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Assistant Secretary for Services

COMMONWEALTH OF
PUERTO RICO
Puerto Rico Housing Finance
Authority
SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK
FOR PUERTO RICO

LOW-INCOME HOUSING TAX CREDIT PROGRAM

QUALIFIED ALLOCATION PLAN

2015

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REV. JULY 2015

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PUERTO RICO HOUSING FINANCE AUTHORITY
SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO

LOW-INCOME HOUSING TAX CREDIT
2015 ALLOCATION PLAN
PUERTO RICO HOUSING FINANCE AUTHORITY

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FOREWORD

Congress adopted the Low-Income Housing Tax Credit Program (Tax Credits)[1] as part of the Tax Reform Act of 1986 (see Annex A). The Tax Credits provide a financial incentive to construct, rehabilitate, and operate rental housing for low-income tenants. A 10-year Tax Credit is available for each unit set-aside for low-income use as long as eligible households occupy a specific proportion of units in a building or project. The rents charged on the set-aside units are restricted and eligible households must occupy them or such units becoming vacant must be held open for eligible households for at least 15 years, plus a minimum of 15 additional years that Puerto Rico Housing Finance Authority (Authority) requires.

As part of the joint efforts and on-going initiatives that relate to the 2014-2018 Puerto Rico State Housing Plan, the Authority will make this 2015 QAP (QAP) a component of the forthcoming Joint Agency Notice of Funding Availability (JANOFA) that the Puerto Rico Department of Housing (DOH) and the Authority will jointly issue. The JANOFA intends to leverage other DOH funds from multiple sources (e.g., Section 8 and Act 173) under joint underwriting criteria compatible with the QAP in order to maximize the use of public and private funds channeled to affordable rental projects meeting the housing needs and goals established in the 2014-2018 State Housing Plan. Nonetheless, any representation and/or guideline contained in the JANOFA will not be intended to, nor it statutorily could, modify or supersede the Authority's responsibility to comply with Section 42 requirements as the U.S. Internal Revenue Code applies to state allocating agencies.

IRS Revenue Procedure 2014-61 changed the 2015 Tax Credit to the greater of the annual per capita Tax Credit of $2.30 or $2,680,000. The population of Puerto Rico is 3,548,397 based on Internal Revenue Notice 2015-23 of March 23, 2015. The 2015 annual per capita cap multiplied by the population of Puerto Rico represents $8,161,313 in Tax Credits. The Authority will only have estimated 2016 and 2017 per capita Tax Credits available for allocation. The estimate is based on 2015 figures: $14,215,353 in annual Tax Credits, of which $1,421,535 will be for the Nonprofit Set-Aside, $5 million for the Public Housing Set-Aside and $7,793,818 for private projects. Should legal and/or economic circumstances warrant a modification, the Authority may exert its discretion to comply with the applicable environment.

All procedural and substantive criteria contained in the 2015 QAP supersede any criteria published in previous allocation plans.

[1] Tax Credits refer to the LIHTC Program as well as the amount of individual tax credits according to the text.

PUERTO RICO HOUSING FINANCE AUTHORITY
A SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO
STATE CREDIT AUTHORITY

2015

Low-income Housing Tax Credit Allocation Plan

1. Legislative Requirements for the State Allocation Plan (Allocation Plan)

The Omnibus Budget Reconciliation Act of 1989 mandated that state housing credit agencies adopt plans for the allocation of the Tax Credits among qualified low-income housing projects. The Governor of Puerto Rico (Governor) must approve the Allocation Plan after the public has had the opportunity to comment through a public hearing.

The guidelines and requirements set forth in this Allocation Plan will be utilized in the processing of Tax Credits.

2. Internal Revenue Code Requirements

The housing credit authority for the Commonwealth of Puerto Rico is the Puerto Rico Housing Finance Authority (Authority). Section 42(m)(1)(B) of the Internal Revenue Code of 1986, as amended (Code), requires the Allocation Plan to:

- Set forth the selection criteria to determine housing priorities appropriate to local conditions.
- Gives preference in allocating housing credit dollar amounts among selected projects to those:
  - serving the lowest income tenants; and
  - obligated to serve qualified tenants for the longest periods; and located in qualified census tracts and the development of which contributes to a concerted community revitalization plan.
- Create a procedure that the Authority will follow in monitoring noncompliance, notifying the Internal Revenue Service (IRS) of such noncompliance, and monitoring for noncompliance with the provisions of the Tax Credits.

Section 42(m)(1)(C) of the Code requires the Allocation Plan to include certain selection criteria:

- project location;
- housing needs characteristics;
- project characteristics, including whether the project includes the use of existing housing as part of a community revitalization plan;
- sponsor characteristics;
- tenant populations with special housing needs;
- public housing waiting lists;
- tenant populations of individuals with children;
- projects intended for eventual tenant ownership;
- energy efficiency of the project; and
- historic nature of the project.

Every project, including those financed with tax-exempt bonds issued after December 31, 1989, must satisfy the requirements for allocation of Tax Credits.

The Authority may use, at its discretion, the priorities and point rankings set forth to allocate certain other funding sources that it is entrusted to administer by state law or Board of Directors Resolutions. Furthermore, the Authority encourages and promotes the leverage of private and public funds in order to maximize the utilization of tax credits and to create a larger affordable housing stock.

3. Housing Needs Assessment

3.1. Priorities identified in the Puerto Rico State Housing Plan: 2014-2018

The Plan takes into account economic, market and demographic factors relevant to housing needs in Puerto Rico, as well as the opinions of key stakeholders of local challenges affecting the provision of safe and decent housing. The 2014-2018 State Housing Plan is based on the premise that housing is not just the provision of shelter. Housing is part of an intricate web of relationships that incorporate factors in different areas and housing policies require inclusive and integrated approaches. Thus, they cannot be considered in isolation from economic, social and physical influences.

Supported by specific actions, the policies of the Plan target the:

- gap between the need for housing at affordable prices or rents, and available supply for working families, the elderly, single headed households, and young families seeking entry level housing, while minimizing sprawl, as well as travel costs and energy costs, both of which impose a heavy burden on moderate and low-income families;

- integrated approaches that respond to the specific housing needs of a rapidly growing and low-income elderly population;

- provision of permanent housing, together with the provision of needed supporting services; and

- flexibility necessary in planning and land use regulations to facilitate the construction and rehabilitation of affordable housing, support the development of rural housing, and deal with urban rehabilitation issues.

3.2. Housing Needs Puerto Rico State Housing Plan (2014-2018)

According to the context and statistics the 2014-2018 Plan presents, the housing needs in the Island are growing at much lower rate than in the past; however, substantial housing gaps persist based on the number of persons in the public housing waiting list, subfamilies (as defined under the PRCS), homeless, and the expected growth of 14,212 low- and moderate-income households during the next five years.

Moreover, close to 234,000 low-income households, of which 64,422 were elderly homeowners had some sort of housing problem in 2011, including cost burden, overcrowded households and substandard housing. In addition, close to 12,000 elderly households will enter the ranks of those with housing burdens within the next five years. For this population, housing activities must continue to promote the development of new housing stock.

According to Puerto Rico Community Survey 2012, 39.0% or 132,067 owner occupied housing with annual incomes lower than $20,000 were paying more than 30% of their income toward housing costs. Meanwhile, 76.5% or 97,288 of renters making less than $20,000 were burdened by paying more than 30% of their income towards housing costs.

An area of concern is the need to build or rehabilitate inadequate and unsafe housing. Across Puerto Rico and particularly in non-entitlement areas, the majority of the owner-occupied housing units were built before 1990. What this suggests is that given the age of the housing stock, its rehabilitation is an issue that will require attention, and will likely become a more urgent need in the near future.

Policies should also promote the redevelopment of urban areas, in particular to serve the needs of an aging population. In 2012 single-family structures (attached and detached) represented 80.1% of all housing units. In non-entitlement areas, multi-family housing is 8.7% of all housing.

A considerable number of project-based affordable housing units are also at risk of conversion during the next five years. A total of 103 non-elderly projects with 8,860 units have contracts expiring between 2013 and 2018 and steps should be taken to help preserve these units under the existing programs.

Although Puerto Rico's housing stock consists primarily of owner-occupied units, additional rental units in appropriate locations and inadequate conditions will be required to serve the needs of households undergoing increasing affordability issues, the elderly, persons with special needs and younger households, with a higher tendency to rent. Also, new construction should be considered in areas and market (or needs) niches where additional development if justifiable.

4. Housing Priorities

4.1. Criteria.

Pursuant to section 42(m)(1)(B)(i) of the Internal Revenue Code, section VI.D details the selection criteria used to determine housing priorities which are appropriate to local conditions and to implement the policies of the Puerto Rico State Housing Plan.

