form. After initial qualification, households must self-certify their income and Student Status annually on their anniversary date. If, at the first self-certified recertification, there has been a significant increase in income, Commission staff will require copies of initial move in packages for those households.

Household Transfers

For 100% affordable properties, households may change units, even into a different building, without the requirement of a new household income qualification. Owners should indicate all household transfers on the Table 1 report in WBARS.

Common Area Units

Employees of a property will not necessarily need to be fulltime employees at the property to occupy a Common Area Unit as long as the Owner can justify the need for the manager/maintenance person/security for that property, and the employee's principle occupation is to manage the subject property. Units being used as Common Area Units must be clearly designated as such in WBARS.

On-site Visits

The Commission will maintain the federal standard of inspecting LIHTC properties every three years. Units may be inspected more frequently if needed. Generally, the percentage of units inspected will be reduced from 20% to a minimum of 10% of total low-income units, with a minimum of five units inspected each visit.

Compliance Fees

For properties that meet the qualifying requirements, fees will be reduced \$10 per unit, per year, as long as the property remains in compliance. Rural Development properties will be reduced \$100 per property.

Transfers of Ownership

A Transfer of Ownership during the during or after Year 15 will automatically trigger a new three-year Qualifying Period, regardless of who the new owner is.

Record Retention

Retain original compliance documents for 3 years past that year's tax filing, then electronic or photocopies for an additional 2 years.

Non-Compliance

The current correction process will be used but staff will only issue the noncompliance Form 8823 to Owners for **uncorrected issues**. Note that material noncompliance found after Year 15 (whether corrected or not) will be tracked for all properties for the purposes of good standing with the Commission. Uncorrected or continued noncompliance may affect the owner's ability to apply for future credits, or may result in other sanctions imposed by the Commission. Properties with material noncompliance will no longer be eligible for Post-Year 15 Monitoring Procedures and will be required to complete a new three-year Qualifying Period after all noncompliance issues are corrected.

Areas of No Change

All Special Needs and Additional Low-Income Set-Asides remain in place.

Units occupied **entirely by full-time students** that do not meet one of the five allowed IRS exceptions, will not be allowed at move-in. Failure to confirm Student Status of residents after Year 15 may result in unqualified units if the property is subsequently re-syndicated.

Utility Allowance requirements will remain as outlined in Section 42 of the IRC and in the Commission's *Tax Credit Compliance Manual*.

Additional Low-Income Housing Use Period (1-22 years) remains in effect.

Owner's Certification

I acknowledge that I have read the above summary of Post-Year 15 Monitoring Procedures and Chapter 11 of the Tax Credit Compliance Procedures Manual, Post-Year15 Monitoring Procedures, and agree to abide by the requirements as outlined. I also understand that if approved, these changes constitute a temporary waiver to certain monitoring requirements outlined in the property's Regulatory Agreement. Notwithstanding the terms of this document and of the Tax Credit Compliance Manual, I understand that these streamlined procedures and temporary waiver will remain in effect unless or until the Commission deems otherwise.

Project Name

OID #

Signature

Title

Print Name

Date

Contact Email Address

Approval Process cont.

- Once approved, the Commission will send the owner a signed approval letter with the effective date.

100% Affordable Property



Opening doors to a better life

Karen Miller
Chair

Kim Herman
Executive Director

October 15, 2017

Authorized Signer
Property Management Company
Address
Address

**Re: Property Name
OAR/OID #
Post Year-15 Monitoring Procedures Approval**

Dear:

You have requested approval of the Washington State Housing Finance Commission streamlined monitoring procedures and a waiver of certain reporting requirements after year 15 of the Extended Use Period for the above named property. Staff have examined this property's records and determined that your property qualifies for Post Year-15 Monitoring Procedures.

You are hereby approved for Post Year-15 Monitoring Procedures, as described in Chapter 11 of the Compliance Procedures Manual, **beginning January 1, 2016** for the above-referenced property. Congratulations and thank you for your continuing commitment to providing affordable housing in the state of Washington.

