



**CA TAX CREDIT ALLOCATION COMPLIANCE
DIVISION PRESENTS
*ADVANCED COMPLIANCE WORKSHOP***

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CA Tax Credit Allocation Committee
915 Capitol Mall, Room 485
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www.treasurer.ca.gov/ctcac

Washington DC Updates

- 2016: California continues with the Federal Alignment PILOT on Physical Inspections
 - 17 projects in 2016
 - HUD will perform the Physical, could still result in an 8823 filing



Washington DC Updates

Protecting Americans from Tax Hikes (PATH Act)

- Made permanent the exclusion of military housing allowances for LIHTC qualification for **States other than California.**
- Fixed the 9% Credit rate



Washington DC Updates

IRS is working on several items:

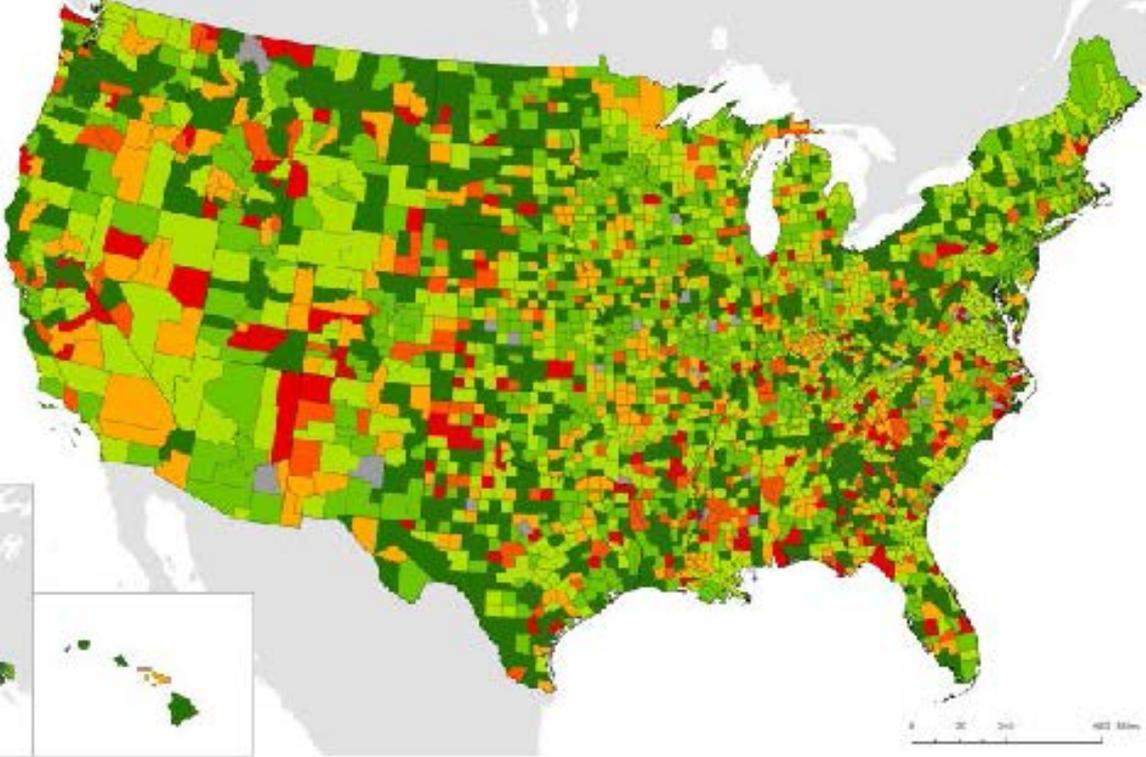
- Energy efficiency and Utility allowances
- Sub-metering
- Physical Inspection Pilot – de-coupling files



Rent and Income Limits 2015

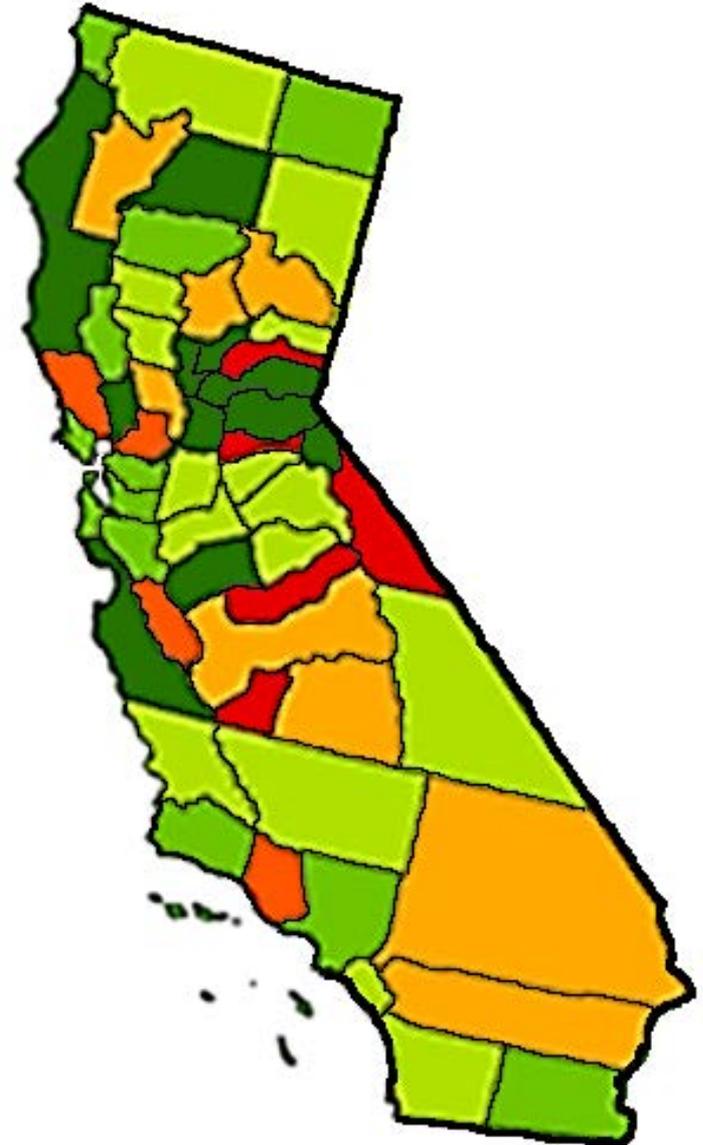
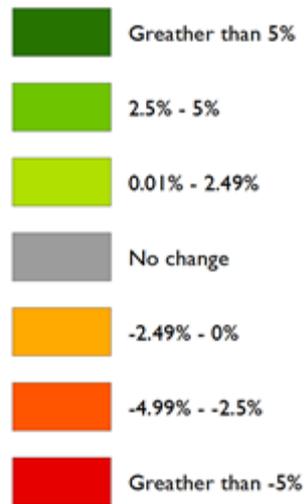
Change in HUD Published AMI
2014 to 2015