4.2. Basis Boost Policy: 30% basis boost.

4.2.1. Pursuant to section 42(d)(5)(B)(v) of the Internal Revenue Code, any project located within an urban area, as the term is defined under the selection criteria, or any portion thereof, that is not contained by or designated as a Qualified Census Tract (QCT) shall be treated as located in a Difficult Development Area (DDA). The designation seeks to encourage the development of projects in the urban centers, including those in Municipalities that are underserved by being excluded from a designated DDA or QCT, while targeting the rehabilitation of urban areas as enunciated under the State Housing Plan.

4.2.2. Any project proposed under the Public Housing Set-Aside.

4.2.3. Outside a QCT, DDA or the previous designations, any project the Authority determines that needs a basis boost to be economically feasible might receive the necessary amount of boost, up to the maximum 30% allowed. A request for the basis boost must detail the reasons for its financial need and conclusively show that the boost is needed. At its sole discretion, the Authority will determine during the underwriting process if a State designated basis boost is required for financial feasibility.

4.3. Set-Asides.

4.3.1. **Nonprofit Set-Aside:** 10% of the Authority's annual Tax Credit ceiling. Unrequested Tax Credits under the set-asides following the close of applications for the cycle shall convert to the general pool. If Tax Credits are exhausted in a designated set-aside pool, all projects submitted for such set-aside pool will compete in the general pool or, if eligible, in another available set-aside pool. The Authority may designate additional set-aside Tax Credits.

4.3.2. **Public Housing Set-Aside: $5.0 million from the 2016 per capita allocation.** Five (5) million dollars of annual Tax Credits from the Authority's 2016 per capita allocation will be set aside for preservation, rehabilitation or qualified new construction projects that are part of a comprehensive plan to redevelop, replace and/or rehabilitate existing or former Puerto Rico Public Housing Administration's (PRPHA) inventory. This set aside is strictly limited to applications that revitalize housing developments that were developed and are financed through PRPHA in coordination with the U.S. Department of Housing and Urban Development (HUD).

For purposes of reservation of Tax Credits pursuant to this set-aside category only, the Authority reserves the right to waive any basic threshold requirement described herein and/or compliance with the minimum points to be awarded under the Point Ranking System as long as any waiver does not violate applicable laws and regulations. A petition for a waiver pursuant to this clause will need a prior written request from the applicant and a corresponding formal response from the Authority prior to any application submittal.

5. Tax Credit Allocation Methodology and Criteria

5.1. Initial Submission - Basic Threshold Qualifications.

To be considered for a reservation of Tax Credits and have the opportunity to be ranked pursuant to the point scoring system of section VI.D. below, an applicant must first submit a complete application in CD-ROM format, include full payment of fees and demonstrate that the owner and the project meet these initial qualifications:

5.1.1. The project is or will be a qualified residential rental project with the basic income and rent restrictions of Section 42 of the Code (See Annex C, Low-Income Housing Tax Credits Program Maximum Rents), evidenced through:

5.1.1.1. Owners' Certification (Annex G).

5.1.1.2. Accountant's Opinion (Annex H).

5.1.1.3. Attorney's Opinion (Annex I).

5.1.1.4. Proposed detail of sources and uses of funds schedule and construction cash flow. Projected 30-year pro-forma income and expense cash flow (or any other period, as applicable) showing a feasible operation, prepared according to the Underwriting Standards described herein, and certified by the proposed management agent.

5.1.1.5. Designer's Preliminary Certification (Annex J).

5.1.1.6. Audited Financial Statements (updated **within six months** of the application; only applicable to **juridical persons**) of the developer, general partners, managing members, owners, and sponsors of each entity.

5.1.1.7. Compiled or Revised Financial Statements (updated **within six months** of the application; only applicable to **natural persons**) of the shareholders, directors, principals, officers, members and partners, as applicable, of the owner, developer, managing member, and general partner.

5.1.1.8. As a minimum, the **combined net worth** of all entities and natural persons involved in the ownership structure of the project (excluding actual or future limited partners and/or Tax Credit equity providers) must be **equal to or greater than $500,000.00**.

5.1.1.9. **No minimum net worth** amount will be required for **non-profit owner/developer** proponents as long as compliance with non-profit status requirements is met according to this QAP.

5.1.1.10. Written unqualified endorsement from the Mayor of the Municipality where the project will be located.

5.1.2. The owner, developer and their shareholders, directors, officers and partners, as applicable, must demonstrate via sworn statement (*affidavit*) that they have not been involved in any way (either personally or as shareholders, directors, officers, members or partners of a corporation, partnership or other form of business organization or joint venture) in any other project for which the Authority has provided any financing and /or grant (as lender, conduit, custodian of funds, or otherwise) and in which a default notice under the terms and conditions of the applicable financing documents has been issued and not cured.

All previous participant must also evidence via sworn statement that they have not been involved or are in any conflict of interest (fact or appearance) in any way (either personally or in any other juridical capacity) with the Authority, and pursuant to the terms of a release of a JANOFA, the Department of Housing and any of its affiliates or their employees, officers or agents participating in any capacity in the procurement, selection, award, or the administration of a contract or agreement supported under the QAP or the JANOFA. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the Authority, the Department of Housing or any of its affiliates must neither solicit nor accept gratuities, favors, or anything of monetary value from proponents, awardees, contractors or parties to subcontracts. In order to ensure objective consultant performance and eliminate unfair competitive advantage, contractors that develop or participate in drafting specifications, requirements, statements of work, and invitations for bids or requests for proposals must be excluded from competing in any capacity for such procurements. Any conflict of interest will immediately disqualify the applicant of any participation in the Authority/HOME programs.

Notwithstanding the foregoing, *if not requesting HOME funds,* the Authority reserves the right to waive any possible conflict of interest involving any participant, employee officer, agent, consultant of contractor from the

agencies involved when, after full disclosure from the parties involved, such conflict is not deemed to infringe the Authority's best interest.

Also, the developer shall identify and explain any identity of interest with any other party of the project.

5.1.3. The owner, developer and their shareholders, directors, officers and partners, as applicable, with previous participation in the program, must demonstrate (through a certification letter from the Director of the Authority's Audit and Compliance Department) that they comply with Section 42/HOME requirements and that, as of the application filing date, there is no outstanding finding of noncompliance (including any fees due to the Authority) in another project that received Tax Credits/HOME funds and in which they have an interest or participation.

5.1.4. Evidence of readiness to proceed as demonstrated through submission of:

5.1.4.1. Percentage of construction completion certified by project construction manager and lending institution inspector (both reports required), in case project is under construction.

5.1.4.2. Unexpired evidence of site control (99 plus years for lease agreements under HOME program, or another lease term, as long as it qualifies as a valid agreement for the intended purpose).

5.1.4.3. Recommendations of infrastructure issued by the OGPe and construction permit filed with competent entity.

5.1.4.4. Pursuant to Section 106 - 36 CFR 800, State Historic Preservation Office's technical assistance or final determination letter. The technical assistance letter shall indicate that there are no historic properties or that no adverse effect on historic properties is associated with the undertaking or the agreed-to measures if such adverse effect is determined.

5.1.4.5. Wetland Inventory Map from the US Fish and Wildlife Service demonstrating project's location outside of any wetland, or a Wetland Preliminary Jurisdictional determination from the Corps of Engineers; indicating that the project does not affect wetland.

5.1.4.6. Project location must be identified in the NFIP map (FEMA Map) to demonstrate compliance with the Floodplain Management Act – 24 CFR 55, Executive Order 11988. The project must be located outside the 100-year floodplain, coastal high hazard areas and floodways.

If the project is located inside the 100-year floodplain, FEMA's approval letter of map amendment (LOMA) or letter of map revision (LOMR) will be submitted.

5.1.4.7. Project location must be identified in the USFWS map to demonstrate compliance with the Coastal Barrier Resources Act of CBRA –24 CFR 58.6(b). Federal assistance may not be used in the CBRA system.

5.1.4.8. Pursuant to Sections 307(c) and (d) of the Coastal Zone Management Act, final determination letter issued by the Puerto Rico Natural Resources Department (DRNA) certifying compliance. If the letter specifies any corrective action, it must be submitted for evaluation.

5.1.4.9. Pursuant to the Endangered Species Act – 50 CFR 402, technical assistance or final determination letter issued by the U.S. Fish & Wildlife Service of the Department of the Interior; it must indicate that the project does not affect endangered species.