Note: Should a property be re-syndicated the Post Year-15 Monitoring will automatically be revoked. A change in Ownership or Management may also cause it to be revoked.

If you have any questions, please contact me at 206-287-4419, or Shawna Higgins, your assigned Portfolio Analyst for this property, at 206 287 4425.

Sincerely,

Valeri Pate
Director
Asset Management & Compliance
Email: valeri.pate@wshfc.org
Commission website: www.wshfc.org

cc:

Mixed units - Tax Credit & Market-Rate



Opening doors to a better life

Karen Miller
Chair

Kim Herman
Executive Director

October 15, 2017

Authorized Signer
Property Management Company
Address
Address

**Re: Property Name
OAR/OID #
Post Year-15 Monitoring Procedures Approval**

Dear:

You have requested approval of the Washington State Housing Finance Commission streamlined monitoring procedures and a waiver of certain reporting requirements after year 15 of the Extended Use Period for the above named property. Staff have examined this property's records and determined that your property qualifies for Post Year-15 Monitoring Procedures.

You are hereby approved for Post Year-15 Monitoring Procedures, as described in Chapter 11 of the Compliance Procedures Manual, **beginning January 1, 2016** for the above-referenced property. Since this is not a 100% low-income property residents will have to be re-certified annually, they cannot transfer to another building without re-qualifying and the Common Area Unit cannot be moved without our approval. You are entitled to the reduced fee and less units inspected during an on-site. Congratulations and thank you for your continuing commitment to providing affordable housing in the state of Washington.

Note: Should a property be re-syndicated the Post Year-15 Monitoring will automatically be revoked. A change in Ownership or Management may also cause it to be revoked.

If you have any questions, please contact me at 206-287-4419, or Shawna Higgins, your assigned Portfolio Analyst for this property, at 206 287 4425.

Sincerely,

Valeri Pate
Director
Asset Management & Compliance
Email: valeri.pate@wshfc.org
Commission website: www.wshfc.org

cc:

Certification Process

- Initial qualifications – Owners must continue to income-qualify all households upon initial occupancy of any affordable unit. Owners must also continue to adhere to limiting Up-Front Charges and Fees.
- Re-certifications:
 - Mixed (Tax Credit and Market-Rate Units) – third party still required
 - 100% Affordable – Self-Certifications start after Initial Certification
 - To satisfy the IRS and other funder requirements, the Commission has adopted a ***Self-Certification of Annual Income*** form. After initial qualification, households may self-certify their income and student status annually on their lease anniversary date.

Self-Certification Sample

SELF-CERTIFICATION OF ANNUAL INCOME

Property Name: _____ Unit: _____

Household Name: _____

of Bedrooms: _____ # of Persons in Household: _____

REMAINDER OF FORM TO BE COMPLETED BY RESIDENT ONLY

Enter **all household member name(s)** and date(s) of birth below (continue on separate sheet of paper if necessary). Also note whether or not any household member is or will be a fulltime student in next 12 months.

Household Member Name	Date of Birth	Fulltime Student Status *
Head _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
7. _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

* Have you, in this calendar year, or will you in the next calendar year, be a fulltime student for five months or more?

Enter **household income** including income from assets of each adult household member. If some members have no income put "Zero." Every **adult** Household member must initial below to certify their gross annual income anticipated for the next 12 months. See **NOTES** on second page of this form (continue on separate sheet of paper if necessary).

Household Member Name	Total Gross Annual Income & Income from Assets	Source of Income	Initials of Adult Household Member
Head _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____

Household Name: _____

I agree to notify management IMMEDIATELY if:

- ◆ Anyone in my household becomes a fulltime student;
- ◆ My household composition changes in any way.