- Greater than 5%
- 2.5% - 5%
- 0.01% - 2.49%
- No change
- 2.45% - 0%
- 4.9% - -2.46%
- Greater than -5%



2014-2015

AMI Changes - California



2016 Rent and Income Limits

- Projected to be released late March 2016
- Anticipate increases in most counties



State Regulations Update

- Increase minimum rehabilitation threshold to \$15,000 per unit for 4% projects
 - Previously \$10,000



State Regulations Update

Native American Set-aside

- Allow projects sponsored by a tribe to be off reservation, provided the units are reserved for tribal households.
- Disregard site amenity points within the Native American apportionment.



State Regulations Update

9% projects – Large Family

- Reduce required 3-bedroom percentage to 25%. (was 30%)
 - Require an additional 25% of units to be 2-bedroom or larger.



State Regulations Update

Special Needs Projects

- Special needs projects no longer have to meet a 2nd housing type.
 - Non-special needs units must meet senior or SRO housing type OR provide at least 20% 1-bedroom units and 10% 2-bedroom or larger



State Regulations Update

Site and Services Amenities

- Widen radii for site amenities.
- Provide site amenity points for the provision of transit passes.
 - Require applicants to provide committed services for 15 years. *(was 10 years)*



State Regulations Update

- Alter the smoke free points category
 - Provide points for having a policy prohibiting smoking in certain units and, for projects with more than one building, having at least one smoke-free building.



State Regulations Update

Scattered Sites Projects

- Allow any number and location of sites for a scattered-site acquisition/rehabilitation project with a single pre-existing project-based Section 8 contract in effect for all the sites.



State Regulations Update

- Allow scattered site rehab projects of up to 5 existing affordable housing developments if all sites are either:
 - within the same city,
 - within a 10-mile diameter in the same county,
 - or within the same county if no location is within a city having a population of 500,000 or more.



State Regulations Update

Scattered Sites

- New construction projects & all other acquisition/rehabilitation projects limited to 5 scattered sites with all sites within a 1 mile diameter circle and within the same county.



State Regulations Update

Scattered Sites

- Allow scattered site rehabilitation projects to meet project type requirements at each site independently. (family, Senior, etc.)
 - For all scattered site projects, require files to be brought to one location for inspection upon request of TCAC.



State Regulations Update

Minimum Construction Standards

- Cap the maximum number of managers' units at 4 for large projects. (1 per 80 rule)
- Allow projects to forego a manager's unit if the appropriate number of property managers are **employed** full time on-site and:
 - the project has an equal number of security or desk staff on site at all other



State Regulations Update

Re-syndications - State Hold Harmless Rule

- Allow re-syndication projects to continue to use hold harmless rents (except 60% AMI).
 - If new rents are lower for deeper targeting, may use existing rents, but for 60% AMI units, until rents rise.



State Regulations Update

- Allow the imposition of negative points for serious failure to submit required compliance documentation.
 - Reports, etc.



TCAC Other Updates

- TCAC/HCD monitoring Pilot program still on hold
- Minimum wage now \$10 hr. - reminder



COMPLIANCE DUE DILIGENCE

Tax credits can be claimed if unit meets three basic requirements:

- Income Eligible
- Rent Restricted
- UPCS Standards
 - Safe
 - Habitable
 - Good Condition



Compliance Due Diligence General

Facts and Circumstances

CTCAC will determine if the owner/management performed sufficient due diligence with regards to the following:

- Documenting Income Eligibility
- Keeping Units Rent Restricted



Compliance Due Diligence General

The State Agency Requirements and Policies

- CTCAC Online Compliance Manual
- <http://www.treasurer.ca.gov/ctcac/compliance/manual.asp>



Compliance Due Diligence

General

Documentation used for eligibility must meet the 120 day test

- Documentation over 120 days, is stale dated
 - New documentation will be needed before moving the household in

A complete application and 2- year housing history is required to determine income eligibility of an applicant

- Do not proceed with an applicant if application is missing:
 - 2 year housing history
 - employment history
 - income and asset information

Compliance Due Diligence

General

- Projects with deeper targeting (20%, 30%, 40%, 50%)
 - Found on Regulatory Agreement
 - Have clear written policy/criteria for selection of households for deeper targeting categories
- Be Clear!!
 - Households must understand that upon annual recertification if their income goes over the targeted AMI's
 - Rent may increase
 - Project must maintain State requirements

Compliance Due Diligence Form 8609

- Prepared by State Allocation Agency
 - One Form 8609 per building
- Prepared from the information submitted by owner on Form B
- Part I – State Agency
- Part II – Owner (tax attorney or CPA)
 - Owner cannot claim tax credits without Form 8609



IMPORTANT

**Low-Income Housing Credit
Allocation Certification**The building owner must attach Form 8609 and
Schedule A (Form 8609) to its Federal income tax return.**SAMPLE**
OMB No. 1545-0047**PART I Allocation of Credit**Check if Add/for to Qualified Basis Amended Form

A. Address of building (do not use P.O. box) (see instructions)

Happy Place Apartments
1110 Main Street, Building 1 of 1
Sacramento, CA 95820

B. Name and address of housing credit agency

California Tax Credit Allocation Committee
915 Capitol Mall Suite 485
Sacramento, CA 95814

C. Name, address, and TIN of building owner receiving allocation

Happy Place Partner, L.P., a California Limited Partnership
1500 Jackson Avenue Suite 100
Los Angeles, CA 92610

D. Employer identification number of agency

94-6001347

E. Building identification number (BIN)

CA-2011-123

TIN > 12-3456789

1a Date of allocation > 6/13/2011 b Maximum housing credit dollar amount allowable.....