5.1.4.10. Any project located within 1,000 feet of a major noise source, road or highway, 3,000 feet of a railroad, or 5 miles of a civil airport, must provide a Noise Study as per the requirements set forth in the American National Standard Method for the Physical Measurement for Sound. Resulting noise level must comply with the acceptable level of 65 decibels established in 24 CFR 51.100 – Noise Abatement and Control.

5.1.4.11. Field studies:

5.1.4.11.1. Soil survey, if project is for new construction or substantial rehabilitation requiring addition or expansion to structures.

5.1.4.11.2. Archeological, if required by the SHPO pursuant to its review under Section 106, or if required by the Institute of Puerto Rican Culture (ICP), or copy of the recommendation issued by the ICP as part of the construction permit consultancy process evidencing that the study is not required.

5.1.4.11.3. Hydraulic/Hydrologic, if the project meets the conditions established under The Department of Natural and Environmental Resources' Administrative Order No. 2013-12, or a certification issued by a civil engineer attesting that the study is not required.

5.1.4.12. Letter of intent from interim and/or permanent financing source specifying terms of available financing.

5.1.4.13. Projects with permanent financing other than the Authority's will need a letter of intent from the financial institution. The letter should detail:

5.1.4.13.1. amount and term of the loan;

5.1.4.13.2. fixed interest rate;

5.1.4.13.3. non-recourse nature of the loan;

5.1.4.13.4. amortization period; and

5.1.4.13.5. pre-payment penalties.

Applicant must submit a letter of firm commitment for financing within sixty (60) days of receiving a reservation of Tax Credits. All projects applying for Tax Credits and financing from the Authority must present the loan application to the Authority on or prior to the Tax Credit application's submittal.

5.1.4.14. Development team in place: architect/designer, general contractor, construction manager, resident inspector, management agent, consultants, their resumes and their contracts with applicable parties.

5.1.4.15. Plans and specifications certified by the licensed professional (project architect or engineer in charge of the design process).

5.1.4.16. Cost breakdown certified by the proposed general contractor or project designer.

5.1.4.17. Letter of intent from syndicator or direct investor evidencing available private equity and indicating the credit price.

5.1.4.18. Pro-forma financial statements certified by the project's proposed management agent.

5.1.4.19. Organizational documents for all entities specified in items 3, 4, 5 and 7 of pages 1 through 3 of the Tax Credit Application worksheet. (Please refer to *Basic Threshold Review* checklist made part of the application package for applicable documents).

5.1.4.20. IRS Form SS-4 (application for Employer Identification Number) or other evidence of the taxpayer identification number for all entities specified in the previous item.

5.1.4.21. Owner must demonstrate its commitment to extend the initial 15-year period of compliance with the Tax Credit program's income and rent restriction requirements for a minimum of 15 additional years. (See Annex K).

5.1.4.22. Phase I environmental site assessment report and/or any other applicable environmental report. Must comply with ASTM E 1527-05 or any updated version as ASTM promulgates which meets the requirements of EPA's AAI regulations.

5.1.4.23. Comprehensive market study report (updated **within six months** of the application) performed by an approved provider unaffiliated with the developer, of the low-income housing needs in the area to be served. The Authority will publish a list of approved providers after review of qualifications. The market study should at least include:

5.1.4.23.1. A statement of the competence of the market study provider, detailing education and experience of primary author and including statement of non-interest.

5.1.4.23.2. A description of the proposed site and neighborhood, including physical attributes of site, surrounding land uses, and proximity to community amenities or neighborhood features including shopping, healthcare, schools, and transportation.

5.1.4.23.3. A map and photos of the subject site and surroundings showing location of community services.

5.1.4.23.4. An overview of local economic conditions, including employment by sector, list of major employers, and labor force employment and unemployment trends over past 5-10 years.

5.1.4.23.5. A description of the proposed development, detailing proposed unit mix (number of bedrooms, bathrooms, square footage, proposed rents, AMI level, utility allowances, and any utilities included in rent), proposed unit features and community amenities, and target population including age restrictions and/or special needs populations.

5.1.4.23.6. Demographic analysis of the number of households in the market area that are part of the target market (*i.e.*, family, senior, etc.), income-eligible, and can afford to pay the rent, including a projected household base at placed in service date.

5.1.4.23.7. Geographic definition and analysis of the market area, including description of methodology used to define market area and map of market area including proposed site.

5.1.4.23.8. Analysis of household sizes and types in the market area, including households by tenure, income, and persons per household.

5.1.4.23.9. A description of comparable developments in the market area, including any rental concessions these developments presently offer.

5.1.4.23.10. A description of rent levels and vacancy rates of comparable properties in the market area, segmented by property type (market rate, Tax Credit, deep subsidy) and with rents adjusted to account for utility differences and concessions or other incentives. Such description should include all existing Tax Credit developments in the primary market area and any planned additions to rental stock including recently approved Tax Credit developments.

5.1.4.23.11. Expected market absorption of the proposed rental housing, including capture/penetration rate analysis of target populations.

5.1.4.23.12. A description of the effect on the market area, including the impact on Tax Credit and other existing affordable rental housing.

THE AUTHORITY WILL CONSIDER THE MARKET STUDY, THE MARKET, MARKETABILITY FACTORS, AND ANY ADDITIONAL INFORMATION AVAILABLE TO DETERMINE IF AN ACCEPTABLE MARKET EXISTS FOR THE PROPOSED DEVELOPMENT. THE AUTHORITY WILL NOT BE BOUND BY THE CONCLUSIONS OR RECOMMENDATIONS OF THE MARKET REPORT AND RESERVES THE RIGHT TO DISQUALIFY ANY APPLICANT IN THE COMPETITION IF IT DETERMINES THAT AN ACCEPTABLE MARKET DOES NOT EXIST.

5.1.4.24. For rehabilitation and acquisition/rehabilitation projects, a comprehensive capital needs assessment report that a competent licensed architect or engineer prepares, including an opinion of proposed construction budget. The assessment should examine and analyze, among other things:

5.1.4.24.1. site;

5.1.4.24.2. structural systems (roof, bearing walls and columns, foundations);

5.1.4.24.3. plumbing systems;

5.1.4.24.4. electrical systems;

5.1.4.24.5. fire protection systems;

5.1.4.24.6. building envelope and insulation;

5.1.4.24.7. interiors (including units and common areas); and

5.1.4.24.8. mechanical systems.

THE AUTHORITY WILL NOT AWARD ANY ACQUISITION AND REHABILITATION PROJECT WITH 9% CREDITS UNLESS THE AUTHORITY, IN ITS SOLE DISCRETION AND TO THE COST OF THE APPLICANT, PERFORMS (EITHER BY ITSELF OR THROUGH ENGAGEMENT OF A REPUTABLE ACCOUNTING FIRM IN THE INDUSTRY) A THOROUGH FINANCIAL ANALYSIS EVIDENCING NON-FEASIBILITY OF THE PROJECT UNDER THE TAX EXEMPT BOND/4% TAX CREDIT PROGRAM.

5.1.4.25. Appraisal report of site and property prepared by an approved and licensed appraiser within six months of the application.

5.1.5. Projects sponsored or developed by nonprofit organizations and receiving a Tax Credit reservation and allocation from the nonprofit set-aside must document that the organization is a valid qualified nonprofit organization under Section 42(h)(5)(C) of the Code and it:

5.1.5.1. is exempted from taxation under Section 501(a) of the Code and described in paragraph (3) or (4) of Section 501(c) of the Code;

5.1.5.2. materially participates[2] in the acquisition, development and ongoing operation of the project throughout the entire compliance period; as well as an agreement to provide the Authority with annual certifications verifying continued involvement;

[2] ***"Material Participation"*** is defined in Section 469(h) of the Code and related Treasury Regulations as being involved on a regular continuous and substantial basis in the development and operation of the project throughout the full Tax Credit compliance period. The non-profit entity must submit a narrative statement, certified by a resolution of its boards of directors describing the non-profit plan for material participation during the Compliance Period.

5.1.5.3. is not affiliated with, controlled by, or party to interlocking directorates with any Related Party of a for-profit organization, and the basis for said determination, as determined by a third party legal opinion;

5.1.5.4. is eligible for the nonprofit set-aside pursuant to IRC Section 42(h)(5) as determined by a third party legal opinion; and

5.1.5.5. fosters low-income housing as one of its exempt purposes.

5.1.6. A commitment letter indicating available funding issued by the Rural Development Housing Service of the US Department of Agriculture for projects that are financed or sponsored by the entity.

5.1.7. Compliance with the Fair Housing Act (*Civil Rights Act of 1968 - 42 U.S.C. 3601 et seq.*) accessibility requirements certified through the Designer's opinion letters and completion of the Fair Housing Act Accessibility Requirements Checklist. (Annex F: requirements checklist; Annexes J and N: models of certification letters).

