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.
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.

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

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

October 15, 2017

Washington State Housing Finance Commission
Attn: Asset Management & Compliance Division
1000 3rd Avenue, Suite 2700
Seattle, Washington 98104-1046

Re: Project_Name

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 at 306-387-4419.

Sincerely,

Valeri Date
Director, Asset Management & Compliance Division

Enclosures:

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

Data: _________________________

Signature and Title of Authorized Signer for Ownership Entity

Enclosures:

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

**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-Year 15 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.

__________________________
Signature

__________________________
Print Name Date
Approval Process cont.

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

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-certified 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 Sharon Higgins, your assigned Portfolio Analyst for this property at 206-287-4425.

Sincerely,

Valeri Pate
Director
Asset Management & Compliance
Email: valeri.pate@wsdhf.org
Commission website: www.wsdhf.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 OF ANNUAL INCOME**

Property Name: ___________________________ Unit: ___________________________

Household Name: ___________________________

# of Bedrooms: ___________________________ # of Persons in Household: ___________________________

REMINDMENT 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.

<table>
<thead>
<tr>
<th>Household Member Name</th>
<th>Date of Birth</th>
<th>Fulltime Student Status *</th>
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<tbody>
<tr>
<td>Head</td>
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</table>

* 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 "0.00." 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).

<table>
<thead>
<tr>
<th>Household Member Name</th>
<th>Total Gross Annual Income &amp; Income from Assets</th>
<th>Source of Income</th>
<th>Initials of Adult Household Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head</td>
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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

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.org.

Your property has been approved for Post Year 15 Monitoring Procedures or a Re-certification 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/news/subscribe.html.

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

If you require further assistance from your Portfolio Analyst, to locate your Portfolio Analyst, go to http://www.wshfc.org/managersoffice/ProjectAssignments.pdf.

Sincerely,

Valeri Pate
Director, Asset Management & Compliance Division

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

Property Name: ___________________

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

☒ Owner’s Annual Certification (print the Annual Summary from WBARS and the additional AHC pages from our website), submit both with Owner’s 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/Asset-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% of the final year re-certification. Include an explanation for the increase.

☒ Special-Needs Vacancy Report, with back-up documentation, if the Special-Needs Commitments exceeded 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/managersoffice/extendedturntime/extendedallowance.html.pdf.

☒ Homeless/Transition Report (if applicable).

☒ Form Work Move-on Report (if applicable).

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

If Crystal 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