2 Maximum applicable credit percentage allowable.....

3a Maximum qualified basis.....

b If the eligible basis used in computation of line 3a was increased, check the applicable box and enter the percentage to which the eligible basis was increased (see instructions).....

 Building located in Gulf Opportunity (GO) Zone, Rita GO Zone, or Wilma GO Zone Section 42(d)(5)(C) high cost area provisions

4 Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-).....

5 Date building placed in service..... > 8/30/13

6 Check the boxes that describes the allocation for the building (check those that apply):

a Newly constructed and federally subsidizedb Newly constructed and not federally subsidizedc Existing buildingd Sec. 42(e) rehabilitation expenditures federally subsidizede Sec. 42(e) rehabilitation expenditures not federally subsidizedf Not federally subsidized by reason of 40-50 rule under sec. 42(i)(2)(E)g Allocation subject to non-profit set-aside under sec. 42(h)(5)**Signature of Authorized Housing Credit Agency Official - Completed by Housing Credit Agency Only**

Under penalties of perjury, I declare that the allocation made is in compliance with the requirements of section 42 of the Internal Revenue Code, and that I have examined Part I of this form to the best of my knowledge and belief, the information is true, correct, and complete.

William J. Parão
Executive Director

July 23, 2013

> Signature of authorized official > Name (please type or print) > Date

PART II First-Year Certification-Completed by Building Owners with respect to the First Year of Credit Period

7 Eligible basis of building (see instructions)..... 7 7,804,050

8a Original qualified basis of the building at close of first year of credit period..... 8a 7,804,050

Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?..... Yes No9a If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(i)(2)(B)?..... Yes Nob Do you elect to reduce eligible basis by disproportionate costs of non-low-income units (section 42(d)(3)(B))?..... Yes No

10 Check the appropriate box for each election:

Caution: Once made, the following elections are irrevocable.

a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1))..... Yes Nob Elect not to treat large partnership as taxpayer (section 42(j)(5))..... Yesc Elect minimum set-aside requirement (section 42(g)) (see instructions) 20-50 40-60 25-60 (N.Y.C. only)d Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)..... 15-40

Under penalties of perjury, I declare that the above building continues to qualify as a part of a qualified low-income housing project and meets the requirements of Internal Revenue Code section 42. I have examined this form and attachments, and to the best of my knowledge and belief, they are true, correct, and complete.

> Signature > Taxpayer identification number > Date

> Name (please type or print) > Tax year

Form **8609**

(Rev. December 2007)

Department of the Treasury
Internal Revenue Service**Low-Income Housing Credit
Allocation Certification**▶ **The building owner must attach Form 8609 and
Schedule A (Form 8609) to its Federal income tax return.****SAMPLE**
OMB No. 1545-0048**PART I Allocation of Credit.**Check if: Addition to Qualified Basis Amended Form**A** Address of building (do not use P.O. box) (see instructions)Happy Place Apartments
1110 Main Street, Building 1 of 1
Sacramento, CA 95820**B** Name and address of housing credit agencyCalifornia Tax Credit Allocation Committee
915 Capitol Mall Suite 485
Sacramento, CA 95814**C** Name, address, and TIN of building owner receiving allocationHappy Place Partners, L.P., a California Limited Partnership
1500 Jackson Avenue Suite 100
Los Angeles, CA 92610**D** Employer identification number of agency

94-6001347

E Building identification number (BIN)

CA-2011-123

TIN ▶ 12-3456789**1a** Date of allocation ▶ 6/13/2011 **b** Maximum housing credit dollar amount allowable**2** Maximum applicable credit percentage allowable**3a** Maximum qualified basis**b** If the eligible basis used in computation of line 3a was increased, check the applicable box and enter the percentage to which the eligible basis was increased (see instructions) Building located in Gulf Opportunity (GO) Zone, Rita GO Zone, or Wilma GO Zone Section 42(d)(5)(C) high cost area provisions**4** Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-.)**5** Date building placed in service ▶ 8/30/13**6** Check the boxes that describes the allocation for the building (check those that apply):**a** Newly constructed and federally subsidized**b** Newly constructed and **not** federally subsidized**c** Existing building**d** Sec. 42(e) rehabilitation expenditures federally subsidized**e** Sec. 42(e) rehabilitation expenditures **not** federally subsidized**f** Not federally subsidized by reason of 40-50 rule under sec. 42(i)(2)(E)**g** Allocation subject to non-profit set-aside under sec. 42(h)(5)

1b	\$578,798
2	8.76%
3a	\$7,366,636
3b	130%
4	0%

Signature of Authorized Housing Credit Agency Official – Completed by Housing Credit Agency Only

Under penalties of perjury, I declare that the allocation made is in compliance with the requirements of section 42 of the Internal Revenue Code, and that I have examined Part I of this form to the best of my knowledge and belief, the information is true, correct, and complete.