I certify under penalties of perjury that the above information is true and complete to the best of my knowledge. I understand that false or incomplete information is a violation of the terms of my lease and is grounds for eviction. I agree to furnish any additional income or other documentation required by the property owner/management to document my/our household income:

_____	_____	_____
Head of Household Signature	Print Name	Date
_____	_____	_____
Other Household Adult Signature	Print Name	Date
_____	_____	_____
Other Household Adult Signature	Print Name	Date
_____	_____	_____
Other Household Adult Signature	Print Name	Date

NOTES

Types of Income:

Possible types of income include but are not limited to: wages, salary, tips, bonuses, commissions, military pay, public assistance, Social Security/SSI, retirement benefits, VA benefits, child support, regular gifts, unemployment, and some types of financial aid. Include amount you receive now and amount you anticipate receiving in the next 12 months. All income listed must be GROSS income (income before taxes and deductions).

Income from Assets:

Income from assets must also be included in Total Gross Annual Income. Possible types of assets include, but are not limited to: checking accounts, savings accounts, cash on hand, money market accounts, certificates of deposit, stocks, bonds, 401(k) and real estate. Include the annual interest from these accounts in your total income.

TO BE COMPLETED BY MANAGEMENT

Original Move-in Date: _____ Effective Date of Recertification: _____

Total Gross Income – All Household Members: \$ _____

Household Portion of Rent: \$ _____ Utility Allowance: \$ _____

Subsidy Portion: \$ _____ Set-aside %: _____

Signature of Management Representative Printed Name of Management Representative Date

Annual Reporting



Washington State
HOUSING FINANCE COMMISSION

Karen Miller
Chair

Kim Herman
Executive Director

December 14, 2016

2016 Annual Tax Credit Report - Post Year 15 or Re-cert Waivers

In accordance with the terms and provisions of the Low-Income Housing Tax Credit Program, the Owner is required to submit an annual compliance report to this office by **January 31, 2017**. The attached checklist outlines the documentation required to satisfy the annual reporting requirements. **Please include this checklist with your report submission.**

Note: Your 2016 Annual Table 1 report should be submitted online via the Web Based Annual Reporting System (WBARS) at www.wbars.com.

Your property has been approved for Post-Year 15 Monitoring Procedures or a Recertification Waiver. The submission of resident certifications is not required at this time. Following a review of the *Owner's Annual Certification* and WBARS Table 1, your Portfolio Analyst will contact you with a selection of resident certifications to be submitted. For your convenience, the Commission's website features the complete Tax Credit Compliance Manual, the latest tax credit compliance reporting forms, reporting requirements, resident certification package forms, current income limits, the tax credit workshops schedule and online registration process. **You may also register to receive regular WSHFC Compliance updates via email at: <http://www.wshfc.org/managers/broadcastemail.htm>.**

If you have made any changes to staff, please update the information in WBARS and notify your Portfolio Analyst of the change.

Please mail your report to WSHFC, 1000 2nd Ave., Ste. 2700, Seattle, WA 98104, **attention Asset Management & Compliance Division.**

If Chrystal White is your Portfolio Analyst, mail your report materials to WSHFC, P.O. Box 781, Liberty Lake, WA 99019.

If you require further assistance contact your Portfolio Analyst. To locate your Portfolio Analyst, go to <http://www.wshfc.org/managers/Other/ProjectAssignments.pdf>.

Sincerely,

Valeri Pate

Valeri Pate, Director
Asset Management & Compliance Division

2016 Annual Tax Credit Report Checklist - Post Year 15 or Re-Cert Waiver

Property Name: _____ OID # _____

The following documentation is attached in support of the annual report:

- Owner's Annual Certification* (print the *Annual Summary* from WBARS and the additional *OAC* pages from our website), submit both with Owner's **original** signature.
- Annual Table 1* report submitted via the Combined Funders Annual Reporting System at www.wbars.com.
- Copy of the utility allowance schedule(s) used to determine actual rent payments **for the entire 2016 reporting period**. Please **circle** the amounts used for all buildings in the Project on the allowance schedule. These amounts **must** match what is entered in WBARS.
- Written explanation or completed *Extended Vacancy/Rent-Ready Report*, for all units that were vacant 90 days or more at any time during the reporting year. Explanation must include the date units became vacant, when they became rent ready and the reason for the extended turn-time and/or vacancy.
- Move-in package and current certification package for all households whose income exceeded 140% at the **first** year re-certification. Include an explanation for the increase.
- Special-Needs Vacancy Report*, with back-up documentation, if the Special-Needs Commitments elected have not been met.
- Affirmative Marketing Report* (if applicable). To find out if your project is required to complete this report, check our website at: <http://www.wshfc.org/managers/Reports/BondReports/BondProjectsWithAWSHFCAffirmativeMarketingReportRequirementList.pdf>
- Homeless/Transitional Report* (if applicable).
- Farm Work Move-in Report* (if applicable).
- Mail your report to WSHFC, 1000 2nd Ave., Ste. 2700, Seattle, WA 98104, **attention Asset Management & Compliance Division.**
If Chrystal White is your Portfolio Analyst, mail to WSHFC, P.O. Box 781, Liberty Lake, WA 99019.

Prepared By: _____ Date: _____

Phone Number: _____ Email: _____

Unit Transfers

For 100% Affordable Properties, households may change units, even into a different building, without the requirement of a new household income qualification. Owners should indicate all household resident transfers on the Table 1 report in WBARS.

Common Area Units

Employees of a property will not necessarily need to be fulltime employees at the property to occupy a Common Area Unit as long as:

- The Owner can justify the need for the manager/maintenance person/security for that property.
- The employee's principle occupation is to manage the subject property.

On-Site Visits

- The Commission will maintain the standard of inspecting units every three years. Properties may be inspected more frequently if needed.
- Generally, the percentage of units inspected will be reduced from 20% to 10%, with a minimum of five units inspected.

Compliance Fees

- For qualifying properties, fees will be reduced \$10/unit, per year (as long as property remains in compliance).
- For Rural Development properties, the fee is reduced \$100 per property.

Special-Needs Set-Asides

- Allow switching from Transitional to Homeless with Commission approval.
- Changing other set-asides would require proof of the following (e.g., Disabled & Large Household):
 - Significant demographic changes
 - Financial hardship affecting viability of property

Additional Changes to Low-Income Set-Asides

- Owner requests will be considered on a case-by-case basis.
- Owner must demonstrate financial hardship
- Significant supporting data required
- Change will be coordinated with other funding agencies

Record Retention

- Maintain initial move-in certification records for 6 years from move-in date.
- Original Move in files that leased up the property still need to follow the record retention of 21 years.
 - If there is a change in ownership/management the original files should be transferred to the new owner/management from prior ownership/management.
 - If the owner is thinking about applying for re-syndication be sure to keep a qualified full 3rd party verified certification on current residents.

Noncompliance

- 8823's can still be issued to the property if non compliance is discovered after year 15 for certifications in years 1 through 15.
- State noncompliance letter issued if past Year 15.
- For chronic or serious noncompliance, temporary suspension and/or debarment procedures may be implemented.
- Properties with chronic or serious noncompliance will no longer be eligible for Post-Year 15 Monitoring Procedures and will be required to complete a new three-year qualifying period after all noncompliance issues are corrected.

Areas of No Change

- Full time Student rules
- All Special Needs and Additional Low-Income Set-Asides
- Utility Allowance implementation

Please take note:

- Additional Low-Income Housing Use Period (1-22 years)
- Other funders have their own guidelines please be sure to check with them as they may have different procedures.

Can Post-Year 15 Monitoring Procedures be Revoked?

Yes, for the following reasons:

- Chronic and/or serious noncompliance as previously mentioned
- Transfer of Ownership or General Partner or change in Management Companies
- Re-syndication of property

Except in the case of re-syndication, Post-Year 15 procedures can be reinstated after the property completes a new, satisfactory three-year qualifying period.

Questions and Answers

