

Section 2: Program Basics

Learning Activity 2-1: Holly Court

Holly Court is a 100-unit development where all units are LIHTC. It is located in Anytown County.

Yolanda and Frank Washington want to rent a 2-bedroom unit in Holly Court. They have no form of rental assistance.

- The LIHTC maximum gross rent limit for a 2-bedroom unit at Holly Court is \$1,900
- Utility allowance is \$150
- There are no non-optional charges

1. What is the maximum amount of tenant rent the owner may charge for this unit?

2. How much will the Washington family pay in rent?

Section 2: Program Basics

Learning Activity 2-2: Minimum Set-Aside

Lemon Grove Apartments is a 50-unit building located in Lemon Grove, CA. The owner selects the 20-50 MSA on the IRS Form 8609.

1. How many units at a minimum must be LIHTC?

2. What about the remaining 40 units? Are they required to have any income or rent restrictions?

North Coast Village is a 10-unit building, located in Oceanview, CA. The owner selects the (AIT) set-aside.

1. At least _____ percent of the units in the project must be occupied by households with income limits that on average are at or below _____ percent or less of the area median gross income (AMI) *and* be rent restricted.
2. If the owner of North Coast Village wants to designate two units at 80 percent and one unit at 20 percent, the other LIHTC units must be designated at what percent in order to meet the minimum set aside?

Learning Activity 2-3: Placed-in-Service

Pine Ridge is a 50-unit, new construction, 100 percent LIHTC project consisting of one building.

Scenario 1:

- The certificates of occupancy were issued on September 1, 2025.
 - The Alvarez family was determined eligible and moved into a rent-restricted unit on September 25, 2025.
 - In what month does the unit begin generating a credit?
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Scenario 2:

- The certificates of occupancy were issued on September 5, 2025.
 - The Crawley family was determined eligible and moved into a rent-restricted unit on September 25, 2025.
 - In what month does the unit begin generating a credit?
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Scenario 3:

- The certificates of occupancy were issued on September 25, 2025
 - The Hall family was determined eligible and moved into a rent-restricted unit on, October 5, 2025
 - In what month does the unit begin generating a credit?
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Section 6: Regulatory Documents

Learning Activity 2-4: IRS Form 8609

Instructions: Using the Form 8609, answer the following questions:

1. When were the low-income housing tax credits allocated?

2. When was the building placed-in-service?

3. What is the BIN?

4. What is the minimum set aside and what does this mean?

5. Must the owner maintain the MSA for this building or for multiple buildings?

6. Did the owner elect to deep rent skew and, if so, what does this mean?

7. Is the owner required to attach anything to the 8609?

Section 7 Chapter 2 Post-Test

1. Excluding New York City, what are the three options from which the owner chooses for the federal MSA?

2. Which of the following statements is true about the credit period?

- a. The credit period is for 15 years
- b. The credit period is for 10 years
- c. The credit period is for 30 years
- d. The credit period varies by state

3. The federal compliance period is for:

- a. 10 years
- b. 30 years
- c. 15 years
- d. 25 years

4. The extended use period is for a minimum of:

- a. 10 years
- b. 30 years
- c. 15 years
- d. 25 years

5. The placed-in-service date for a new construction building is:

- a. The date that the first qualified LIHTC tenant moved into the unit
- b. The date the Certificates of Occupancy were issued
- c. The date the project received an allocation of LIHTCs
- d. The first of the month following the month the project received an allocation of LIHTCs.

Section 7: Chapter 2 Post-Test

6. Which of the following is true about a LIHTC project with a 20/50 MSA?
 - a. 20 percent of the units must be rented to households at or below 50 percent of area median gross income
 - b. 20 percent of the units must be rented to households at or below 60 percent of area median gross income
 - c. 50 percent of the units must be rented to households at or below 20 percent of area median gross income
 - d. 20 percent of the units must be rented to market rate tenants
7. Green Acres Apartments consists of two buildings. The MSA must be met over both buildings if:
 - a. "No" is marked on line 8b of each building's IRS Form 8609
 - b. "Yes" is marked on line 8b of each building's IRS Form 8609
 - c. The owner selects the 20/50 MSA only
 - d. The buildings are newly constructed
8. For what three activities may low-income housing tax credits be used?