William J. Pavão
Executive Director

July 23, 2013

Signature of authorized official

Name (please type or print)

Date

Part II First-Year Certification—Completed by Building Owners with respect to the First Year of the Credit Period

7	Eligible basis of building (see instructions)	7	7,804,050
8a	Original qualified basis of the building at close of first year of credit period	8a	7,905,050
b	Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
9a	If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(l)(2)(B)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b	For market-rate units above the average quality standards of low-income units in the building, do you elect to reduce eligible basis by disproportionate costs of non-low income units under section 42(d)(3)(B)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
10	Check the appropriate box for each election:		
	Caution: <i>Once made, the following elections are irrevocable.</i>		
a	Elect to begin credit period the first year after the building is placed in service (section 42(f)(1))	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	Elect not to treat large partnership as taxpayer (section 42(j)(5))	<input type="checkbox"/> Yes	
c	Elect minimum set-aside requirement (section 42(g)) (see instructions)	<input type="checkbox"/> 20-50	<input checked="" type="checkbox"/> 40-60
d	Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)	<input type="checkbox"/> 25-60 (N.Y.C. only)	<input type="checkbox"/> 15-40

Under penalties of perjury, I declare that the above building continues to qualify as a part of a qualified low-income housing project and meets the requirements of Internal Revenue Code section 42. I have examined this form and attachments, and to the best of my knowledge and belief, they are true, correct, and complete.

----- Signature	----- Taxpayer identification number	----- Date
----- Name (please type or print)	----- Tax year	

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Cat. No. 63981U

Form **8609** (Rev. 12-2007)

Compliance Due Diligence Form 8609

- You must know how the owner made this election on their filed Form 8609's
- A NO, means you must re-income qualify a household to transfer to a different building
- A YES, means you may transfer easily among buildings

Part II First-Year Certification—Completed by Building Owners with respect to the First Year of the Credit Period

7	Eligible basis of building (see instructions)	7	7,804,050
8a	Original qualified basis of the building at close of first year of credit period	8a	7,905,050
b	Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Compliance Due Diligence Transfers

- Medical reasonable accommodation
 - Permits a transfer from one building to another building on a project with a NO election on Line 8b
 - Doctor's note must be in tenant file



Compliance Due Diligence Transfers

- Let owner/investor know of this circumstance, make sure to track on a spreadsheet
- In general try and limit transfers of any kind if the election on the Line 8b of the 8609 Form is a No.



Compliance Due Diligence Vacant Units

The IRS permits credits on a vacant unit as long as:

- Previously occupied by an income qualified household
- Turn-key ready for immediate occupancy
 - CTCAC allows a 60 day grace period from date of vacancy before noting this as a noncompliance issue, please note the IRS considers a **2 week period sufficient**

General FAQ

Vacant Units

- CTCAC Requires 3 methods of Advertising:
 - Newspaper
 - Internet
 - Signage
- Reported to the IRS if vacant more than 60 days:
 - Unit not being advertised
 - Not Turn Key Ready
 - Waiting for a referral from an Agency



Compliance Due Diligence

Changing Household Size

- CTCAC strongly suggests not permitting any change in household the first year of the credit period.

OR:

- Check with the owner and Investor prior to making changes to household size during the first year of the credit period
 - Most investors will want assurance that if there is an increase in household size the units will be tax credit eligible



Compliance Due Diligence Changing Household Size

- Have clear criteria that states:
 - If adding members to household will put the household over the limit for household size - the change will not be permitted
- **Mixed-use tax credit project** –
 - Recalculate income to verify:
 - additional household member will not put the household over either income limit or over 140% of AMI

Compliance Due Diligence

Annual Certifications – 100% Tax Credit

- For projects that are **100% tax credit projects** – every household must be tax credit eligible when the project places in service
- IRS requires a full income and asset recertification at initial move-in for the household
- State Monitoring Agency (CTCAC) requires one full income and asset recertification on the first year anniversary move-in date
 - required as of 2/1/2009

Compliance Due Diligence

Annual Certifications – 100% Tax Credit

- If project is 100% tax credit eligible:
 - Year 2+:
 - Annual recertification does not have to have income and asset information
 - Check with owner and tax credit investor!!
- Tenant Household Income Form (THIF) to use at annual recertification after year 2

Please note: Most tax credit investors and owners prefer to continue with full income and asset recertification's – so check and verify with them before changing your procedure!!

Compliance Due Diligence

Annual Certifications – Mixed Income

- Full income and asset recertification required:
 - Each year on anniversary move-in date
 - No Exceptions!
- **Mass recertifications** are not permitted for Tax Credit – even if HUD allows it.
- Track the Next Available Unit Rule:
 - Crucial for Mixed-Income projects
 - Failure to perform full income and asset recertifications is a reportable issue on an 8823 Form

Compliance Due Diligence

Annual Certifications – Mixed Income

- When in doubt please call or email CTCAC for correct guidance.
- The IRS requirement to perform full income and asset recertification's each year on the anniversary move-in date of each household has been an IRS requirement since **1992**

Compliance Due Diligence Buildings and Units Offline

Required to notify the State Monitoring Agency immediately if:

- a fire
- mold remediation
- structural damage
- any casualty loss



Compliance Due Diligence Buildings and Units Offline

- CTCAC must report (8823) on any of these issues if the building(s) or unit(s) will be off-line longer than a 2 month period
- Be especially careful of leaving units vacant for any length of time during the federal compliance period
 - When in doubt – check with CTCAC!

Compliance Odds and Ends

- CTCAC does **not** have “Occupancy Requirements”
 - most owners and management companies follow the industry standards on number of household members per bedroom
- CTCAC does not “approve files for move-in”
 - our obligation is to audit the owners records for tenants that are already in place
- CTCAC does not mediate in tenant evictions

Compliance Odds and Ends

- CTCAC requires “wet signatures” on all our required forms (*tenants and management*)
 - Starting in 2016 – CTCAC will allow electronic signatures on the Application only
- The owner must keep a copy of the files for the original occupying households for the first year of the credit period for a period of 22 years