5.1.8. Certification from applicant as to Federal, State, or Local subsidies received or expected to be received for the development and operation of the project. If executed, copies of subsidy/grant contracts or commitment letters must be submitted with the application.

5.1.9. Applications requesting **more than $2 million** ($2,000,000.00) in annual credits **will NOT** be considered and materials will be returned to the proponent without any further analysis.

5.1.10. Entities willing to be Community Housing Development Organizations (CHDO) must file the corresponding attached application.

5.1.11. Acquisition/Rehabilitation projects must submit a certification attesting to the fact that there is a period of at least 10 years between the date of its acquisition by the taxpayer and the date the building was last placed in service or any applicable exception to this rule.

5.2. Development Budget and Pro Forma Assumptions Review

5.2.1. Description

The Authority will evaluate the proposed detail of sources and uses of funds schedule and construction cash-flow to ensure that all costs set forth for the project are reasonable and conform to the Authority's underwriting parameters. The Authority will use its parameters and resulting numbers to review project feasibility, determine need, and allocate tax credits.

Projects claiming and/or receiving (or not) tax exemptions (e.g., property tax waivers, rental income exemptions, etc.) must present written evidence. Projects requiring funds other than tax credit allocation must conform to the corresponding subsidy layering review to determine the appropriate level of funding under each program.

5.2.2. Allowable costs and expenses

5.2.2.1. Intermediary costs

Shall not exceed 5% of total development costs. The intermediary costs will include, but are not limited to:

5.2.2.1.1. organizational costs;

5.2.2.1.2. syndication fees; and

5.2.2.1.3. professional fees (architectural, engineering, accounting, legal, design, environmental consulting, construction management).

5.2.2.2. Developer Fees

Developer Fees will be restricted to fifteen (15%) of the development cost estimate. For purposes of this calculation, development cost include amounts of items B to I, K, and L of the uses detailed in the Sources and Uses of Funds statement (page 15 of the Tax Credit Application worksheet).

The developer fee includes the developer's overhead, profit and consultants other than the types of professional fees discussed above, and all other fees paid in connection with the project for services that would ordinarily be performed by a developer.

The Applicant must submit a copy of each consultant contract that itemizes the services to be performed by each consultant and the amount of the consultant fee for each service or group of services.

In addition, a maximum developer's fee of 4% is allowed on the acquisition cost of buildings (excluding land value or cost) purchased for rehabilitation.

Notwithstanding, the Authority reserves the right, in its sole discretion, to adjust the timing of payment of the developer's fee at any time to achieve or maintain a project's feasibility and long-term viability.

5.2.2.3. General Contractor Maximum Charges

5.2.2.3.1. Builder's profit: 6% of construction contract amount.

5.2.2.3.2. Builder's overhead: 2% of construction contract amount.

5.2.2.3.3. General Conditions: 6% of construction contract amount.

The total allowed percentages for General Conditions, Overhead, and Builder's Profit are based on hard construction costs and the maximum combined costs **shall not exceed fourteen percent (14%)** of the hard construction costs stated on the AIA construction contract.

5.2.2.4. Per Unit Minimums

Rehabilitation expenditures during any 24-month period will be the greater of:

5.2.2.4.1. 20% of the adjusted basis of the building being rehabilitated, or

5.2.2.4.2. $6,000 per low-income unit in the building (qualified basis attributable to such expenditures divided by the number of low-income units), plus the inflation adjustment factor as per applicable laws and regulations.

5.2.2.5. Per Unit Cost Review

The Authority may appoint an independent consultant to validate the construction or rehabilitation costs in projects that passed the basic threshold requirements. The consultant may evaluate:

5.2.2.5.1. site, including demolition, earthwork, drainage, pavement, curbs, sidewalks, parking, landscaping, water, sewer, storm drainage, gas and electric utilities and lines;

5.2.2.5.2. structural, plumbing, electrical, fire protection, and vertical transportation systems;

5.2.2.5.3. building envelope, thermal insulation and air infiltration control systems;

5.2.2.5.4. interiors, including units, common area finishes, and disabled persons accessibility improvements;

5.2.2.5.5. energy efficiency and green technologies;

5.2.2.5.6. construction methods, value engineering assumptions, cost index factors and sources and documentation of itemized costs submitted;

5.2.2.5.7. construction insurance and general and special conditions; and

5.2.2.5.8. any other factors or information the Authority deems necessary.

5.2.2.6. Acquisition Costs

The acquisition price will be limited to the lesser of the sale price or the appraised value of the land and the property, and in the case of a municipal and/or governmental seller, the costs of rehabilitation already incurred on properties not yet placed in service.

5.2.2.7. Operating Expenses

The Authority will consider the reasonableness of the development and operational costs of the project as an additional factor in determining the proper amount of Tax Credits.

5.2.3. **Underwriting Parameters**

5.2.3.1. Vacancy Rate:

5.2.3.1.1. 5% in projects with project-based rental assistance;

5.2.3.1.2. 7 % all other projects

5.2.3.2. Income and Reserve for Replacement:

5.2.3.2.1. 3% annual growth in rents, other income, and reserve for replacement.

5.2.3.3. Operating Expenses:

5.2.3.3.1. 4% annual growth;

5.2.3.3.2. 3.9% for green-certified buildings

5.2.3.4. Debt Service Coverage Ratio

Minimum 1.15 coverage for the term of the permanent debt financing. Equals the proportion of the development's net operating income (operating income less operating expenses and reserve payments) to foreclosable, currently amortizing debt service obligations.

5.2.3.5. Required Reserves

5.2.3.5.1. Rent-up reserve shall be reasonable based upon projected rent-up time according to market and target population, but in no event shall be less than $250 per unit.

5.2.3.5.2. Operating Reserve: four (4) months of: (a) projected operating expenses, (b) debt service, and (c) replacement reserve payment.

It must be maintained throughout the term of the Tax Credit extended use period.

Deferring the developer's fees of the project can allow the project owner to fund the operating reserve. In that case, the developer's deferred fee can only be repaid from cash flow and after all required replacement reserve deposits are made. Such fee will be projected to be repaid within 10 years and must meet the IRS standards. A statement with the terms of the deferred fee must be included.

Neither interest income earned on any type of reserve funds nor the release of any type of reserve funds will be considered as a source of revenue for a project.

5.2.3.5.3. Replacement Reserve

5.2.3.5.3.1. New construction for elderly or non-elderly with 100% project-based assistance: $250 per unit per year.

5.2.3.5.3.2. New construction non-elderly and rehabilitation: $300 per unit per year.

Replacement reserve must be capitalized from the project's operations at 3% annual increases.

5.2.3.6. Project Based Rental Assistance

The Authority will underwrite the rents according to Tax Credit limits except for projects that intend to use project-based rental assistance (e.g., Section 8, Act 173, or similar legislation), which will be underwritten as per applicable regulations, provided written evidence is submitted (e.g., award letter indicating gross rents approved for the project, executed rental subsidy agreement or, in case of the public housing set-aside, or as might be required for joint program applications being considered under the JANOFA).

These limits are based on annual HUD data. If Section 8 HAP, Act 173 contracts, or other similar legislation allows rents above those limits, a project may receive the additional revenue based on such extra revenue.

5.2.3.7. Tax Credit Percentage

The Authority will use the applicable monthly percentage rate the IRS publishes to reserve Tax Credits. At the time of the Tax Credit allocation, the applicant must choose the Tax Credit percentage for either the:

5.2.3.7.1. Carryover Allocation month; or

5.2.3.7.2. Month a project is or will be placed in service.

5.2.3.8. Equity Pricing

The Authority will use the price that owners will submit through a letter of intent/commitment from the investor confirming the financial assumptions of the purchase.

5.2.4. **Record and Notification**

The Authority will record and issue an itemized notice, when it provides notification of a Tax Credit reservation, or lack thereof, of amendments to the pro forma financial statements, changes to development costs, operating expenses, reserves, and underwriting assumptions.

5.3. Underwriting and Financial Feasibility Analysis

5.3.1. Description

The Authority shall evaluate the amount of Tax Credits, subject to its placement in the Point Ranking System, after it has determined that a project satisfies all basic qualification requirements, that proposed costs and expenses are reasonable and within the prescribed standards, and that underwriting parameters conform to Authority guidelines.

Section 42 of the Code requires the Authority to allocate the Tax Credits necessary to make a project economically viable. Thus, no project may receive, regardless of its absolute or relative score in the Point Ranking System, more credits than the Authority's underwriting process identifies as required for financial viability. Specifically, the amount of Tax Credits will be the lesser of the:

5.3.1.1. maximum allowable under the Code according to the project's eligible basis and affordability level (*eligible basis analysis*);

5.3.1.2. project's current necessity as the Authority's underwriting determines (*sources and uses or equity gap analysis*); and

5.3.1.3. amount of credits the applicant requested.

