AHC
Affordable Housing Connections

## Program Manager Position

We are in the process of searching for a new full-time Program Manager! See our website for further information www.ahcinc.net

## IRS Rule Changes and NCSHA

On February 26, 2019, the IRS published a final regulation adjusting compliance monitoring rules for LIHTC properties. Significant changes to sample size (minimum number of units to inspect), the "same-unit" rule, the "all-building" rule, and the notice period for inspection were made. The notice period for a site visit was shortened from 30 days to 15 days, with no notification of units to be inspected or files to be reviewed until the day of the inspection/review. The new regulation may be located here: https://www.ncsha.org/wp-content/uploads/IRS-Regulations-on-Compliance-Monitoring.pdf Although the new procedures do not need to be implemented until Qualified Allocations Plans are updated – or no later than December 31, 2020 – states and suballocators anticipate a significant increase in the number of units to be inspected, and are concerned about the impact of shorter notice periods and unit selection criteria on owners, managers, and tenants.

On May 6, 2019, the National Council of State Housing Agencies (NCSHA) sent a letter to the IRS detailing the negative impact these new regulations would have on the program, and urged the IRS to find a better alternative. A copy of that letter is here: https://www.ncsha.org/wp-content/uploads/NCSHA-Comments-on-IRS-Compliance-Monitoring-Regulations-5-6-19.pdf

We will continue to watch for updates to this issue and keep you advised.

## Welcome to the board, Kate Speed!

Kate joined LISC in 2005 and implements LISC's project-related financing and technical assistance efforts. Kate works with LISC staff, non-profit and for-profit community developers, and public partners to build relationships and effectively guide projects through the development process from feasibility to completion. Kate has been a program lead for several higher profile lending activities, including the Corridors of Opportunity loan fund. She brings a wealth of experience and a BA from Washington University in St. Louis, MO.

## Live-in Aides

Minnesota Housing recently advised AHC of a potential finding involving a household with a Live-In Aide. In this case, the live-in aide was the ex-spouse of the tenant. The aide/ex-spouse was paying part of the tenant's rent. Minnesota Housing had the following concerns:

**Live-in aide contributing to rent** – LIA is defined as: A person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities, and who: 1) Is determined to be essential to the care and well-being of the persons; *2) Is not obligated for the support of the persons*; and 3) Would not be living in the unit except to provide the necessary supportive services.

If the LIA is contributing monthly support to the person, the O/A would need to collect enough information to determine if the LIA is *obligated* for the support of the person or if the support is being provided for other reasons.

## HUD Utility Schedule Model (HUSM) Methodology Request

We have been working with Suballocators and Minnesota Housing to establish a protocol for reviewing requests to change the Utility Allowance methodology at some projects from the Utility Allowance published by the local PHA to that established by using the HUD Utility Schedule Model (HUSM). Minnesota Housing has found the review to be labor intensive and has recognized the need for substantial documentation. At Suballocators' request, AHC will review such requests in a manner like that of Minnesota Housing. Due to the significant additional staff time required to process such requests, a separate fee will be required. Our website will be updated, and an e-mail will be sent to all owners and managers as the process is finalized.

## LIHTC income Limits effective 4/24/2019

As you may know, HUD issued revised MTSP income limits effective **April 24, 2019**. Minnesota Housing has posted the new tables with rent limits on its website. HERA established additional sets of income and rent limits due to certain hold harmless provisions that may affect some counties in Minnesota, including some areas monitored by Affordable Housing Connections. According to HERA, **the Placed in Service (PIS) date for a Project in these counties determines which set of limits to use**. Unless the Owner has elected treatment as a multiple building project on IRS Form 8609, each building is considered a separate "project;" therefore it may be possible that different rent limits must be applied within a project if buildings were placed in service on different dates. **2019 Rent and Income Limits for all Minnesota projects with tax credits are now published in multiple tables, which are provided on Minnesota Housing's and Affordable Housing Connections' website** https://www.ahcinc.net/htclimits.html

**NOTE: There is a forty-five (45) day grace period from the effective date to when the rent and income limits must be implemented. The new rent and income limits *must be implemented by June 7, 2019.***

According to IRS requirements, rent limits are based on an imputed formula of 1.5 persons per bedroom. For example, to calculate the one-bedroom rent limit: add the one-person income limit to the 2-person income limit, divide by two, multiply by 30% and divide by twelve. **Any rent limit that ends in cents must be rounded down. Rent is gross rent, which includes utilities paid by the tenant and other non-optional charges.**

These limits are for Section 42 Tax Credit projects only. HOME limits are usually published about a month after the Section 42 limits.

***Please forward this to anyone in your organization you believe would benefit***



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