Compliance Odds and Ends

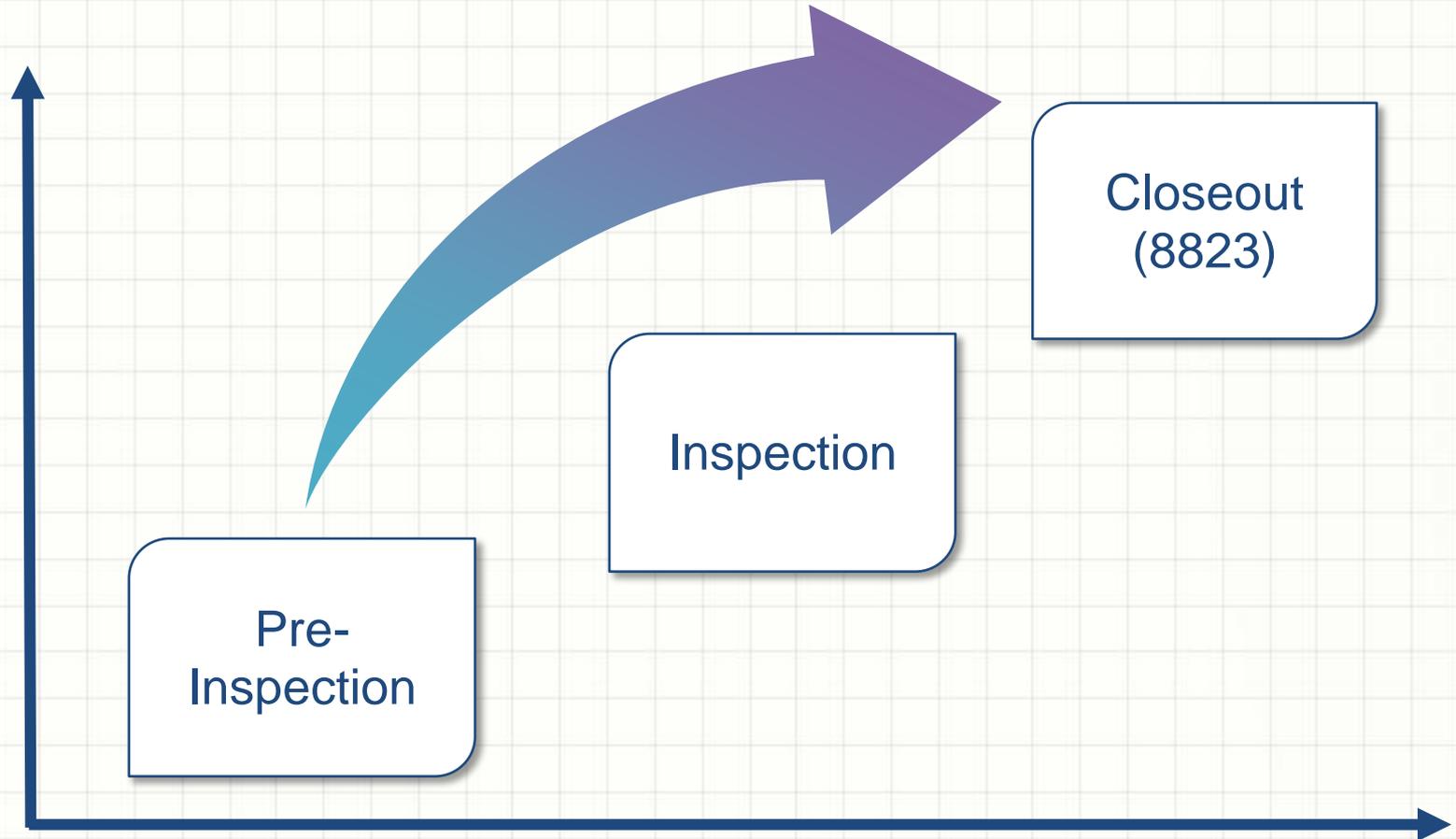
- IRS requires the owner to keep:
 - Master file with records showing the applicable rent and utility allowance for the project on a **yearly basis** for each year in the Federal Compliance Period and in the Extended Use Period.
- This information would be crucial for the owner to produce in case of an IRS audit

Compliance Inspections

- Notification of Intent to Conduct an Inspection
- Owner has 2 weeks to provide requested documentation
 - Project Status Report (PSR)
 - Utility Allowance
 - Notice to Tenants
 - Rent Roll
 - Contact Information for Onsite Manager



Working Through an Inspection



Inspection Closeout

- Two Types of Letters
 - Good
 - no file or physical issues
 - Noncompliance
 - one or more file or physical issues
 - May result in an 8823
- 30 day turnaround timeframe
- Will give a detail of noncompliance issues for file, physical, and any amenities

Owner's / Management's Response

Owner's Response Layout:

- Cover letter with non-compliance issues and brief summary of response
- File Issue Documentation
- Work orders
 - Signed and dated by both tenant and maintenance.
- Any other Documentation required

8823 Filings

Form 8823- Low Income Housing Tax Credit Agencies Report of Noncompliance or Building Disposition

- CTCAC files Form 8823
- Reports noncompliance with Section 42 during the 15 year federal compliance period
- Filed whether noncompliance is corrected or not
- Filed to report a sale, a foreclosure, destruction or other issue

**Low-Income Housing Credit Agencies
 Report of Noncompliance or Building Disposition**

Note: File a separate Form 8823 for each building that is disposed of or goes out of compliance.

Check here if this is an amended return

1 Building name (if any). Check if item 1 differs from Form 8609

Happy Place Apartments

Street address

1110 Main Street, Building 1 of 1

City or town, state, and ZIP code

Sacramento, CA 95820

2 Building identification number (BIN) **CA1112301**

3 Owner's name. Check if item 3 differs from Form 8609

Happy Place Partners LP, a CA LP

Street address

1500 Jackson Ave, Suite 100

City or town, state, and ZIP code

Los Angeles, CA 92610

4 Owner's taxpayer identification number
123456789 EIN SSN

IRS Use Only



5 Total credit allocated to this BIN **\$ 578,798.00**

6 If this building is part of a multiple building project, enter the number of buildings in the project **100**

7 a Total number of residential units in this building **100**

b Total number of low-income units in this building **2**

c Total number of residential units in this building determined to have noncompliance issues **20**

