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DATE: January 13, 2012
TO: Owners and Managers of HTC Projects
FROM: Affordable Housing Connections Staff
SUBJECT: Report Submission Requirements
Sublocator Compliance Program Year 2011

**2011 Annual Reports are due to AHC
by 5:00 p.m., Wednesday, February 15, 2012
Upload your ERP and HTC-12 Owner's Certification for Sublocator HTC projects
via the secure file upload system. Upload instructions are enclosed.**

PROGRAM YEAR 2011 REPORTING REQUIREMENTS FOR ALL PROJECTS

All 2011 project reports must be submitted on the 2010 version OR the 2011 version of the Electronic Reporting Program ("ERP") found on Minnesota Housing's website. **Earlier versions will be considered noncompliant.** If you are unsure about the version of the ERP you are using, please contact us. Manually prepared report forms will **not** be accepted. The ERP is required to be uploaded via our Secure Upload. E-mailed ERPs will not be accepted.

AHC monitors compliance for projects with allocations of tax credits ("HTC") from the following entities:

Saint Paul PED	Minneapolis CPED
Washington County HRA	City of Rochester
Saint Cloud HRA	

AHC does not accept annual reporting for projects with allocations of tax credits from Dakota County, or those monitored by Minnesota Housing.

IMPORTANT NOTES (FOLLOW THESE INSTRUCTIONS TO AVOID FINDINGS)

1. Instructions for secure submission of your ERP are enclosed.
 - a. Before uploading the ERP for your project, please name it by the Date Uploaded Project Name Program Year ERP (e.g. [02-15-12 XYZ Project 2011 ERP](#))
 - b. Do not submit the ERP in a template file format
 - i. *****Make sure the filename extension on your projects ERP excel file is ".xl" or ".xls" and that it is not a template document ".xlt"*****
2. Contents of ERP:
 - a. Project Information Tab

The Project Information tab must be completed accurately to ensure that the rest of the workbook is populated correctly. "Owner" information refers to the Ownership Entity, not the Partner or Management Agent. **If incorrect information is entered,**

this may cause errors on the HTC-12 (Owner’s Certification of Continuing Program Compliance) and other tabs within the ERP, which in turn may cause a finding of noncompliance related to incomplete or inaccurate certifications or reports.

b. HTC 28 Building Map

- i. The HTC 28 (*Building Map*) identifies each unit type (Market, HTC, or Common). In order to generate the Building Map (HTC 28), you must first complete the Project Info, BldgList and UnitList Tabs (see the ERP instructions tab for assistance).
- ii. The Building Map sets forth the owner’s initial "plan" for achieving the applicable fraction and various set-asides associated with each building. When completing the Project Info, BldgList and UnitList Tabs, keep in mind that in addition to entering the building address, bedroom number and square footage for each unit, you will need to enter the owner's initial plan for achieving the various set-asides for rent (60%, 50%, etc.), applicable fraction (assigning HTC, Market, or Common space status to each unit), as well as income restrictions and special population targeting (i.e., units that were set aside to serve special populations such as handicapped, HIV/AIDS, elderly, etc.). If no special targeting is identified, assume that the property is family housing.

Assigning these designations to each unit to set up the buildings will not restrict or "lock in" those units for the duration of the compliance period. The designation of each unit will depend on the income, rent, student status, etc., of the individual households occupying each unit and, in some cases, will also depend on when the available unit rule is in effect. The restrictions reported on the Building Map and the HTC-13 must match each year of compliance.

c. HTC 13 “Data” Tab

- i. Each unit must report data for all unit turnovers, transfers and recertifications that occurred during the entire 2011 calendar year.
 - **Do not show past year data** unless unit has been vacant for all of 2011, in which case the previously qualified household data must be reported. If a household vacated in 2011 but before the 2011 recertification was due, leave the 2010 information in place.
 - **For HTC units:** report all income certification data with updated tenant paid rent and utility allowance data.
 - **For Households with Housing Assistance (such as Section 8 Voucher):** If you did not know the tenant portion of the rent when the tenant signed their certification, then the Best Practice is to enter an explanatory comment such as “Section 8 in process” in the “User Notes” of the HTC-13. On the TIC, “TBD” may be entered as the Tenant Paid Rent, or you may wish to enter the contract rent, or you may choose to leave the information blank. You should be able to click the type of assistance (TBA or PBA) on the TIC even though you don’t know the tenant’s portion – that will then automatically transfer to the HTC-13.