5.3.2. Pro-forma statements

Pro-forma statements will be prepared by the Authority based on the analysis described above, which will include recommended sources and uses of funds, as well as projected operating income for the term of affordability. These will include the amount of Tax Credits that a project would be eligible to receive, subject to the Point Ranking System, as well as the amount of permanent financing based on the established parameters, governmental subsidies, capital contributions, and funds from Authority's or other private programs.

The Authority reserves the right, at its sole discretion, to vary the above described methodology and all tax credit allocation methodology and criteria in order to comply with Section 42 requirements, any state law requirements or to further the public policy set forth in this QAP.

5.4. Project Evaluation and Selection (Point Ranking System)

5.4.1. Description

The Authority will consider qualified applications for Tax Credits after a project satisfies all basic factors using the Point Ranking System established hereinafter.

The project can accumulate a total of 100 points on the Point Ranking System. The project must accumulate a minimum of **30 points** to be entitled to a reservation or an allocation of Tax Credits. The Authority anticipates reserving Tax Credits for projects scoring highest under the Project Selection Criteria up to the amount permitted by law and the QAP.

ONCE AN APPLICANT SELECTS SCORING CRITERIA, THESE WILL BE FINAL, UNLESS A DIFFERENT CONCLUSION ARISES BECAUSE A STATE AND/OR A FEDERAL AGENCY DETERMINATION ALLOWS OTHERWISE. FOR EXAMPLE, IF A PARTICIPANT OPTS TO RECEIVE FINANCING COMMITMENT FROM THE AUTHORITY, AND THE CORRESPONDING POINTS, SUCH SELECTION IS FINAL.

The Authority reserves the right not to reserve or allocate Tax Credits to any applicant, regardless of that applicant's point ranking, if the Authority determines, in its sole and absolute discretion, that a reservation or allocation for such applicant or project does not further the purpose and goals of the State Housing Plan or this QAP; the applicant's proposed project is not financially viable; or there is not a substantial likelihood that the project will be able to meet the requirements for carryover or final allocation in a timely manner. The information that might be weighed to make such determination includes, but is not limited to comments of officials of local governmental jurisdictions, the market appropriateness of the project and market information from sources other than the submitted market study, and the prior experience of sponsor or its representatives with non-elderly projects. Pursuant to section 42(m)(1)(A)(iv) of the Internal Revenue Code, the Authority will make available to the general public a written explanation for any allocation of a housing credit dollar amount which is not made in accordance with established priorities and selection criteria of the housing credit agency.

Every sponsor, developer, owner, or consultant attests to the correctness of the information provided as a condition to rank the project's application according to the Point Ranking Criteria. Failure to uphold the information submitted or the representation made to support the application's evaluation and ranking throughout the allocation process will result in a finding of

noncompliance and limited participation in further rounds for every person, developer, owner or consultant which participates in the project's application. The Authority might pursue any other available or enforceable remedies under federal or state laws, regulations or any applicable professional code of ethics.

5.4.1.1. Section 42 mandatory legislative criteria

Federal legislation requires the Authority to give preference in allocating Tax Credits to those projects serving the lowest income tenants and to those projects committed to serve qualified tenants for the longest period.

5.4.1.2. Other Criteria

Applications will be evaluated according to:

5.4.1.2.1. Preferred Project Location

5.4.1.2.1.1. **Urban area** defined as: Central Urban Area as defined by Planning Board's *Reglamento de la Infraestructura en el Espacio Público* (Annex Q); or Urban Center designated by the Department of Transportation and Public Works or adopted under an Urban Center Area Plan (Annex Q); or a state-designated Historical Zone or federally-designated Historical District.

5.4.1.2.1.2. The portion of a census tract outside an urban area, as defined above, that has a designated below poverty line rate, as specified in section 5.4.2.

5.4.1.2.1.3. The zone of influence around an Urban Train Station, as defined under section 3(e) of Law 74-1965, as amended.

5.4.1.2.1.4. Proximity to desirable amenities and avoidance of undesirable amenities.

5.4.1.2.2. Preferred Project Characteristics

5.4.1.2.2.1. Redevelopment of an infill site or and expropriated site pursuant to a nuisance abatement process, or that is incorporated into a scattered-site project.

5.4.1.2.2.2. Substantial rehabilitation of a state designated historic property federally designated historic place or a contributing resource to a federally designated Historic District.

5.4.1.2.2.3. Adaptive reuse of an existing non-residential property.

5.4.1.2.2.4. Improvements aimed at facilitating the mobility of its residents and public transportation.

5.4.1.2.2.5. Development that strengthens and improves the neighborhood's general urban character.

5.4.1.2.2.6. Unit-mix preferring 2-bedroom units in non-elderly projects.

5.4.1.2.2.7. Exceeding the amount of fully accessible units for mobility disabilities.

5.4.1.2.2.8. Provision of building amenities benefiting all units.

5.4.1.2.2.9. Capacity to effectively curb costs while complying with applicable standards, threshold requirements and minimum scoring.

5.4.1.2.2.10. Integration of energy efficiency and green design best practices and protocols.

5.4.1.2.2.11. Construction readiness.

5.4.1.2.3. Preferred Housing Needs Characteristics

5.4.1.2.3.1. Developments where **at least half** of the units in the project are targeted for very low-income households.

5.4.1.2.3.2. Developments that set-aside the applicable percentage of units for the special population categories identified in both the State Housing Plan and the Consolidated Plan.

5.4.1.2.3.3. Preservation projects that seek to maintain the stock of affordable non-elderly rental housing.

5.4.1.2.3.4. Extended term of affordability beyond the extended use period of thirty (30) years.

5.4.1.2.3.5. Developments proposed to be converted to tenant homeownership.

5.4.1.2.3.6. Inclusion in any waiting list of a public housing agency (PHA).

5.4.1.2.4. Developer Characteristics

5.4.1.2.4.1. Previous successful participation developing and operating Tax Credit projects.

5.4.1.2.4.2. Adequate financial strength.

5.4.1.2.5. Preferred Financing Characteristics

5.4.1.2.5.1. Leverage of capital funding from public sources other than those being managed by the Authority, the Department of Housing or the Municipalities is encouraged.

5.4.1.2.5.2. Leverage of local government capital funding through cash contributions, land donated or discounted, site or off-site improvements, grants, or municipal construction tax abatement which is granted to the project and is not available under a local or state statute of general application.

5.4.1.2.5.3. Operational cost efficiency per project size.

5.4.1.2.5.4. Projects with financing from the Authority.

5.4.1.2.6. Supportive Services to Special Tenant Populations

5.4.1.2.6.1. Projects that sustain a level of funding for the provision of supportive services.

5.4.2. **Point Scoring**

	Criterion	Score
I	**Project Location**	Up to 12 pts
I.1	**Location.** Project located within one of the following areas:	Up to 5 pts
	5 points: Urban area defined as: Central Urban Area in the Planning Board's *Reglamento de la Infraestructura en el Espacio Público* (Annex Q); or Urban Center designated by the Department of Transportation and Public Works or adopted under an Urban Center Area Plan (Annex Q); or a state-designated Historical Zone or federally-designated Historical District.	5
	Documentation required: certification of location by a licensed land surveyor; physical address and coordinates. Any project property straddling the limit of the designated urban area will be considered as located within.	
	The portion of a census tract outside an urban area, as defined above, that has a rate of:	
	20% or less below poverty line.	3
	more than 20% and less than 30% below poverty line.	2
	more than 30% and less than 40% below poverty line.	1
	Documentation required: certification of location by a licensed land surveyor; census tract number; census tract's "% Below Poverty Line" as per the Federal Financial institutions Examination Council's (FFIEC) 2014 Census Report. Any project property straddling the limit of the census tract will be considered as located within.	
	The zone of influence around an Urban Train Station, as defined under section 3(e) of Law 74-1965, as amended.	1
	Documentation required: certification of location by a licensed land surveyor; physical address and coordinates.	
I.2	**Desirable Activities**	Up to 7 pts
I.2.1	**General.** Projects located within 500 meters of the following amenities will be awarded a point each, up to 5 points:	Up to 5 pts
	Town square of an urban center.	1
	Public park (must incorporate a passive non-sports area).	1
	Traditional town market (*plaza de mercado*).	1
	Public or licensed elementary, middle or high school.	1