d Total number of units reviewed by agency (see instructions) **06152013**

8 Date building ceased to comply with the low-income housing credit provisions (see instructions) (MMDDYYYY)

9 Date noncompliance corrected (if applicable) (see instructions) (MMDDYYYY)

10 Check this box if you are filing only to show correction of a previously reported noncompliance problem

11 Check the box(es) that apply:

- | | Out of compliance | Noncompliance corrected |
|---|-------------------------------------|--------------------------|
| a Household income above income limit upon initial occupancy | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b Owner failed to correctly complete or document tenant's annual income recertification | <input type="checkbox"/> | <input type="checkbox"/> |
| c Violation(s) of the UPCS or local inspection standards (see instructions) (attach explanation) | <input type="checkbox"/> | <input type="checkbox"/> |
| d Owner failed to provide annual certifications or provided incomplete or inaccurate certifications | <input type="checkbox"/> | <input type="checkbox"/> |
| e Changes in Eligible Basis or the Applicable Percentage (see instructions) | <input type="checkbox"/> | <input type="checkbox"/> |
| f Project failed to meet minimum set-aside requirement (20/50, 40/60 test) (see instructions) | <input type="checkbox"/> | <input type="checkbox"/> |
| g Gross rent(s) exceed tax credit limits | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| h Project not available to the general public (see instructions) (attach explanation) | <input type="checkbox"/> | <input type="checkbox"/> |
| i Violation(s) of the Available Unit Rule under section 42(g)(2)(B) | <input type="checkbox"/> | <input type="checkbox"/> |
| j Violation(s) of the Vacant Unit Rule under Reg. 1.42-5(c)(1)(x) | <input type="checkbox"/> | <input type="checkbox"/> |
| k Owner failed to execute and record extended-use agreement within time prescribed by section 42(f)(5)(J) | <input type="checkbox"/> | <input type="checkbox"/> |
| l Low-income units occupied by nonqualified full-time students | <input type="checkbox"/> | <input type="checkbox"/> |
| m Owner did not properly calculate utility allowance | <input type="checkbox"/> | <input type="checkbox"/> |
| n Owner has failed to respond to agency requests for monitoring reviews | <input type="checkbox"/> | <input type="checkbox"/> |
| o Low-income units used on a transient basis (attach explanation) | <input type="checkbox"/> | <input type="checkbox"/> |
| p Project is no longer in compliance nor participating in the section 42 program (attach explanation) | <input type="checkbox"/> | <input type="checkbox"/> |
| q Other noncompliance issues (attach explanation) | <input type="checkbox"/> | <input type="checkbox"/> |

12 Additional information for any item above. Attach explanation and check box

13 a Building disposition by Sale Foreclosure Destruction Other (attach explanation)

b Date of disposition (MMDDYYYY)

c New Owner's Name

d New owner's taxpayer identification number EIN SSN

Street address

14 Name of contact person **Rose Guerrero, Program Manager**

City or town, state, and ZIP code

15 Telephone number of contact person **(916) 654-6340** Fax

Under penalties of perjury, I declare that I have examined this report, including accompanying statements and schedule, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of authorizing official **William J. Pavao, Executive Director** Date (MMDDYYYY)

Print name and title

Form
(Rev. Oct. 2005)

8823

Department of the Treasury
Internal Revenue Service

Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition

Note: File a separate Form 8823 for each building that is disposed of or goes out of compliance.

OMB No. 1545-1204

Check here if this is an amended return

1 Building name (if any). Check if item 1 differs from Form 8609

Happy Place Apartments

Street address

1110 Main Street, Building 1 of 1

City or town, state, and ZIP code

Sacramento, CA 95820

2 Building identification number (BIN) **CA1112301**

3 Owner's name. Check if item 3 differs from Form 8609

Happy Place Partners LP, a CA LP

Street address

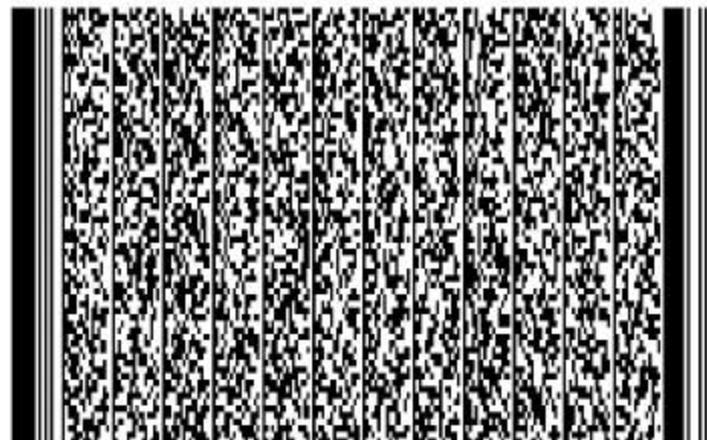
1500 Jackson Ave, Sulte 100

City or town, state, and ZIP code

Los Angeles, CA 92610

4 Owner's taxpayer identification number
123456789 EIN SSN

IRS Use Only



5	Total credit allocated to this BIN	\$	578,798.00
6	If this building is part of a multiple building project, enter the number of buildings in the project		
7 a	Total number of residential units in this building		100
b	Total number of low-income units in this building		100
c	Total number of residential units in this building determined to have noncompliance issues		2
d	Total number of units reviewed by agency (see instructions)		20
8	Date building ceased to comply with the low-income housing credit provisions (see instructions) (MMDDYYYY)		06152013
9	Date noncompliance corrected (if applicable) (see instructions) (MMDDYYYY)		
10	Check this box if you are filing only to show correction of a previously reported noncompliance problem		<input type="checkbox"/>