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9. PHAs apply for LIHTCs because they receive a dollar-for-dollar reduction in the PHA's federal income tax liability.
 - a. True
 - b. False
 10. A tax credit is subtracted from a taxpayer's total income to compute their tax base.
 - a. True
 - b. False
 11. Only properties who make their MSA election after March 23, 2018 are eligible to choose the Average Income Test MSA option.
 - a. True
 - b. False

Section 7: Chapter 2 Post-Test

12. The credit period always begins the same year the building is placed-in-service.
- a. True
 - b. False
13. A building may have a 30-year extended use period if required by the state HFA.
- a. True
 - b. False
14. Green Bay is a new construction LIHTC project, consisting of one building. The certificates of occupancy are issued on June 5. The Kamry family is the first family to occupy a unit at Green Bay and they move in on June 25.
- What is the placed-in-service date? _____
 - In what month will the Kamry family's unit generate a tax credit? _____

Learning Activity 3-1: Beacon Street Apartments

Beacon Street Apartments is a 100-unit mixed-use property consisting of one building which has 50 one-bedroom units that are 500 square feet and 50 two-bedroom units that are 1,500 square feet.

1. What is the total square footage of the units at Beacon Street Apartments?

The owner elects the 40-60 MSA on the IRS Form 8609. They rent 40 one-bedroom units to LIHTC-eligible households and the remaining 60 units to market rate tenants (non-LIHTC).

1. How many square feet are LIHTC units?

-
2. What is the applicable fraction?
-

Learning Activity 3-2: South Side Homes

When it is built, South Side Homes will be a new construction development consisting of one building of 100 mixed-use units. No tax-exempt bonds will be used in the financing. The development is located in a Qualified Census Tract (QCT). It is estimated that the development costs will be \$4,000,000, although \$1,000,000 of that will be to purchase the land.

<i>LIHTC Units</i>	<i>Market Units</i>	<i>Total Units</i>
37 one bedroom–600 sq. ft.	12 one bedroom–500 sq. ft.	49
38 two bedroom–1,015 sq. ft.	13 two bedroom–1,000 sq. ft.	51
		100

1. What is the eligible basis?

2. Will this project receive a basis boost? If so, how much?

3. If a basis boost is applied, what would the eligible basis be?

4. What is the applicable fraction?

5. What is the qualified basis?

6. Will this project earn a 4 percent or 9 percent credit rate? Why?

7. What is the annual credit amount?

Section 5 Chapter 3 Post Test

1. Section 42 requires that state qualified allocation plans (QAPs) prioritize projects that serve the lowest-income tenants and ensure affordability for the longest period.
 - a. True
 - b. False
2. The process of selling rights to future credits in exchange for up-front cash is known as:
 - a. Qualification
 - b. Banking
 - c. Syndication
 - d. Speculation
3. The amount of tax credits that each state receives is based in part on that state's population.
 - a. True
 - b. False
4. States have ____ years to award housing tax credits to projects.
 - a. 2
 - b. 3
 - c. 4
 - d. 5
5. The compliance requirements for 9 percent tax credits never differ from 4 percent tax credits.
 - a. True
 - b. False
6. The steps to calculate the amount of credits a building can potentially claim annually are:
 - a. Eligible basis x basis boost (if any) x the affordable square feet x credit rate percentage
 - b. Eligible basis x basis boost (if any) x the affordable units in project x credit rate percentage
 - c. Eligible basis x basis boost (if any) x the minimum set aside x credit rate percentage
 - d. Eligible basis x basis boost (if any) x the applicable fraction x credit rate percentage

Section 5: Chapter 3 Post Test

7. The qualified basis is used to calculate the number of tax credit a building qualifies for annually.
 - a. True
 - b. False
8. The applicable fraction must be maintained throughout the entire compliance period.
 - a. True
 - b. False
9. A portion of a state's tax credits must be set aside for:
 - a. Veterans
 - b. Nonprofits
 - c. PHAs
 - d. Projects with HUD funding