	Criterion	Score
	Shopping center (100,000 square feet or more of net commercial space; no other listed use is eligible if located within a shopping mall).	1
	Grocery store or supermarket with meat, produce and dairy.	1
	Hospital, diagnostic and treatment center (CDT) or federally qualified health center.	1
	Pharmacy.	1
	Federal post office.	1
	Public transit terminal (bus, *públicos*).	1
	Documentation required: map certified by a licensed land surveyor attesting to location of the facilities and the distance along a walkable public pathway or roadway between the project main pedestrian entrance and the closest point of a town square or park facility or a public entrance to any target facility (in case of a shopping mall, to the commercial concourse or a big box-type facility entrance). If close to more than one installation belonging to the same type, only one point will be awarded. In case of a scattered-site project, distance will have to be certified from the nearest point of the closest building in the project. Amenities must also be referenced by the market study.	
I.2.2	**Targeted**. Projects targeted to the following special needs populations located within 500 meters of the following amenities will be awarded a point for each one of the following, up to 2 points:	Up to 2 pts
	Single headed household:	
	Grocery store with WIC contract.	1
	Licensed or chartered child-care facility.	1
	Documentation required: name and physical address of facilities; verification of inclusion in the WIC Vendor Registry published at **wicpuertorico.com**; child care facility charter issued by ACUDEN.	
	Elderly household:	
	Physician or dental office.	1
	Civic center or voluntary work facility.	1
	Documentation required: name and physical address of facilities.	
	Homeless (as defined under HEARTH Act):	
	Certified WIA training center.	1
	ASSMCA licensed public or private institution for the ambulatory treatment of mental disabilities, drug addiction or substance dependency.	1

	Criterion	Score
	Documentation required: name and physical address of facilities; authorization for WIA training center issued under DoLHR's *Procedimiento Procedimiento para la Determinación de Elegibilidad Inicial y Subsiguiente para Proveedores de Servicios de Adiestramiento*; copy of license issued by ASSMCA.	
	Documentation required: map certified by a licensed land surveyor attesting to location of facilities and distance along a walkable public pathway or a roadway between the project's main pedestrian entrance and the public entrance to any target facility. If close to more than one installation belonging to the same type, only one point will be awarded. In case of a scattered-site project, distance will have to be certified from the nearest point of the closest building in the project. Amenities must also be referenced by the market study.	
I.3	**Undesirable Activities.** Even if compliant with required environmental review, projects will be discounted one point for each one of the listed undesirable activities, up to 5 points, if located:	Down by as many as 5
	Within one-eight mile of a:	
	Junkyard.	-1
	Landfill or dumpsite.	-1
	Industrial site.	-1
	Airport.	-1
	Wastewater treatment plan.	-1
	Adjoining a property which is or contains a:	
	Gas station.	-1
	Auto repair, paint or tire repair shop.	-1
	Woodworking shop.	-1
	Unabated nuisance, as declared by a Municipality.	-1
	Documentation required: map prepared by a licensed land surveyor certifying due diligence by identifying any of the listed nuisances within the established distance measured along the shortest straight line between the project lot and the nuisance property. In case of a scattered-site project, the distance will have to be certified from the closest point of the project's lot closest to the identified nuisance.	

	Criterion	Score
II	**Project Characteristics**	Up to 47 pts
II.1	**Infill or nuisance.** Projects will be awarded one point if proposed to develop an infill site or a site expropriated as part of a nuisance abatement process; and one additional point, up to 5 points, for each non-contiguous infill site or expropriated as part of a nuisance abatement process that is incorporated into a scattered-site project, located within an area with a radius no larger than one-quarter mile. An infill site shall be defined as a site that is bound on all except one of its sides, or two of its sides in case of a corner-type property, by adjoining built-up properties, and that has immediate access to existing public infrastructure of roads, water, sewer, and power.	Up to 5 pts
	Documentation required: aerial photograph for each infill site showing adjoining properties; cadastral numbers of adjoining properties; nuisance abatement completed by Municipality supported by property deed and certification provided by Municipality.	
II.2	**Historic property.** A substantial rehabilitation project site is located in or incorporates a state designated historic property, federally designated historic place or a contributing resource to a federally designated Historic District.	3
	Documentation required: Act citation or Planning Board's Resolution number and date in case of state designated properties; listing in the National Register of Historic Places, in case of federally designated properties; State Historic Preservation Office's (SHPO) certification of contributing resource.	
II.3	**Adaptive reuse.** The residential use is an adaptive reuse of an existing non-residential property.	1
	Documentation required: appraisal certifying present land use of the property.	
II.4	**Site Characteristics.**	Up to 9 pts
II.4.1	**Mobility.** Projects (or the totality of the building sites, in the case of scattered-site projects), that incorporate improvements aimed at facilitating the mobility of its residents and promoting public transportation will be awarded up to 4 points, as follows:	Up to 4 pts
	The project provides an accessible and dedicated pedestrian network within the project site to connect the building(s) main pedestrian entrance(s) with egress points on all property sides adjoining a public street.	1
	Documentation required: site plan certified by the project's designer identifying the proposed improvements.	

	Criterion	Score
	Provided it is not required by a competent authority as an off-site improvement, the project includes the construction or rehabilitation of sidewalks in the perimeter of the project site adjoining a public roadway, in compliance with applicable accessibility standards and local codes.	1
	Documentation required: documentation required: a separate plan drawing certified by the project's designer identifying any segments of the existing pedestrian pathways requiring accessibility improvements or in need of repair, and proposed improvements or new construction required to comply with applicable accessibility standards and local codes; approval from Municipality and competent transit authority, if applicable; letter from competent authority attesting the improvement is not a required off-site.	
	Provided it is not required by a competent authority as an off-site improvement, the project includes the construction or rehabilitation of transit pull-offs or public transit stops and required signage in any point of the roadway perimeter of the project site; or the provision or improvement of the sidewalks, crosswalks, refuge islands, and required signage to connect an off-site existing public transit stop with the project site, in compliance with applicable accessibility standards and local codes.	1
	Documentation required: a separate architectural drawing certified by the project's designer identifying any segments of the existing pedestrian pathways requiring accessibility improvements or in need of repair, and proposed improvements or new construction required to comply with applicable accessibility standards and local codes; approval from Municipality and competent transit authority, if applicable; letter from competent authority attesting the improvement is not a required off-site.	
	The project provides an enclosed bicycle storage facility for residents on the ground floor with at least one bicycle rack space for every two units; and an unenclosed bicycle storage facility accessible to visitors with at least one bicycle rack space for every 10 vehicle-parking spaces.	1
	Documentation required: ground floor plan certified by the project's designer showing location and capacity of facilities.	

	Criterion	Score
II.4.2	**Urban Considerations.** A proposed development that strengthens and improves the neighborhood's general urban character may be awarded one point for each one of the following criteria, up to 5 points, as follows:	Up to 5 pts
	The project achieves the maximum allowable gross floor area, housing density and/or height under applicable code provisions.	1
	Documentation required: table with applicable code provisions, maximum parameters and project parameters certified by the project's designer.	
	The parking spaces and service areas are screened from any public sidewalk or roadway by green hedges, fences or walls with a void-to-solid area ratio of 1 or less.	1
	Documentation required: site plan and elevation details certified by the project's designer identifying visual barriers and certifying compliance.	
	The building(s) main entrance(s) open(s) to the sidewalk of an adjoining public roadway.	1
	Documentation required: site plan certified by the project's designer showing the location of the building's main entrance(s).	
	The commercial spaces offered to the project tenants serve the general public and can be directly accessed from a public space.	1
	Documentation required: entry-level floor plan certified by the project's designer identifying commercial spaces and access from a public space; deed identifying commercial use.	
	The project dedicates an open garden or plaza to public use connected to or adjoining a sidewalk or roadway.	1
	Documentation required: site plan certified by the project's designer identifying public space, area and relation to a sidewalk or roadway; documentation supporting property dedication to public use.	
II.5	**Building Characteristics.**	Up to 10 pts
II.5.1	**Unit Mix.** Projects might earn up to 2 points for a unit mix preferring 2-bedroom units as follows:	Up to 2 pts
	75% or more non elderly 2-bedroom units	2
	50% or more non elderly 2-bedroom units	1
	Documentation required: floor plans certified by the project's designer; project proforma.	