- | | Out of
compliance | Noncompliance
corrected |
|---|-------------------------------------|----------------------------|
| 11 Check the box(es) that apply: | | |
| a Household income above income limit upon initial occupancy | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b Owner failed to correctly complete or document tenant's annual income recertification | <input type="checkbox"/> | <input type="checkbox"/> |
| c Violation(s) of the UPCS or local inspection standards (see instructions) (attach explanation) | <input type="checkbox"/> | <input type="checkbox"/> |
| d Owner failed to provide annual certifications or provided incomplete or inaccurate certifications | <input type="checkbox"/> | <input type="checkbox"/> |
| e Changes in Eligible Basis or the Applicable Percentage (see instructions) | <input type="checkbox"/> | <input type="checkbox"/> |
| f Project failed to meet minimum set-aside requirement (20/50, 40/60 test) (see instructions) | <input type="checkbox"/> | <input type="checkbox"/> |
| g Gross rent(s) exceed tax credit limits | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| h Project not available to the general public (see instructions) (attach explanation) | <input type="checkbox"/> | <input type="checkbox"/> |
| i Violation(s) of the Available Unit Rule under section 42(g)(2)(D)(ii) | <input type="checkbox"/> | <input type="checkbox"/> |
| j Violation(s) of the Vacant Unit Rule under Reg. 1.42-5(c)(1)(ix) | <input type="checkbox"/> | <input type="checkbox"/> |
| k Owner failed to execute and record extended-use agreement within time prescribed by section 42(h)(6)(J) | <input type="checkbox"/> | <input type="checkbox"/> |
| l Low-income units occupied by nonqualified full-time students | <input type="checkbox"/> | <input type="checkbox"/> |
| m Owner did not properly calculate utility allowance | <input type="checkbox"/> | <input type="checkbox"/> |
| n Owner has failed to respond to agency requests for monitoring reviews | <input type="checkbox"/> | <input type="checkbox"/> |
| o Low-income units used on a transient basis (attach explanation) | <input type="checkbox"/> | <input type="checkbox"/> |
| p Project is no longer in compliance nor participating in the section 42 program (attach explanation) | <input type="checkbox"/> | <input type="checkbox"/> |
| q Other noncompliance issues (attach explanation) | <input type="checkbox"/> | <input type="checkbox"/> |

12 Additional information for any item above. Attach explanation and check box

13 a Building disposition by Sale Foreclosure Destruction Other (attach explanation)

b Date of disposition (MMDDYYYY)	d New owner's taxpayer identification number <input type="checkbox"/> EIN <input type="checkbox"/> SSN
c New Owner's Name	14 Name of contact person Rose Guerrero, Program Manager
Street address	15 Telephone number of contact person (916) 654-6340 Ext. _____
City or town, state, and ZIP code	

Under penalties of perjury, I declare that I have examined this report, including accompanying statements and schedules, and to the best of my knowledge and belief, it is true, correct, and complete.

	William J. Pavao, Executive Director	
Signature of authorizing official	Print name and title	Date (MMDDYYYY)

8823 Filings

- Filed against project owner
- Info on 8823 mirrors the information on Form 8609 for each building in a project
- Filed **within 45 days** from date of correction period noted in noncompliance letter
 - this is the owner’s “cure period”
- Extensions up to 90 days (*only if necessary*)

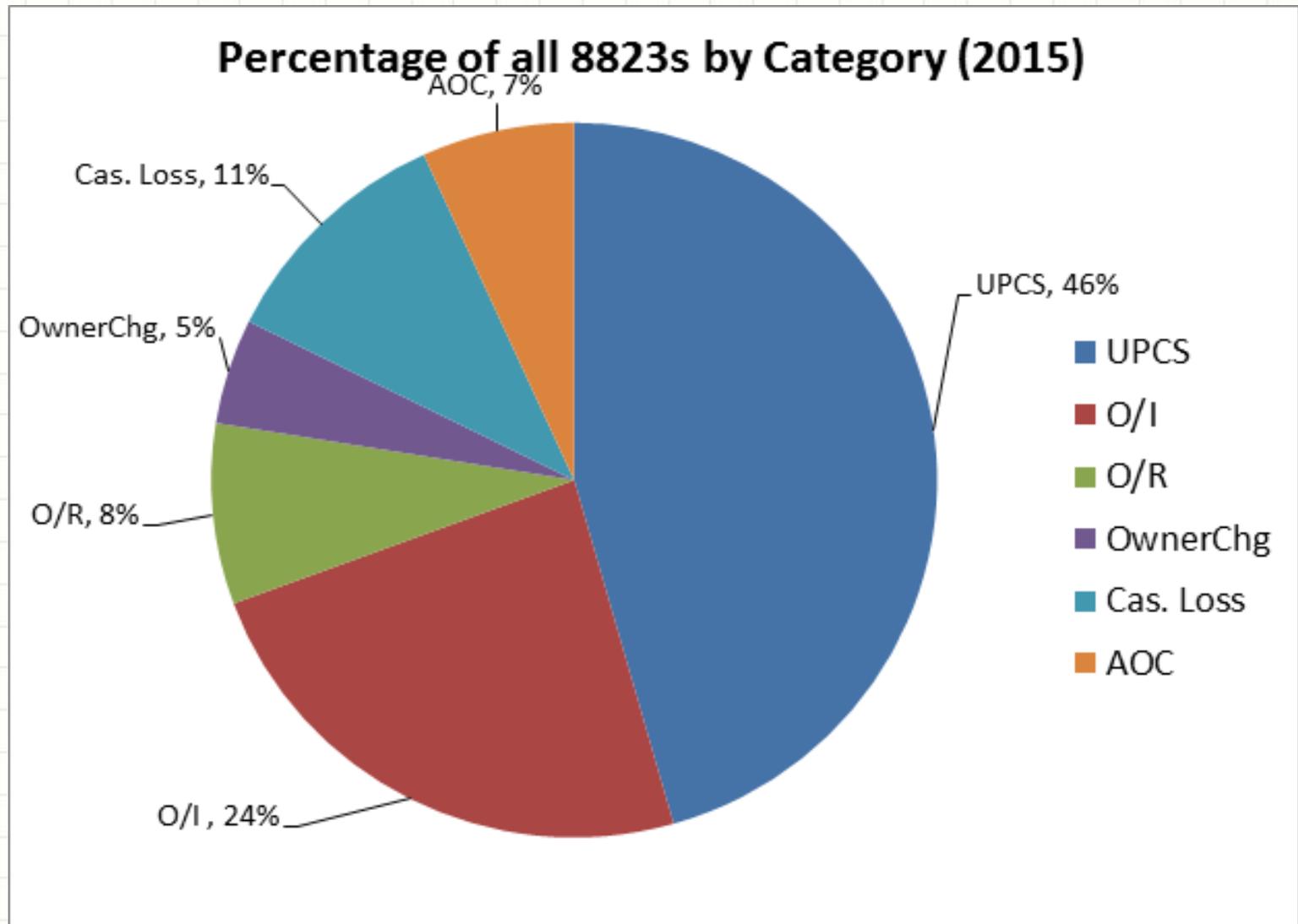
8823 Filings

- For multiple units
 - the date out of compliance is the **earliest date**
- A building cannot be reported back in compliance until all units reported are back in compliance
- Per conversations with IRS - Non-Corrected 8823 filings may flag the project