Section 8

Chapter 4 Post-Test

1. How often must a state agency perform an inspection of each LIHTC project?
 - a. Annually
 - b. Semi-annually
 - c. At least once every three years
 - d. Only upon completion of the project
2. If noncompliance is discovered by the state agency in year 17 (and the noncompliance occurred in year 17):
 - a. It is reported to the IRS on Form 8823
 - b. Recapture of previously claimed credits may occur
 - c. Nothing happens
 - d. The state may enforce remedies against the owner
3. During the extended use period, the state allocating agency no longer monitors compliance.
 - a. True
 - b. False
4. Fill in the missing terms:
 - a. When the owner/investor loses credits proportionate to the percentage of the building that was in noncompliance for that year and/or previous years

 - b. When the owner/investor loses the nonaccelerated, earned portion of the credit for that year and future years

 - c. Credits taken during the first 10 years of the credit period that are actually earned in years 11 through 15

5. List three reasons tax credits may be recaptured during the federal compliance period:

6. Define bright line:

7. Form 8823s are issued by the state agency during the federal compliance period for any noncompliance with either federal or state-specific requirements.

- a. True
- b. False

8. Who determines the inspection standards used in the LIHTC program?

- a. The owner
- b. The PHA
- c. The IRS
- d. The state HFA

9. What document identifies the inspection standards to be used in the LIHTC program?

- a. The tax credit application
- b. The qualified allocation plan (QAP)
- c. IRS form 8609
- d. IRS Form 8823

10. If the state HFA uses NSPIRE as the inspection standard for LIHTC, severity levels for all deficiencies identified will be noted in order to determine the level of noncompliance.

- a. True
- b. False

Section 8: Chapter 4 Post-Test

11. HFAs will inspect vacant units during their onsite review and could file an 8823 if the unit is found to not be rent-ready within a reasonable timeframe.
 - a. True
 - b. False
12. If a state or local authority responsible for conducting inspections issues a violation report to the owner, the owner must submit the report to the HFA.
 - a. True
 - b. False

Section 7 Chapter 5 Post Test

1. In acq/rehab projects, both sets of credits are earned at the same time.
 - a. True
 - b. False
2. Owners have _____ days prior to and after the date of acquisition to qualify in-place families as LIHTC-eligible in order to claim LIHTC back to the acquisition date.
 - a. 240
 - b. 60
 - c. 90
 - d. 120

Use this information to answer questions #3 and #4:

Redwood Court Apartments

- Acquisition placed-in-service date: 5/3/2023
 - Rehab placed-in-service date: 11/25/2024
3. Ms. Hall was determined LIHTC-eligible for a unit at Redwood Court Apartments and certified eligible as of 6/5/2023, what is the earliest date credits can be claimed for her unit?
 - a. 5/3/2023
 - b. 6/5/2023
 - c. 1/1/2024
 - d. 1/1/2023
 4. After being determined LIHTC-eligible on June 5, 2023, Ms. Hall experienced an unanticipated increase in her annual gross income in December 2023 that put her over the LIHTC income limit. What action(s) should the owner take?
 - a. Perform a safe-harbor test within 120-days of 1/1/2024
 - b. Perform a safe harbor test within 120-days of 1/1/2023
 - c. Evict Ms. Hall due to being over the income-limit
 - d. Move Ms. Hall to a market unit

Section 7: Chapter 5 Post Test

5. In an acq/rehab building, when an initial TIC is completed for an in-place family within 120 days of the date of acquisition:
 - a. The effective date of the TIC is the date the TIC was signed by the last adult household member
 - b. The effective date of the TIC is the date of acquisition
 - c. The effective date of the TIC is the date the family moved into the unit
 - d. The effective date of the TIC is the date rehabilitation was completed

Learning Activity 6-1: LIHTC Student Rule

Rebecca Tan, an otherwise qualified LIHTC individual, occupies an LIHTC unit in June 2025. Rebecca is the only occupant of the unit. She attended a qualifying educational organization full-time from January 1 through February 22, 2025. She later returned to the qualifying education organization full time from September 2025 through December 2025.

1. Is this LIHTC unit in compliance?

2. What if she only returned again September 1, 2025 through November 15, 2025?

Mark Spelman and Peter Assad, two students attending college full-time and working part-time share an LIHTC unit with Brandon Lerda, a third person who works full-time and is not enrolled at the college. The combined household incomes qualify them under the LIHTC income limit.

