# VHDA Compliance Department Updates

## 2019 Mid-Atlantic AHMA Conference

Erica Etterling, Compliance Support Manager

# VHDA Rental Compliance & Asset Management Department Updates

- **Emergent Compliance Issues**
  - Program Complexity
  - Average Income Minimum Set-Aside
  - Property Operations
  - DOJ Settlement & Special Needs Populations – Discussion with DBHDS Housing Coordinators

- **Questions**

# Rental Portfolio Changes

- Complex financing programs (Section 8, Rural Development, LIHTC, Tax Exempt Bond, HOME)
- More emphasis on preservation and revitalization.
- Mixed Use Mixed Income (MUMI) deals
- The portfolio is aging fast due to increased physical needs
- Increased Qualified Contracts or Owner Changes
- Work to Align Federal program requirements
  - Unit Inspections
  - Student Rule (Tax Credit & Bond Only)
  - Some Certification Alignment Permitted (FAST Act)

# Emerging Issues

- Average Income Minimum Set-Aside

- Section 8 Expiring Contracts

- Aging Portfolio – Expiring Extended Use Pre-1990

- Federal Alignment of Affordable Housing Programs

- Mixed Income/Mixed Use (MUMI) Properties

- 2$^{nd}$ Tax Credit Allocation & Layered Requirements

- Increasing Scrutiny
  - GAO LIHTC Program Review (3 Reports)
  - All things Fair Housing
  - Resident Selection Criteria
  - Integrated Housing and Target Populations

# How Is Our Industry Changing?

- 2019 Owner Notification & Unit Sampling Requirements Must be Implemented No Later Than 1/1/2021

- 2019 Income Limits – Did not Include Limits for Average Income

- RD – Eligibility Areas Changed effective June 2018

- Section 8 – RAD Conversions

- VHDA Expanding VHDA REACH Funds used for Taxable, MUMI, and Tax Exempt Financing

# VHDA Adopted Requirements for Average Income Minimum Set-Aside

- 100% Low Income – No Market Units

- Yes, on Line 8b of the IRS 8609 form, Part II for Multiple Building election

- Taxpayer Unit Designation must be provided using the Unit Details form in the LIHTC Application

- Assigned Unit Set Asides **Must** Float

# Average Income Minimum Set-Aside Other Considerations

- Tax Credit Developments Seeking a New Tax Credit Allocation May Elect This Minimum Set-Aside

  ➢ Existing EUA **Will Not** be Terminated or Amended

- Must Have a Reasonable Distribution of Set-Asides Across All Unit Sizes

# VHDA Website Resources

- **Low-Income Housing Tax Credit Compliance page**
  - VHDA Average Income Memo & Video Playlist
- **Program Income and Rent Limits and Fair Market Rents page**
  - Program Limits Calculator Excel Form for VHDA Conventional loan limits and MTSP calculated limits for Average Income

[www.vhda.com/ComplianceAndAssetManagement](www.vhda.com/ComplianceAndAssetManagement)

# 2019 Tax Credit Year End Annual Report

- No Change in Monitoring Fees

- ACH Payments Strongly Encouraged for Annual Reporting

- Must Use Project Number to Identify Projects Under Payment

- Electronic Signatures through Adobe Workflow Sent Via Email

# 2019 Tax Credit Year End Annual Report Timeline

- **January 6, 2020** – Owner Report & Fee Invoices Sent to the Project Owner & Management Agent

- **February 28, 2020** – Project Owner Deadline for All Annual Reports and Fee Payments

- **April 30, 2020** – Latest Date All Notices of Non-Compliance Sent to the Owner for Correction

- **July 31, 2020** – Latest Date Annual Reports Closed Out and Non-Compliance Reported to the IRS

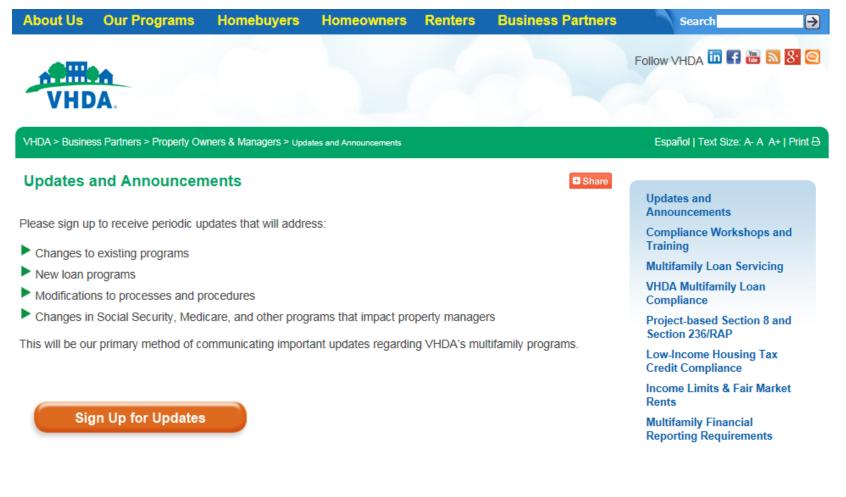# Property Operations

- Tenant Selection Criteria

- Criminal Screening Process and 2<sup>nd</sup> Look

- 504 Units – Marketing & 60-Day Hold

- DD/DOJ Applicant Referrals Process

# VHDA QAP & Target Population

- ## 2015-2018
  - Point Category
  - Greater of 5 or 10% of the units
  - Manual waiver process

- ## 2019-2020
  - Threshold - No longer a point category
  - Ten percent of the units
  - No longer requiring a Compliance waiver from VHDA

# VHDA Constant Contact

Sign up for [VHDA Updates & Announcements](#)

# Questions & Answers



**Thank You!**

# Last Words

Every Day is a New Beginning. What didn't get done yesterday is where I will begin today.

People wonder what I do. I simply smile and say whatever needs to be done!

I am a Supporter, Advisor, Team worker, Cheerleader, Teacher, Counselor, and Enforcer. I am a Property Management Professional!