8823 Filings

- Amended Form 8823
 - filed by State Agency only to correct an error on a previously filed 8823
- There is no correction when Line 11p – is checked off
- Most noncompliance filings are correctable

8823 Filing





Resyndication – New Allocation

- New Credit Period
- New Regulatory Agreement
- New 8609's Issued
- New Monitoring Cycle

Resyndication - Preparation

Resyndication is:

- When an existing tax credit property with a current regulatory agreement receives a **new** allocation of tax credits
- Project could have a new owner or same owner and will have a new tax credit investor

Resyndication - Preparation

Resyndication is NOT:

- A project that formerly had tax credits but has ended its compliance period and did not enter into an extended use agreement. (Re-application)
- A project that has never had tax credits before. (Acquisition/Rehab)

Resyndication – Definition of Grandfathering

The initial Regulatory Agreement is the “authority” that prohibits the eviction without good cause.

- Households determined to be income qualified during the initial 15-year compliance period are considered concurrently income qualified for the purposes of the Extended Use period.
- Any household determined to be income eligible at the time of move-in for purpose of the extended use agreement is a qualified household for any subsequent allocation of credits.

Resyndication - Preparation

- Relocation -
 - Cannot exceed a 6 month period
 - Tenants cannot incur extra costs
- **Never temporarily move tenants into vacant tax credit units in a different tax credit property**
 - Ok to move them into vacant units/different buildings at **same** tax credit property

Resyndication - Preparation

- Check with CTCAC for any questions
- Resyndication Clarification Form for all over-income households
- Check with the tax credit investor – they might have specific standard they want you to follow
 - Investor will audit the files prior to Agency Review
- 2016+ Resyndications may keep deeper-targeted rents at the prior limits rate
 - **Federal set-aside rents must be consistent with current rent restrictions**



Ownership Transfers

In October of 2015, CTCAC released an updated Memo and Questionnaire to correspond with the State Regulation Changes for 2016:

- Questionnaire can be found at:

<http://www.treasurer.ca.gov/ctcac/compliance.asp>



Ownership Transfers

- Easy to follow questions will determine what needs to be submitted for each type
 - Ownership Transfer
 - Sale
 - Re-finance,
 - Other change in partnership (either limited partner or general partner)

Ownership Transfers

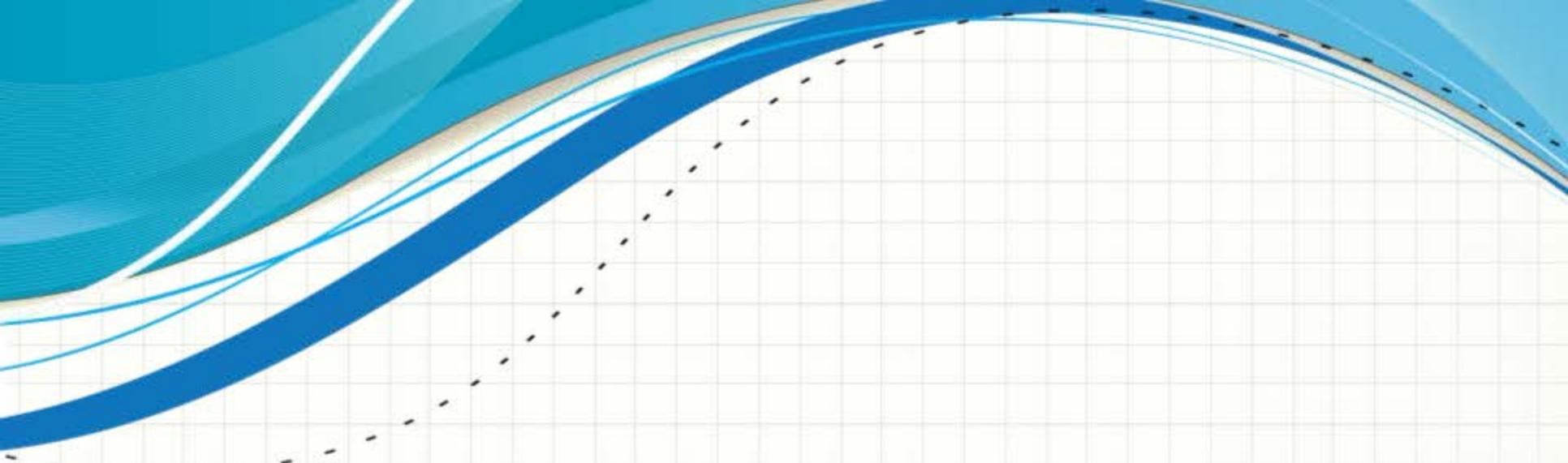
- Once documentation is submitted to CTCAC, it will take 2-3 weeks to process
- Transfer Events as part of a Resyndication where a new allocation of credits has already been awarded go to Anthony Zeto
- All other transfer events go to Ammer Singh or Shannon Nardinelli

Ownership Transfers

Management Agent Transfers:

- 9% tax credit projects require TCAC consent and equivalent management agent experience as existing entity:
 - Substitution of Property Management Agent
- 4% tax credit projects require TCAC minimal management experience points
 - 3 points minimum





QUESTIONS?