

Summary of Changes for December 2017 Revision of the Rental Housing Tax Credit Compliance Manual

Minor formatting, wording, or grammatical changes are not identified in this list. In addition to the items below, all website links referenced in the manual have been revalidated and updated where appropriate.

- 1.3- Applicability of the Under \$5000 asset self-certification to bond funded projects. Changed language to allow use of the self-certification for projects on which IHCDCA is the bond issuer.
- 2.2(J)- Reporting changes in ownership: Added note that IHCDCA must approve the change in ownership if the project has other IHCDCA financing such as HOME or Development Fund loans or Project-Based Vouchers. Same change in Part 5.7(B).
- 2.4- Management responsibilities: Added note on responsibility to list all projects in the Indiana Housing Now online database at www.indianahousingnow.org.
- 3.1(E)- Applicable Credit Percentage: Added note that the 9% rate was locked in 2015 via the PATH Act.
- 3.6- Placed-in-Service Dates: Added clarifying language to definition of placed-in-service date.
- 4.1(D)- Which Income Limits Should Be Used: Added release dates/effective dates for 2015-2017 tax credit income and rent limits.
- 4.2(D)- Gross Rent Floors: Added language recommending owners lock into the gross rent floor at the time of carryover agreement (allocation date) instead of waiting until placed-in-service.
- 4.3(D)- Mandatory Renter's Insurance: Removed language giving option to utilize an average instead of the actual amount of renter's insurance.
- 4.4(C)- Ratio Utility Billing System- clarification on how to include RUBS-based utility fees in gross rent
- 4.4(D)(3)- Approved Utility Allowance Source: Added note that the PHA utility chart cannot be used for purposes of HOME compliance for HOME-assisted units that received a commitment of HOME funds after 8/23/13.
- 4.4(D)(5) – 4.4(D)(7)- Approved Utility Allowance Sources
 - Updated IHCDCA review/approval fee from \$75 to \$100 (previously changed to \$100 via RED Notice)
 - Added language that utility allowance reviews should be submitted through the ua@ihcda.in.gov e-mail box
 - Removed comment that projects with 8823s can't use these utility allowance methods
- 4.4(E)- Updating Utility Allowances: Clarified language that when a change in utility allowance causes gross rent to exceed the applicable limit, the rent must be adjusted immediately, i.e. the owner cannot wait until next annual recertification to adjust rent.
- 5.1(D)- Unit Transfer of Existing Tenants: Added language clarifying this is a project rule and implementation is based on the definition of project per Form 8609 Line 8b.
- 5.2(B)(1)- Student Status General Rule and Definitions: Added statement that IHCDCA does not consider a household with an unborn child to invoke the full-time student rule since at least one member of the household (the unborn child) is not a full-time student.
- 5.2(C)- Unborn Children and Child Custody: Added note clarifying that self-certification is the only verification that an owner may request to verify pregnancy to count an unborn child.
- 5.2(D)- Units Occupied by Onsite Managers, Maintenance Personnel, and Security