	Criterion	Score
II.5.2	**Accessibility**. Exceeding the allocation required under 24 CFR 8.22(b), projects could earn up to 3 points for the amount of fully accessible units for mobility disabilities [compliant with requirements applicable to Type A dwellings as defined under section 1003 of ICC ANSI A117.1 (2009)], as follows:	Up to 3 pts
	At least 20% of total units are fully accessible units for mobility disabilities.	3
	At least 15% of total units are fully accessible units for mobility disabilities.	2
	At least 10% of total units are fully accessible units for mobility disabilities.	1
	Documentation required: floor plans and elevations certified by the project's designer showing accessibility features; designer's certification of compliance; affirmative marketing plan in provided Fair Housing format.	
II.5.3	**Building Amenities.** Projects will be awarded one point, up to 5 points, for each one of the following building or unit features benefiting all units and, if applicable, not required by code or a permit authority:	Up to 5 pts
	Centrally located courtyard or patio with an area of no less than 30 sq. ft. per unit directly accessible from the main entrance(s) of the building(s).	1
	Community or meeting center with and area of no less than 15 sq. ft. per unit, with kitchen and public bathrooms.	1
	Open balcony in each unit with an area of no less than 24 sq. ft.	1
	Equipped exercise room or rooms with an aggregate area of no less than 300 sq. ft.	1
	Common laundry or laundries equipped with at least a washer-dryer pair per 15 units or washer/dryer combo provided in each unit.	1
	Equipped playground outdoor area with visual control from the main entrance.	1
	Night shift security guard.	1
	Trash chutes (for mid or high rise facilities).	1
	Storm windows or shutters in all units.	1
	Ceiling fans for all bedrooms and living room areas.	1
	Documentation required: floor plans and elevations certified by the project's designer showing designated spaces and floor area.	

	Criterion	Score
II.6	**Innovative Design.** The Authority favors projects that advance the State Housing Plan's policy that seeks to identify, adopt and implement design, construction and rehabilitation standards and technologies that are appropriate for the Island's climate, aimed at reducing construction costs and promoting energy efficiency.	Up to 14 pts
II.6.1	**Cost Containment.** The Authority's total development cost for **new construction** averages close to $232,504 for **non-elderly** units and $180,632 for **elderly; substantial rehabilitation** averages close to $167,552 and $130,771, respectively. Projects that demonstrate the capacity to effectively curb costs while complying with applicable standards, threshold requirements and minimum scoring, might earn up to 5 points, as follows:	Up to 5 pts
	Total development cost per unit more than 20% below the applicable benchmark.	5
	Total development cost per unit more than 15% below the applicable benchmark.	3
	Total development cost per unit more than 10% below the applicable benchmark.	1
	Documentation required: construction estimates prepared and certified by both the project's designer and a third-party Professional Cost Estimator or a Certified Cost Professional; required fees to cover the Authority's third-party assessment of proposed cost estimates; Sources and Uses of Funds.	
II.6.2	**Energy Efficiency.** Projects might earn up to 9 points by advancing energy efficiency and green design best-practices and protocols, as follows:	Up to 9 pts
	A point each will be awarded for any project that specifies and factors-in the initial costs of any the following:	Up to 5 pts
	All appliances initially placed in common areas and apartments, and building envelope products (specifically: refrigerators, bath fans, clothes washers-dryers, windows, doors, and skylights), as well as their replacement are specified to be Energy Star-qualified.	1
	Kitchen range directly vents to exterior and all hoods vent to the exterior dampered; Energy Star qualified bath fan where required with timer or humidistat.	1
	Energy Star qualified light fixtures throughout.	1
	All initial water conserving appliances and fixtures and their on-going replacements conform to or exceed the EPA's WaterSense standards for toilets, kitchen faucets, bathroom faucets, and showerheads.	1

	Criterion	Score
	Recycling space and equipment, including recycling bins for each apartment.	1
	Documentation required: architectural drawings incorporating notes (in lieu of final construction specifications, if not available at application date; and if no HOME funds required); construction cost estimates identifying initial cost of equipment; proposed covenant provision for on-going replacements adopting most current program standard.	
	Construction permit is a Green Construction Permit (*Permiso de Construcción Verde*) from OGPe.	3
	Documentation required: Copy of Green Construction Permit (*Permiso de Construcción Verde*) from OGPe.	
	An Enterprise Green Communities' pre-build or a LEED Neighborhood Development Plan certification completed at date of application.	1
	Documentation required: Copy of certification.	
II.7	**Construction Readiness.** Project has one of the following:	Up to 5 pts
	Unexpired construction permit or notification of approval of the construction permit.	5
	Documentation required: Document issued by the Permits Management Office (OGPe), an Autonomous Municipality or a *Profesional Autorizado*.	
	Urbanization permit or notification of approval of the urbanization permit, recommendations from infrastructure agencies, along with threshold environmental applicable review format and Section 106 compliance, only if project does not require HOME funding.	3
	Documentation required: documents issued by OGPe, Autonomous Municipality or a *Profesional Autorizado*; environmental applicable review format (Phase I ESA, Compliance Determination with a Statutory Checklist format (for projects requiring HOME funds or rental assistance, among other programs), Environmental Assessment) filing completed with OGPe and copy of any required notice related to the specific Federal law and authority review triggered under the Compliance Determination or the Notice of Finding of No Significant Impact under the Environmental Assessment; compliance document issued by SHPO (e.g., Letter of no adverse effect, letter of no historic property affected by undertaking, programmatic agreement, MOU).	

	Criterion	Score
	Recommendations from infrastructure agencies, along with threshold environmental applicable review format and Section 106 compliance, only if project does not require HOME funding.	1
	Documentation required: same as previous (except for copy of Urbanization Permit).	
III	**Housing Needs Characteristics**	Up to 14 pts
III.1	**Income Targeting.** A project might earn 3 points if at least 50% of the units in the project are targeted for households with incomes at 50% AMI.	3
	Documentation required: Restrictive covenant agreement provision; tenant selection procedures.	
III.2	**Targeted Units.** A project will be awarded up to 3 points if it sets-aside the applicable percentage of units for any of the following special populations categories identified in both the State Housing Plan and the Consolidated Plan: elderly households (62 years and older); homeless persons or families as defined under the HEARTH Act; single headed households; persons with HIV/AIDS:	Up to 3 pts
	At least 75% of total project unit set-aside for the targeted group during the length of the extended use period, or the compliance period if the project is subject to a qualified contract process or tenant homeownership conversion (right of first refusal).	3
	At least 50% of total project unit set-aside for the targeted group during the length of the extended use period, or the compliance period if the project is subjected to a qualified contract process or tenant homeownership conversion (right of first refusal).	2
	At least 25% of total project unit set-aside for the targeted group during the length of the extended use period, or the compliance period if the project is subjected to a qualified contract process or tenant homeownership conversion (right of first refusal).	1
	Documentation required: restrictive covenant agreement provision recording the targeted set-aside for the length of the affordability period; for permissible target populations under the applicable provisions of the programs subsidizing the project, an affirmative marketing plan in the provided Fair Housing format and tenant selection procedures; if only LIHTC-subsidized, proposed tenant selection procedures.	

	Criterion	Score
III.3	**Preservation.** To strengthen the State Housing Plan policies that seek to maintain the stock of affordable rental housing, a substantial rehabilitation project that meets the threshold expenditure level established under IRC 42(c)(3)(A)(ii), might earn up to 3 points, if:	Up to 3 pts
	The project curbs the risk of loss due to physical condition by replacing more than one major building component, which includes roof, bearing wall, floor or foundation structures; plumbing system; electrical system; fire prevention and safety system; vertical transportation; or building envelope.	2
	Documentation required: Comprehensive capital needs assessment certified by a licensed architect or civil engineer including the identification of the condition of major building systems and the extent of required code compliance retrofitting.	
	The project curbs a significant risk for market conversion of a tax credit or otherwise rent-assisted property; or preserves a comparable level of existing project-based rental subsidies that will expire within two years of the application date.	1
	Documentation required: Housing market study must demonstrate the capacity of the project to compete for market rate tenants; copy of existing HAP, if applicable.	
III.4	**Term.** A project might earn up to 3 points for extending the term of affordability beyond the extended use period of thirty years for:	Up to 3 pts
	At least 10 more years.	3
	At least 5 more years.	2
	Documentation required: restrictive covenants provision; proforma.	
III.5	**Homeownership Conversion.** A project will be awarded 1 point if propose to be converted to tenant homeownership (right of first refusal) for the residents after the compliance period expires.	1
	Documentation required: deed and restrictive covenants reflecting a right of first refusal granted to the residents; syndication documents with conversion provisions; detailed plan with projections on maintenance, reserves, homeownership training, continued affordability, sales price calculation, lease and purchase agreements, and any other relevant information to demonstrate compliance with applicable regulations.	