3. Is this household eligible under the student rule?

Section 5 Chapter 6 Post Test

1. Exceptions to the LIHTC student rule include all but the following:
 - a. Married and eligible to file a joint tax return
 - b. Over the age of 24
 - c. Participation in a job training program under JTPA or similar
 - d. A student previously in foster care
2. Which of the following persons is excluded when determining family size for comparison to the income limit?
 - a. Head of household
 - b. A temporarily absent family member
 - c. The live-in aide
 - d. Cohead
3. If the applicant is registered as a lifetime sex offender, under IRS Code the owner is prohibited from allowing them to reside in an LIHTC only unit.
 - a. True
 - b. False
4. The Mack family wishes to reside in an LIHTC only unit. Before the Mack family may move into an LIHTC unit, IRS code requires that they disclose and document the Social Security numbers of all household members.
 - a. True
 - b. False
5. The LIHTC student rule applies to all but the following:
 - a. Full-time students
 - b. Minors in elementary school
 - c. Minors in high school
 - d. Part-time students

Section 5: Chapter 6 Post Test

6. Define “hold harmless” with regard to income limits:

7. If multiple buildings are included in the same project on the IRS Form 8609, and those buildings were placed in service in different years:
- a. The owner may use the same income limits for all buildings included in the same project
 - b. The owner must use different income limits for each building depending on when the buildings were placed in service.
8. The Sweeney family is applying to live in an LIHTC unit at Lake View Court. The family consists of head of household Walter, his wife Winnie who is pregnant, their foster child Barbara, their dog Spot, their live-in aid Peter, and Winnie's sister Wanda who is staying with the family for the next 4 weeks. What is their family size for comparison to the income limit?
- a. 6 people
 - b. 5 people
 - c. 4 people
 - d. 3 people
9. New income limits must be applied _____ days after HUD publishes them.
- a. 30
 - b. 45
 - c. 60
 - d. 90
10. Amber Valentine is a single person and is applying for an LIHTC-only unit. She is requesting a three-bedroom unit. The owner can allow a single person to live in a three-bedroom unit and not violate federal rules.
- a. True
 - b. False

Section 9 Chapter 7 Post Test

1. If an applicant is seasonally employed, their income should be annualized and an interim should be conducted when they have a change in circumstances.
 - a. True
 - b. False
2. When is non-necessary personal property considered an asset?
 - a. When net assets are \$51,600 or less
 - b. Never, as non-necessary personal property is not an asset
 - c. Always, regardless of the amount of the family's assets
 - d. When net assets are greater than \$51,600
3. Medical expenses are deducted when calculating annual income in the tax credit program.
 - a. True
 - b. False
4. The EIV system:
 - a. May be used for applicants to the LIHTC program only
 - b. May be used to verify income for LIHTC participants at blended sites only
 - c. May never be used in the LIHTC program
 - d. May be used if a waiver is granted by HUD or the state allocating agency
5. Maple Crest Manor is a 100-unit development that is 100% LIHTC and public housing. When the state allocating agency audits Maple Crest Manor's files, they will review them to ensure that income calculations for LIHTC match those in the development's public housing files.
 - a. True
 - b. False

6. Jackie Jinx has a non-interest bearing checking account with a six-month average of \$8076. If allowed by the state agency, is self-certification an acceptable form of verification for her asset?
 - a. Yes
 - b. No
7. If a family member is unemployed at the time of the initial certification, but anticipates becoming employed in the next few months, the owner is prohibited from anticipating income from future employment, since the family member is unemployed.
 - a. True
 - b. False
8. Wanda Watts owns a home worth \$100,000 with a \$50,000 mortgage. If she were to sell, she'd pay broker fees and closing costs of \$5,000. What is the net cash value of her home?
 - a. It depends on whether or not she wants to sell it
 - b. \$100,000
 - c. \$50,000
 - d. \$45,000
9. Workers' compensation payments are excluded from annual income.
 - a. True
 - b. False
10. Hannah Hall is head of household. She lives with her foster child Heather. Hannah receives \$200 a month in foster care payments. This is her only source of income. Heather has a non-interest-bearing checking account with an average six-month balance of \$250. What is the family's total annual income?
 - a. \$0
 - b. \$550
 - c. \$2,400
 - d. \$2,250

