THE HUNT FOR INFORMATION

Submitted By: Karen Graham, president and CEO of Karen A. Graham Consulting

‘Tis the season for Low-Income Housing Tax Credit (LIHTC) properties to be re-financed, re-syndicated, and sold. This will require that you provide tons of requested information. I think we can all relate to the frustrations of desperately hunting down missing documents that no one can seem to find. Solve this problem now with a Property History Binder (old-school 3-ring binder) or a Property History File (electronic version).

The following remains as critical as when I wrote a similar article some years ago. One of my clients rescently called and thanked me for setting up these books from over 15 years ago! Changes to partnerships and various types of audits will require documents from previous years. It is always a good idea to be protected, today and in the future.

What follows is a breakdown of the required sections:

1. **PROPERTY INFORMATION SUMMARY**
   This section contains an internally prepared spreadsheet summarizing all sorts of property information. Items like identifying the type of project (new construction, acquisition/rehab, or re-syndication, for example), ownership and partnership information, allocation and placed-in-service dates, Building Identification Numbers, unit counts, building-by-building breakdowns, unit addresses, accessible and adaptable units, utility types, amenities, set-aside units, resident services, non-profit participation, and a site map identifying utility shut-offs. This can be used for many purposes other than compliance.

2. **RENTS AND INCOMES**

   Retain information on maximum allowable rents and incomes used since start-up. The effective dates of all changes should be evident, and the reasons for the change should be documented. Be sure your rent calculation demonstrates the subtraction of the utility allowance from the gross rent to get the net rent. Even when there is no change in the limits, you should still update your spreadsheets when HUD publishes the new limits each year. This validates the fact that you are checking and updating on an ongoing basis.

3. **UTILITY ALLOWANCES**

   Place copies of the actual utility allowance(s) here. I recommend the use of a tracking log listing all the amounts, dates, and reasons for the changes. In addition to compliance tracking, this log can serve other purposes because it will identify and track trends. For example, are utility allowances consistently going up, causing net rents to go down? This can help with budgets and pinpointing when it may be time to seek out alternate utility allowance types (when it is permitted).

4. **LURA**

   This tab contains the project's Land Use Restriction Agreement or Covenant (AKA extended use agreement). It is the agreement between the state housing finance agency and the property owner documenting site restrictions including additional state-imposed requirements. This agreement is a legal, binding agreement, so be sure you have the *recorded* copy and not a draft.

5. **APPLICATION & CARRYOVER ALLOCATION**

   The LIHTC application and carryover allocation, including all applicable exhibits and attachments, will show you the owner's pledges and the sequence of events for the allocation process.

6. **OTHER FUNDING**

   If the community has additional sources of financing and/or other agreements, they are placed here. For newer projects, this section will probably have several sub-folders, since they will likely have more than one program commitment.

7. **AUDIT HISTORY AND CORRESPONDENCE**

   Copies of all audits, responses to those audits, Forms 8823 (if included, make sure they are corrected!), and close-out letters are placed here. Be sure you have a close-out letter for *every single HFA audit*.

8. **RESIDENT SELECTION POLICIES**

   These are also known as a Tenant Selection Plan or Qualifying Criteria. Although some conditions in your resident selection policies are not LIHTC compliance-related (such as credit, landlord history, and criminal background), there are LIHTC criteria that *must* be included such as income, student status, and household composition. It is critical that the effective dates of changes are evident. One additional note: Many of us are using on-line systems for determining qualification of applicants' credit, criminal, and landlord histories. It is imperative that the selection criteria entered into these systems match up with the Resident Selection Policy being signed. Show that in this section.

9. **PLACED IN SERVICE DATE DOCS**

   For a new construction project or a rehab receiving certificates of occupancy, keep copies of those here. For an acquisition/rehab, keep a copy of the acquisition documents and any rehab completion documents.

10. **FORMS 8609**

    Forms 8609 are used by the owner to obtain tax credit allocation. Be sure your copies have Part II completed by the owner. Pay close attention to how each question is answered, and ensure that you have the final copy – *not* a draft.

11. **ANNUAL OWNER'S CERTIFICATIONS**

    Place copies of every year's annual owner's certifications and state year-end occupancy reports here. Many of these are online, but you can save these as PDFs here with the confirmation of transmittal.

12. **MISCELLANEOUS & ADDITIONAL**

    This is a project- or company-specific section. Include documents such as internal company policies and procedures or project-specific forms. Since each project is unique, this may contain several sub-folders.

When creating this "forever home" for your LIHTC records, use the same exact set-up and naming conventions for every project. That way, everyone knows exactly where to look for things. Create this template once and use it over and over – it will save you a lot of time in the long run. Taking the time now to save and store these documents in this one space will ensure you can easily find information when you need it. This way, you'll never have to go on that desperate hunt for documents again.

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