Once the agency providing the assistance has informed you of the tenant’s portion of the rent, page 2 of the TIC should be **MANUALLY UPDATED** with the correct Tenant Paid Rent, Gross Rent, and Rent Assistance. This change should be initialed and dated by the Management Agent, but it is **NOT** necessary to obtain the tenant’s initials for the change. The correct amount should also be **MANUALLY ENTERED**

in the “Tenant Paid Rent” column of the HTC-13, and the “Section 8 in process” comment should be deleted.

Note: Unless you entered the contract rent on the initial TIC, you may also need to **MANUALLY UPDATE** the CTH Report with the Total Rent (tenant rent + subsidies + utility allowance), since this is now required as of 12/31 of each year

- **For Market units:** list only move in date, move out date and tenant name. Entering other data may result in error messages on the HTC-13.
- ii. **Unit Transfers:** The ERP Instructions tab provides detailed instructions on reporting a unit transfer: please see cell A204 of the Instructions tab
- iii. **“User Notes:”** this column is for reporting any details or clarifications about 2011 events related to this household or unit.
 - Use this space to report data on compliance with the Available Unit Rule (“AUR”) when triggered by a household with income that exceeds 140%, to report UPCS issues in the unit, and to clarify what might otherwise appear to be noncompliance (such as households vacating without recertifying).
 - **Mixed Income projects must report details on AUR replacement unit(s) and maintenance of the building’s applicable fraction.**
- iv. **100% properties exempt from income recertification:** For move-ins, the TIC will be completed and transferred to the data sheet. Since income recertifications are not required for exempt 100% properties, users will need to simply update the data sheet. The Annual Student Certification (HTC 35) is required annually for all properties, no later than the anniversary of the previous Certification. **The data sheet must be updated** with the effective date of the HTC 35, rent, utility allowance, etc. **All information must be included** except that related to income. **Leave current annual income BLANK; do not enter zero (0).** A zero will report that income has been recertified and household determined to be zero income.
- d. CTH Tab This tab must now be completed annually with information as of 12/31 of each project year. **If a unit was vacant on 12/31**, the unit must still be listed on the CTH Report. The “Unit Characteristics” section must be completed, but the “Household Characteristics” and “Head of Household Characteristics” must be left blank. Do not omit the unit, and do not leave the “Characteristics” information from the previous household to reside in the unit.
- e. Common Space/Full Time Manager Unit Status
 - i. If you have made any changes to the status of a common space unit or site manager unit from your original Building Map during calendar year 2011, you are **required** to complete and submit the *Treatment of Common Space Unit* form, (unless previously identified and approved by Suballocator through AHC). The form can be found on our website.
- f. HTC 12 Owner’s Certification
 - i. The HTC 12 requires the signature of the authorized Managing General Partner representative. It must be clear to us that the signature is an original: **please do not use black ink to sign this document.** Documentation of authorization to sign on behalf of Ownership will be required if not already on file with AHC. The original must be scanned and uploaded or delivered to AHC before 5 p.m.

February 15, 2012. The complete, correct legal name of the Owner entity must be used.

- ii. **For projects in the first 15 years** of the compliance period, use the form found in the ERP on tab “HTC 12:” *Owner’s Certification of Continuing Program Compliance*.
- iii. **For projects in the Extended Use Period**, use the form found in the ERP on tab “HTC 12 (Y 15):” *Owner’s Certification During Extended Use Period*.
- iv. Owner must answer questions accurately and provide notes on page 3 to describe any exceptional circumstances.
 - Question #8-Noncompliance may be identified related to an owner’s annual certification that the buildings and units in an LIHC project were suitable for occupancy. (See Treas. Reg. §1.42-5(c)(1)(vi).) The owner must also certify that state or local authorities responsible for making inspections did not issue a violation report for any building or low-income unit in the project. **If a violation notice or report was issued, the owner must attach a statement summarizing the violation report or notice** (or a copy of the violation report or notice) to the annual certification. **The owner must also state whether the violation was corrected and provide documentation of correction.**
 - **Question #14-Answer “NA” unless** the owner received its credit allocation from the portion of the state ceiling set-aside for a project involving qualified non-profit organizations under Section 42(h)(5) of the Code. **See Form 8609 Part I, 6(g)**. If this box is checked, upload AHC form *Certification of Material Participation of Non-Profit*, which is found on our website, with the ERP and HTC 12.
- g. Placed in service date - Enter the placed in service date (**for acquisition/rehab’s**, enter the *acquisition* placed in service date).
- h. Move-in date (TIC and HTC-13) - **For new projects with existing tenants**, this date should not precede the acquisition placed in service date.
- i. TIC and HTC 13 - **When adding a household member**, the effective date is the date on which the additional household member moves into the unit. Note that **this does not reset the anniversary date** for the annual recertification unless the addition occurs during the first six months of occupancy.
- j. UTILITY ALLOWANCE - HTC 21- Enter all BINs for each building covered by this Utility Allowance. Enter the name of the source of the utility allowance figures and the effective date of the utility schedule from the HRA, PHA, or utility supplier (**not the date the utility allowance was received by the owner**, but the effective date as published by the HRA/PHA). **Projects receiving Suballocator tax credits should not use Metro HRA utility allowances** without written consent from the Suballocator prior to the initial move-in of the first household. If Owner pays all utilities, please state “Owner Pays All” in the “UA Source” blank on the HTC 21.
- k. Utility Allowance Source Documentation must be uploaded with the ERP for those projects subject to physical inspection and file review.