11. Jean Jones (age 89) lives alone in an LIHTC unit. She owned a home worth \$100,000, but could no longer maintain it so two months before her annual recertification she sold the home to her son for \$1. There was no mortgage balance. Her sons paid all the broker fees and closing costs. At her annual recertification, the owner should:
- a. Do nothing. The home is not considered an asset disposed of for less than fair market value since she sold it to someone she is related to.
 - b. Do nothing. Assets disposed of for less than fair market value only apply at initial certification
 - c. Count \$99,999 as the net cash value of the home for two years from the date of the sale

Learning Activity 7-1: Blue Lake Meadows**BLUE LAKE MEADOWS**

Blue Lake Meadows, located in San Diego County, California, is a 30-unit 100% LIHTC project consisting of two- and three-bedroom comparable units in two separate buildings. Each building is not its own project. The owner elected the 40/60 MSA on the IRS Form 8609 but maintains the project as 100 percent LIHTC. The low-income housing tax credits for both buildings were placed-in-service on August 1, 2018.

BLUE LAKE MEADOWS APPLICANT LIST

As the manager of Blue Lake Meadows, you are responsible for ensuring continuing program compliance for Blue Lake Meadows. The following applications have been received for tenancy:

1.	Sue Yim	HOH	Age 22	FT Student
	Ray Yim	Son	Age 6	FT Student
	Chris Yim	Son	Age 5	FT Student
	Gross household income:	\$22,100		
	Income type/source(s)	Child support/Wages		
2.	Patrick Howell	HOH	Age 45	
	Trish Howell	Spouse	Age 43	Disabled
	James Howell	Son	Age 17	FT Student
	Katie Howell	Daughter	Age 19	PT Student
	Gross household income:	\$26,875		
3.	Juan Ortega	HOH	Age 20	FT Student
	Gloria Ortega	Spouse	Age 21	FT Student, formerly in foster care
	Gross household income:	\$18,500		
	Income type/source(s)	Wages		
4.	Kristy Jackson	HOH	Age 30	
	Sara Jackson	Daughter	Age 10	FT Student
	Jill Jackson	Daughter	Age 8	FT Student
	Joe Jackson	Son	Age 2	
	Gross household income:	\$20,075\$		
	Income type/source(s)	Wages		

Calculating Gross Annual Income

5.	Jennifer Hall	HOH	Age 19	FT student; not married; no dependent children; does not collect TANF; not in a job training program; never in foster care
	Gross household income: \$17,900			
	Income type/source(s) Wages			

FY 2025 MULTIFAMILY TAX SUBSIDY PROJECT INCOME LIMITS SUMMARY

San Diego County, California										
FY 2024MTS Income Limit Area	Median Income	FY 2024 MTS Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
San Diego County	\$73,000	50 Percent Income Limits	\$28,350	\$32,400	\$36,450	\$40,500	\$43,750	\$47,000	\$50,250	\$53,500
		60 Percent Income Limits	\$34,020	\$38,880	\$43,740	\$48,600	\$52,500	56,400	\$60,300	\$64,200

FY 2024 MULTIFAMILY TAX SUBSIDY PROJECT INCOME LIMITS SUMMARY

San Diego County, California										
FY 2023 MTS Income Limit Area	Median Income	FY 2023 MTS Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
San Diego County	\$72,700	50 Percent Income Limits	\$27,650	\$31,600	\$35,550	\$39,450	\$42,650	\$45,800	\$48,950	\$52,100
		60 Percent Income Limits	\$33,180	\$37,920	\$42,660	\$47,340	\$51,180	\$54,960	\$58,740	\$62,520

DETERMINATION OF MAXIMUM INCOME LIMITS

1. What is the maximum gross household income for the following to initially occupy a unit at Blue Lake Meadows, as of today's date?
 - a. A one-person household _____
 - b. A two-person household _____
 - c. A three-person household _____
 - d. A four-person household _____
2. Consider the applications received for Blue Lake Meadows. Based on their student status, which households would potentially qualify to live at Blue Lake Meadows? (Note: More than one family is eligible.)
 - a. Household 1
 - b. Household 2
 - c. Household 3
 - d. Household 4
 - e. Household 5
3. Verifications of household income for tenancy at Blue Lake Meadows are valid for:
 - a. 60 days
 - b. 90 days
 - c. 120 days
 - d. 6 months
4. How many units must be LIHTC in order to maintain the federal minimum set aside?