- Clarified definition of an “exempt unit” and removed term “common space”
 - Changed policy to allow rent and utilities to be charged on exempt units in accordance with updated IRS guidance
- 5.2(L)- Housing for Older Persons: Section moved to 5.3(H). No policy change.
- 5.3(A)- Fair Housing: Added comment that tenant selection plans must acknowledge compliance with Fair Housing and tenant forms must include the Fair Housing logo
- 5.3(E)- Tenant Selection Criteria: Added paragraph that criminal background screening must comply with the 2016 HUD Guidance on use of arrest and conviction records
- 5.3(E)- Tenant Selection Criteria: Added note that tenant selection plans must acknowledge that the property complies with the requirements of VAWA
- 5.3(G)(7)- Violence Against Women Reauthorization Act of 2013: Added list of required HUD forms. Forms are now included in Appendix K.
- 5.4- Added references to Housing Trust Fund as an additional program that may be layered with tax credit developments
- 5.4(A)- Mixed Funding: Rent and Income Limits and Utility Allowances: Added note that the Housing Trust Fund program requires all HTF-assisted units to utilize the HTF program 30% rent limits
- 5.4(A)- Mixed Funding: Rent and Income Limits and Utility Allowances: Added explanation of HOME utility allowance rule, and specific information on handling a unit that is both RHTC and HOME-assisted that is occupied by a Section 8 voucher holder.
- 5.4(B)(6)- Mixed Funding: Certifications and Verifications: Added note that HOME/CDBG/NSP/ HTF assisted units cannot rely on income statements provided by the public housing authority in lieu of income verification documents. This is a tax credit specific rule. Same clarification added in part 6.3(B)(4).
- 5.4(C)- Mixed Funding: Household Size and Eligibility: Removed note that the HOME program does not count unborn children in household size. This rule no longer applies.
- 5.7(B)- Transfer of Development After Issuance of Form 8609: Added note that IHCD must approve the change in ownership if the project has other IHCD financing such as HOME or Development Fund loans. Same change in part 2.2(J).
- 6.1(A)- Necessary Documentation for a Tenant File: Added language clarifying use of the HOME Student Status Certification form for HOME-assisted units
- 6.2- Tenant Application and Income Certification Questionnaire: Added language referring to the sample IHCD “Race and Ethnicity Data Reporting Form” (Form #37)
- 6.3(B)(4)- Public Housing Authority Verification: Added note that HOME/CDBG/NSP/HTF units cannot rely on income statements provided by the public housing authority in lieu of income verification documents. This is a tax credit specific rule. Same clarification added in part 5.4(B)(6).
- 6.3(D)(1)- Social Security and Supplemental Security Income: Added information on cost of living adjustment (COLA) increases for 2016-2018.
- 6.3(D)(1)- Social Security and Supplemental Security Income: Added Streamlining Rule for verifying fixed income sources.

- 6.3(D)(8)- Verifying Fixed Income Sources: Added new section implementing HUD’s rule on “Streamlining Administrative Regulations” which simplifies the process for verification of fixed income sources at recertification
- 6.4(C)- Assets: Added examples of calculating cash value of assets.
- 6.5(C)- Rehabilitation of an Existing Tax Credit Development: Added note that a subsequent allocation resets the gross rent floor and projects previously eligible for HERA limits are no longer able to use those limits if the new placed-in-service date is after 12/31/08.
- 7.5(A)- The Annual Owner Certification of Compliance: Added note that the OC can now be completely submitted online and that beginning with the 2018 OC (due by 1/31/19) IHCD will only accept electronic submissions.
- 7.6- IHCD Tenant File Review and Onsite Development Inspections: Updated sample size language to match new requirements of IRS Revenue Procedure 2016-15
- 7.6(B)- Desktop File Reviews: Added reminder that original documents should never be sent to IHCD. Any hardcopy documents submitted for a file review will be shredded after the monitoring is completed.
- 8.1(A)- Qualifying for the Extended Use Policy: Added note that extended use policy requests should be submitted via extendeduse@ihcd.in.gov.
- 8.2(B)- Exemption Request: Added required documentation to include with request.
- 9.12- Suspension and Debarment: Inserted section on suspension and debarment procedures. This was existing IHCD policy but was not included in previous editions of the RHTC Compliance Manual.
- 10 (Glossary)- updated definition of manager unit to remove note that rent cannot be charged on an exempt unit. Same change in part 5.2(D). Added definitions related to suspension and debarment policy from part 9.12.

Appendices

- Appendix B- uploaded current versions of IRS Forms 8609 & 8823
- Appendix E- uploaded 2016 & 2017 income and rent limits
- Appendix F- uploaded updated owner certification forms
- Appendix H- uploaded revised Qualified Contract notification letter
- Appendix K- uploaded HUD Guidance on Criminal Background Checks and revised HUD Form 935.2a (AFHMP Plan)
- Appendix M- new appendix folder with HUD’s VAWA forms