OWNER REPRESENTATIVE CONTACT (Project Info Tab of ERP)

AHC's database allows ONLY two contact persons for each HTC project:

1. Owner Representative: authorized Managing General Partner representative
2. Managing Agent: representative of the Management Company that is under contract with the Owner for management responsibilities related to the project. **We will not accept a consultant or other third party as an authorized Management Company contact.**

It is the responsibility of project staff to share monitoring correspondence within their organizations and with any consultant or other third party who may be engaged for compliance support to the management company. If any change occurs for the contact person/s, the information must be reported on page 3 of the HTC-12, in addition to reporting on the Project Info tab. It is the Managing General Partner's responsibility to promptly report any changes that occur to AHC.

PHYSICAL AND FILE INSPECTIONS

AHC conducts a detailed file review and physical inspection against UPCS of at least 20% of the units in each project a minimum of every three years. During the extended use period, inspections occur a minimum of every five years. If your project is due to have physical inspections and detailed file review in 2012 (for the tax credit Program Year 2011), you will be notified under separate cover of the submission requirements. **Utility Allowance Source Documentation must be uploaded with the ERP for those projects subject to physical inspection and file review.**

AHC STAFF

We are here to help you with a successful submission of your annual reports and to answer questions during the review process. AHC's phone number is 651-222-8319 and our fax number is 651-222-3755. Please contact the following staff for the appropriate concerns:

- Lyn Burton for questions on first year projects: lyn@ahcinc.net
- Rita Ander for questions on physical inspections: rita@ahcinc.net
- Alan Halm for projects in their Extended Use Period: alan@ahcinc.net
- Peris Oladipo for questions on secure upload of the ERP: peris@ahcinc.net
- Kathleen Proctor for annual report and file review requirements: kproctor@ahcinc.net

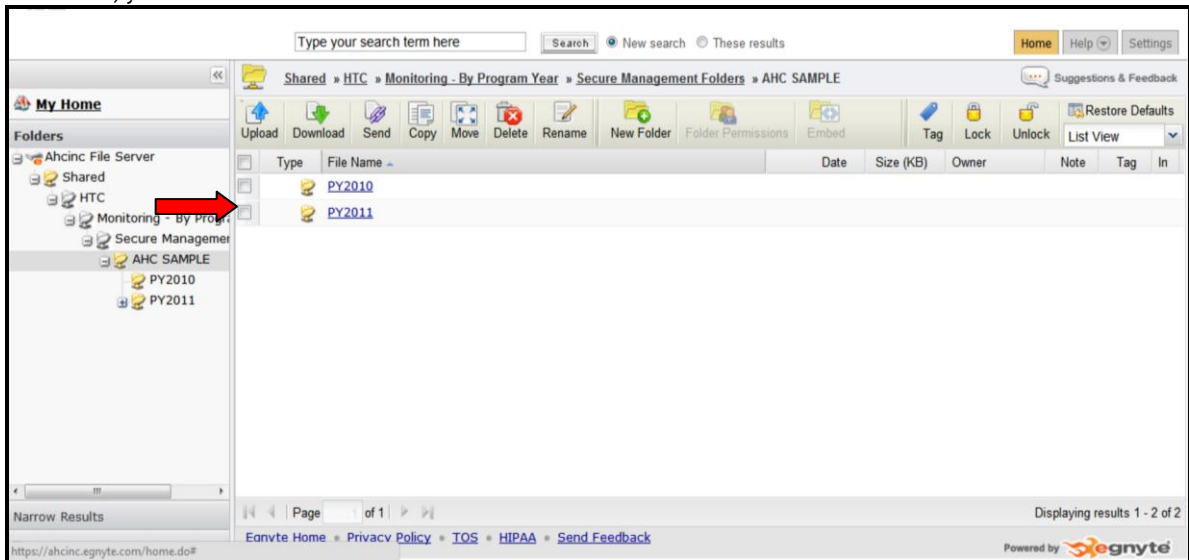
REMINDER: DO NOT EMAIL YOUR 2011 ERP TO ANY OF THE EMAIL ADDRESSES ABOVE. SUBMIT YOUR ERP VIA THE SECURE UPLOAD SYSTEM. UPLOAD INSTRUCTIONS ARE ENCLOSED.