5. Must the MSA be maintained by building or project?

6. Edward and his girlfriend Bella are applying to live at Blue Lake Meadows. Edward and Bella just moved to the area and claim zero income. They were both employed full time less than two months ago as registered nurses in Forks, Washington. They had been working as registered nurses for 3 years in Forks making \$50,000 each. Are Edward and Bella eligible to live at Blue Lake Meadows? Explain what type of information (if any) is required to determine Edward and Bella's income eligibility.

7. Applicant household #3, the Ortega family, informs you that both Juan and Gloria have started receiving Social Security benefits of \$900 per month each. Their income from wages remains the same. Calculate the Ortega's gross household income.

Is the Ortega family eligible to live at Blue Lake Meadows?

-
8. Verification of social security numbers is required for households that want to live in Blue Lake Meadows?
- a. True
 - b. False
9. A family consisting of an ineligible non-citizen and a U.S. citizen could not live at Blue Lake Meadows because of their citizenship status.
- a. True
 - b. False

Learning Activity 8-1: Calculating Gross Rent

The Gomez family has a tenant-based voucher from the local PHA. The maximum allowable gross rent for their unit is \$500, but the owner is requesting a rent to owner for this unit of \$600. There is no utility allowance for this unit. This amount is rent reasonable under the HCV regulations. The family pays the owner \$200 in rent. The housing authority pays HAP to the owner in the amount of \$400.

1. What is the gross rent for the Gomez family's unit?

2. Does the gross rent for the unit exceed the gross rent limit?

3. Is the unit compliant? Why or why not?

Section 5 Chapter 8 Post-Test

1. Rents in the LIHTC program are based on a percentage of tenant income.
 - a. True
 - b. False
2. Rents in excess of the LIHTC maximum rent can never be charged in projects with LIHTC units.
 - a. True
 - b. False
3. The unit rent is:
 - a. Established by the owner
 - b. The rent paid by an unsubsidized LIHTC household
 - c. The same as the gross rent
 - d. Set by the IRS
 - e. Both a and b
 - f. Both b and d
4. The LIHTC gross rent is:
 - a. The unit rent plus a utility allowance plus any nonoptional fees
 - b. The same as the unit rent
 - c. Can never exceed the LIHTC rent limit under any circumstances
 - d. Based on the number of occupants in the unit
5. The maximum rent limit is based on the number of bedrooms in each unit.
 - a. True
 - b. False
6. The IRS establishes the size of unit a household may select in IRS regulations.
 - a. True
 - b. False

Setting Rents

Section 5: Chapter 8 Post-Test

7. The term rent floor means, at the choice of the owner, that the applicable rent limits may not drop below the rents that were in effect when the state agency initially allocated credits to the building.
 - a. True
 - b. False
8. A unit goes out of compliance with the rent limit on March 5, 2023, and a state agency auditor notes the noncompliance on April 1, 2023. How long will that unit remain out of compliance?
 - a. From April 1, 2023, until January 1, 2024
 - b. From March 5, 2023, until January 1, 2024, unless the owner corrects the noncompliance
 - c. From March 5, 2023, until January 1, 2024, regardless of whether the owner took action to fix the noncompliance at some point during the year
 - d. Through the date the owner corrects the noncompliance
9. The cost of services that are required as a condition of occupancy _____ be included in gross rent.
 - a. Must
 - b. Must not
10. If a utility allowance changes, it must be put into effect no later than _____ days after the change.
 - a. 45
 - b. 90
 - c. 60
 - d. None of the above: the number of days is determined by the state HFA in the QAP
11. Low-income housing tax credits may be blended with HUD subsidies such as public housing or project-based Section 8.
 - a. True
 - b. False

Section 5: Chapter 8 Post-Test

12. In an LIHTC-only unit, who selects which utility allowance is used?
 - a. The owner
 - b. The HFA
 - c. The family
13. The owner is only required to review utility allowances if there is a 10% or more change in utility rates from one year to the next.
 - a. True
 - b. False
14. Owners are allowed to charge new tenants reasonable fees associated with preparing a unit for occupancy before the new tenants occupy the unit.
 - a. True
 - b. False

Section 3: Conducting Annual Recertifications

Learning Activity 9-1: Tenant Income Certification

The Walsh family completes an application and income certification to live at Vista View apartments, a 200-unit mixed-use LIHTC development, on April 13, 2024.

The property manager completed third-party verification and determined the family was eligible on April 21, 2024.

The head and spouse signed a lease and moved into the unit on May 10, 2024.

1. What is the effective date of the original TIC?

2. Assuming this is a mixed-used property, by when must all subsequent annual recertifications be performed?

Learning Activity 9-3: Income Averaging

PART I

North Coast Village consists of one building with 9 one-bedroom units, each 700 square feet.

The owner, elected the income averaging MSA and has agreed to the following unit mix:

- Two 40 percent units
- One 50 percent unit
- One 60 percent unit
- Three 70 percent units
- One 80 percent unit
- One market unit

Unit A's annual recertification was conducted, and the household is now over-income. Unit F becomes vacant.

How does the owner bring North Coast Village back into compliance with the Average Income Test MSA?

Unit A 40% – now over-income	Unit B 80% – occupied	Unit C Market – occupied
Unit D 40% – occupied	Unit E 70% – occupied	Unit F 70% – vacant
Unit G 50% – occupied	Unit H 60% – occupied	Unit I 70% – occupied

Section 4: The Available Unit Rule

PART II

North Coast Village consists of one building with 9 one-bedroom units, each 700 square feet. The owner elected the Average Income Test MSA and has agreed to the following unit mix:

- Two 40 percent units
- One 50 percent unit
- One 60 percent unit
- Three 70 percent units
- One 80 percent unit
- One market unit

Unit G's annual recertification was conducted, and the household is now over-income. The market unit becomes vacant.

How does the owner bring North Coast Village back into compliance with the average income test MSA?

Unit A 40% – occupied	Unit B Market – vacant	Unit C 80% – occupied
Unit D 40% – occupied	Unit E 70% – occupied	Unit F 70% – occupied
Unit G 50% – now over-income	Unit H 60% – occupied	Unit I 70% - occupied

Learning Activity 9-4: The Alvarez Family

The Alvarez family is a two-person family consisting of Alma and her husband Arthur. They wish to move into a one-bedroom LIHTC unit at Grove Gardens which consists of one and two-bedroom comparable units. At the time the family initially applied for an LIHTC unit, their only source of income was Arthur's social security payment of \$800 per month. They have no assets. The applicable two-person income limit in place at the time the owner determined eligibility was \$29,500. The owner selected the 40/60 MSA.

Unit 301 1-bdrm market	Unit 302 2-bdrm market	Unit 303 2-bdrm LIHTC	Unit 304 1-bdrm LIHTC
Unit 201 1-bdrm LIHTC Unit 201 is occupied by the Alvarez family	Unit 202 2-bdrm LIHTC	Unit 203 2-bdrm market VACANT	Unit 204 1-bdrm market VACANT
Unit 101 1-bdrm market	Unit 102 2-bdrm market	Unit 103 2-bdrm market	Unit 104 1-bdrm LIHTC

1. Is the Alvarez family income eligible?

The Alvarez family moves into unit #201, a one-bedroom LIHTC unit. At the Alvarez family's annual recertification, the applicable income limit has not changed. However, Alma reports that she has gotten a new job at Jet Industries and she now earns \$45,000 per year. Arthur also continues to collect social security.

2. Is this a mixed-use or 100 percent LIHTC development?

-
3. Is the Alvarez family over-income?

-
4. What must the owner do to remain in compliance?
-

Section 5: Changes in Household Composition

Learning Activity 9-5: Changes in Household Composition

Oliver Lee and his daughter Wanda initially income qualified and moved into an LIHTC unit at Second Street Apartments on April 15, 2022. The project is a mixed-use project consisting of 25 LIHTC-only units and 15 market rate units.

1. Are annual recertifications required at this property?

2. What is the effective date of the household's first annual recertification?

3. When must the recertification be completed?

In June 2023 Oliver requests to add his girlfriend Olivia to the unit, and Olivia completes a tenant income certification. She has a full-time job at Jet Industries. On her own, Olivia's income is over the one-person income limit.

4. May Olivia move into the unit?

5. Is Olivia's income added to the initial TIC or the most recent TIC?

6. What is the effective date of the household's next annual recertification?

When Olivia's income is added to the existing household's income in June 2023, the household's income exceeds 140 percent of the applicable income limit.