Dear HTC Manager:

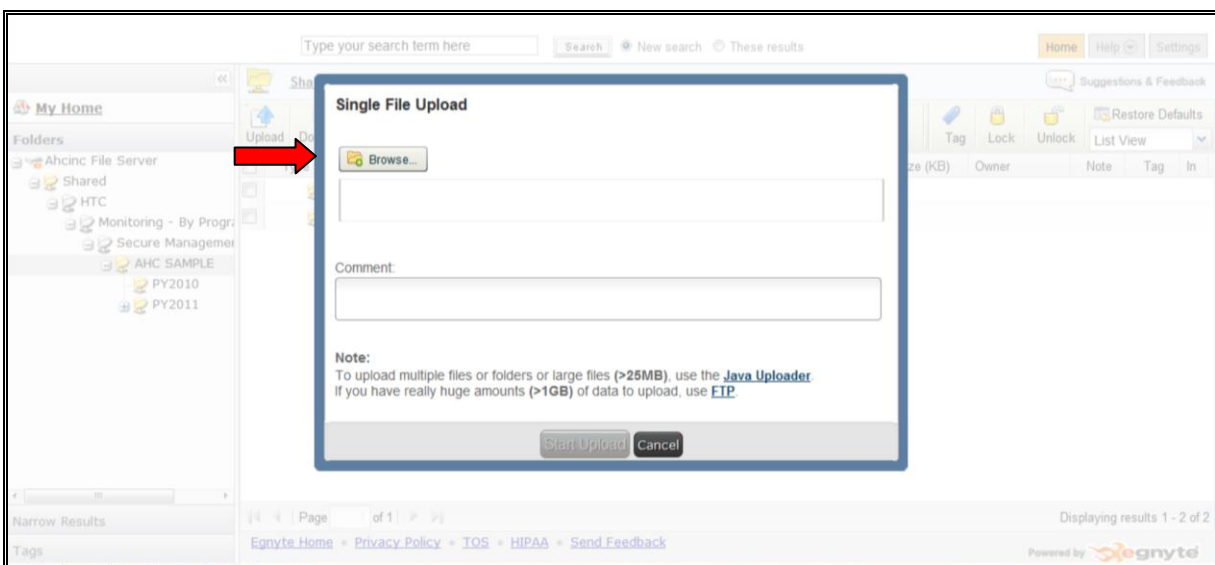
Welcome to Affordable Housing Connections' secure electronic file upload system. For added security, remember to change your password regularly.

2011 HTC File Upload Instructions

1. Please name your 2011 ERP using the following format: *Date Uploaded Project Name Program Year ERP*
2. (e.g. **02-15-12 XYZ Project 2011 ERP**)
3. Log into your Egnyte account at <https://ahcinc.egnyte.com>
4. On the screen, you will see a "PY 2011" folder