7. May the household continue to reside in an LIHTC unit?

8. What must the owner do?

Section 5: Changes in Household Composition

In August 2024 Oliver's daughter Wanda moves out of the unit. Oliver and Olivia are now the only family members who live in the unit.

9. Is a new TIC required when Wanda moves out?

In December 2024 Oliver and Olivia break up, and Oliver moves out of the LIHTC unit.

10. May Olivia remain in the unit?

Section 9

Chapter 9 Post-Test

1. In the LIHTC program, the minimum initial lease-term is:
 - a. 12 months
 - b. 6 months
 - c. 30 days
 - d. 24 months
2. The LIHTC student rule is an ongoing eligibility issue.
 - a. True
 - b. False
3. In the LIHTC program, when households are not over-income, moves may occur between buildings:
 - a. Only if the owner receives a waiver from the HFA
 - b. If the owner has elected on IRS Form 8609 that the building is part of a multi-building project
 - c. Only if the household is requalified as income eligible in the new building
 - d. Only as a reasonable accommodation for a person with disabilities or under VAWA
 - e. In all cases
4. The next available unit rule is a:
 - a. Building rule
 - b. Project rule
 - c. Unit rule
5. Which of the following rules states in part, that tax credit units must be used on a non-transient basis?
 - a. The student rule
 - b. The General Use Rule
 - c. The leasing rule
 - d. The Next Available Unit Rule
6. First year tax credit records can never be stored electronically, even if they meet the IRS requirements.
 - a. True
 - b. False

Section 9: Chapter 9 Post-Test

7. A tenant income certification (TIC) must be completed and signed by all adult household members _____ of the move-in for all LIHTC units.
 - a. No earlier than 120 days before the anniversary date
 - b. On the anniversary date
 - c. At any time before the anniversary
 - d. 120 after the anniversary date
8. In both mixed-use and 100 percent LIHTC projects, household size decreases automatically trigger an immediate requirement for a new TIC.
 - a. True
 - b. False
9. Which of the following statements is true about changes in household composition?
 - a. A household may continue to add members as long as at least one member of the original low-income household continues to live in the unit
 - b. A household may add new members as long as the original head of household continues to live in the unit
 - c. Once all original tenants have moved out of the unit, the remaining tenants must be certified as a new income-qualified household unless the remaining tenants were income-qualified at the time they moved into the unit
 - d. Once all original tenants have moved out of the unit, the remaining tenants must move out of the unit
 - e. Both a and c
10. For the next available unit rule, a *comparable* unit simply means a unit that has the same number of bedrooms as the over-income unit.
 - a. True
 - b. False
11. Part-time, on-site staff living in a LIHTC unit do not have to be LIHTC-income eligible.
 - a. True
 - b. False

Section 9: Chapter 9 Post-Test

12. If the vacant unit rule is violated:
- a. All vacant units previously occupied by qualifying tenants lose their low-income status as of the date the oldest currently vacant unit was vacated and are no longer considered LIHTC qualified
 - b. The vacant unit most recently occupied by a qualifying tenant loses its low-income status as of the date the owner violated the rule.
 - c. All vacant units previously occupied by qualifying tenants lose their low-income status as of the date the most recent currently vacant unit was vacated and are no longer considered LIHTC qualified
 - d. None of the above
13. Families with a housing choice voucher may not apply to LIHTC properties.
- a. True
 - b. False
14. The Vacant Unit Rule states that the minimum initial lease term for an LIHTC unit is 6 months.
- a. True
 - b. False
15. If a unit experiences a casualty loss event that is outside of a Presidentially Declared Disaster Area, in all circumstances the unit will not earn tax credits for the year in which the casualty loss occurred, and all previous tax credits that were earned for the unit will be recaptured.
- a. True
 - b. False
16. The owner must collect a security deposit of at least \$50 in the LIHTC program.
- a. True
 - b. False

Section 9: Chapter 9 Post-Test

17. First year tenant records must be kept for:

- a. 6 years
- b. 10 years
- c. 15 years
- d. 21 years

18. In the LIHTC program, a *vacant* unit is defined as a unit that has never been occupied by an LIHTC-qualified family.

- a. True
- b. False