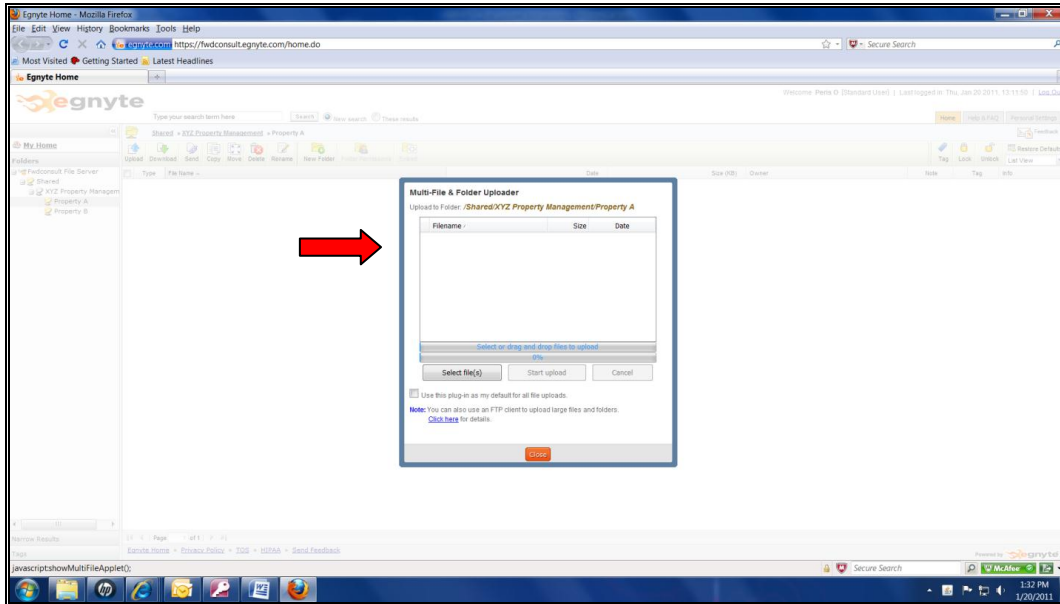


- a. Expand the PY 2011 folder to view respective Suballocator folders.
 - b. Expand the Suballocator folders to view and select project folders.
 - c. Click on project folder where you wish to upload your ERP for that project
5. Click on the **Upload** button on the toolbar and the **Single File Upload** dialog box will pop up.

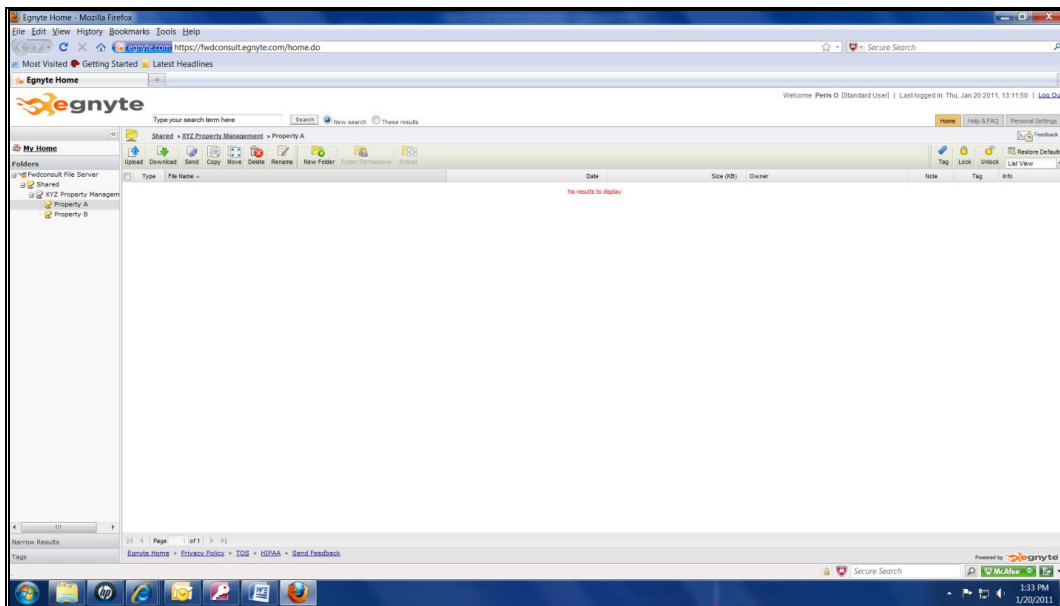


6. Click on **Browse** to locate the appropriately named 2011 ERP in your computer.
7. Click on **Start Upload** to begin the upload.

8. For files larger than 25MB and/or multiple files or folders, click on the **Java Uploader** link to access the multi-file uploader (Java based uploader).



- a. Examples of files that can be uploaded include UA source documents and attachments to page 3 of the HTC 12.
 - b. You may either click on **Select file(s)** or simply drag and drop files/folders into the rectangular box for uploading.
 - c. Click on **Start Upload** to begin the upload. A progress bar will be displayed.
9. After all your reports and files are uploaded, click the **Log Out** button at the top right corner of the screen and close your browser.



10. AHC will receive notification of the successfully completed file upload.

Egnyte is committed to providing a world class secure infrastructure and data protection. View the [Egnyte Security Whitepaper](#)