	Criterion	Score
III.6	**Public Housing Agency (PHA) Waiting Lists.** Any project included in any waiting list of a public housing agency (PHA) might earn 1 point.	1
	Documentation required: referral agreement with the correspondent PHA to include the project in any listing of public housing opportunities where households with tenant-based subsidies are welcomed and where the project's owner or management agent agrees to actively seek referrals from the public housing authority to apply for units at the project.	
IV	**Project Developer Characteristics**	Up to 9 pts
IV.1	**Experience.** Developer, General Partner or Managing Partner can demonstrate successful record and full compliance participating in same capacity in the development of Tax Credit projects in Puerto Rico. Up to 6 points, a point will be awarded for each documented project, up to a maximum of 3 projects, for each one of the following comparable characteristics:	Up to 6 pts
	If proposing to use only LIHTC, project demonstrating utilization of LIHTC program or in combination with other programs; if proposing to use LIHTC in combination with any other federal or state program, project utilization of LIHTC combined with HOME, project-based rental assistance or another federal or state program subsidizing development costs, long-term operations or providing long-term rental assistance.	Up to 3 pts
	Similar or deeper share of income targeted populations.	Up to 3 pts
	Documentation required: Copy of IRS form 8609 for each project; relevant project documentation; letter certifying compliance issued by the Authority.	
IV.2	**Financial Strength.** Developer, general partner and manager partner have:	Up to 3 pts
	Combined **current liquid assets** equivalent to the greater of one million dollars ($1,000,000) or 5% of the total development costs.	2
	Documentation required: Compiled or revised financial statements certified by a licensed accountant; sources and uses of funds.	
	Combined **net worth** equivalent to the greater of three million dollars ($3,000,000) or 15% of total development costs.	1
	Documentation required: Compiled or revised financial statements certified by a licensed accountant; sources and uses of funds.	

	Criterion	Score
V	**Financing Characteristics**	Up to 13 pts
V.1	**Funds Leveraging.** The leveraging of capital funding from public grants or sources other than those the Authority, the Department of Housing, or the Municipalities manage, is encouraged by awarding a project up to 5 points as follows:	Up to 5 pts
	At least 15% of the total development cost covered by other sources of public funding.	5
	At least 10% of the total development cost covered by other sources of public funding.	3
	Documentation required: Sources of funds; binding commitment, agreement or award documentation.	
V.2	**Local Government Funding.** Up to 5 points are awarded for projects that leverage local government capital funding through cash contributions, land donated or discounted, site or off-site improvements, grants, or a municipal construction tax abatement which is granted to the project and is not available under a local or state statute of general application, with a total value of:	Up to 5 pts
	At least 5% of the total development cost.	5
	At least 3% of the total development cost.	3
	At least 1% of the total development cost.	1
	Documentation required: sources and uses of funds; binding commitment, agreement, contract, award or documentation supporting property transaction or construction tax abatement.	
V.3	**Operating Expenses.** Project might be awarded 1 point if it meets the corresponding operating expense requirement on a per-unit per-annum (PUPA) basis in the first year:	1
	For developments with 79 units or less, a PUPA not less than $3,000 but not more than $3,600.	
	For developments with 80 to 120 units, a PUPA not less than $2,900 but not more than $3,400.	
	For developments with 121 units or more, a PUPA not less than $2,800 but not more than $3,400.	
	Documentation required: Certification provided by the management agent.	
V.4	**State Funding.** Projects which have been contributed federal or state-owned land for redevelopment will be awarded 2 points.	2 pts
	Documentation required: copy of long-term lease agreement, deed, or letter of commitment.	
VI	**Supportive Services**	Up to 5 pts

	Criterion	Score
VI.1	**Supportive Services**. To advance the public policy of the State Housing Plan to increase the provision supporting services by integrating agencies that provide these services and coordinate their actions to support permanent housing for populations with special needs, any project might earn up to 5 points for sustaining a funding allocation for the provision of supportive services of the type: 1) authorized under a federally subsidized program and that can be funded with resources obtained directly as a grantee in competitive or demonstrative grants, or as a recipient of any admissible operational assistance (*i.e.*, CoC, VASH, GPD, SSVF, Veteran Per Diem, CDBG, HOPWA, FSS Program, etc.), or indirectly as sub-grantee or provider, or by contracting the services of a sub-grantee or provider, of any state or municipally managed program (*i.e.*, ADFAN's CSGB, VRA's Independent Living, ASSMCA's Homeless and Chronic Mental Health, ADFAN's Adult and Person with Disabilities Services, Medicaid's Home and Community-Based Service Waivers, among other); or 2) contracted for a certified Assisted Living facility under Act 244-2003, as follows:	
	Up to 5% of the project's annual operational cost for the length of the compliance period of affordability.	5
	Up to 3% of the project's annual operational cost for the length of the compliance period of affordability.	3
	Up to 1% of the project's annual operational cost for the length of the compliance period of affordability.	1
	Documentation required: Proforma; agreement provisions specifying operational budget commitment. On-going compliance will have to be demonstrated through: financial reporting evidencing compliance with funding commitment; and supporting documentation of managed, contracted or purchased services funded or authorized by any federally subsidized program; relevant reporting under Act 224-2003.	
	Maximum Score	**100**
VII	**Tie-Breaking Criteria**	
	Will favor the project that is the readiest to proceed.	
	Will favor the project that is located in an Urban Area.	
	Will favor the project with highest debt service coverage ratio (DSCR).	
	Will favor the project located in a QCT and contributes to a concerted Community Revitalization Plan consistent with the policies of the Commonwealth or of a Municipality. Endorsement from competent entity must be provided, if case arises.	

	Criterion	Score
	Will favor the project that is located in a Municipality with the longer elapsed period without Tax Credit allocation.	

5.5. Tax Credit Allocation

5.5.1. Description

Following the Point Ranking calculation, projects will be ranked in descending order, most points to least points. The Authority anticipates reserving Tax Credits for those projects scoring highest under the Project Selection Criteria up to the amount the law and this QAP. The Authority anticipates reserving Tax Credits for each project in the list, starting with the highest scoring project, and continuing down the rankings, reserving Tax Credits and subtracting them from the cumulative balance of available Tax Credit for that year, until that balance reaches zero.

Tax Credit allocations for projects that receive binding commitments in prior years will be honored per the terms of such commitments, and projects competing under set asides will initially be ranked and compete only against other projects competing under such set asides, until the Tax Credit balance of such set asides reaches zero, whereupon such projects will be ranked and compete against all projects outside such set asides.

However, the credit allocation process may vary in order to further the public policy set forth in this QAP.

THE RANKING UNDER THE PROJECT SELECTION CRITERIA DOES NOT VEST AN APPLICANT OR PROJECT WITH ANY RIGHT TO RESERVATION OR ALLOCATION OF TAX CREDITS.

Applications for new constructions that will be placed in service within the next calendar year in which the application is submitted will receive the highest priority. Projects returning Tax Credits from a previous year allocation and not placed in service within the established two-year period will receive the lowest priority.

5.5.2. Allocation of Other Authority Administered Funds

It is possible that other programs and sources of funds the Authority manages may choose to rely on the Point Ranking System set forth in this QAP, as amended from time to time, to select projects to receive fund allocations.

It is also possible that such other sources of funds may be included as part of a particular project's pro forma statements calculated as described in Section VI(C)(2); that the Point Ranking of such project is sufficient to receive Tax Credits; yet that there are not sufficient funds in one or more of such other programs to meet the recommended amounts for such other program. In such situation, the Authority may, at its sole discretion and based on the criterion of necessity, adjust upwards the recommended Tax Credits up to the maximum limits prescribed in Section 42 of the Code.

5.5.3. Notification of Tax Credit Allocation

The Authority will notify, in writing, to each applicant of an initial reservation of Tax Credits, or lack thereof. The Executive Director of the Authority will sign the letter awarding, or denying, reservation of Tax Credits. For successful applicants, the initial reservation letter will specify the preliminary amount of annual tax credits, any additional information and documentation required to adjust said amount to established parameters, and the date by which to submit to the Authority such information and documentation necessary to receive the final allocation. The Initial Reservation Letter will also include:

5.5.3.1. Itemization of adjustments to costs, income, expenses and underwriting assumptions made to the application.

5.5.3.2. Any deficiency in sources of funds for the project based on the information submitted with the application, and a reasonable time to present additional sources of funds already committed to cover such deficiency, subject to cancellation of the Initial Reservation Letter.

5.5.4. Review

5.5.4.1. An applicant adversely affected by a decision of the Authority denying reservation of Tax Credits may submit a written petition for reconsideration to the Executive Director of the Authority within ten (10) calendar days after the notification by mail of the letter denying the application. A copy of the petition for reconsideration must be filed with the Financing and Tax Credit Department.

5.5.4.2. The Authority shall consider the petition for reconsideration within ten (10) calendar days of filing. If the Authority makes a determination upon the merits of the petition for reconsideration, the term to petition for judicial review shall commence as of the date of the notification by mail

of the final determination. If the Authority takes no action with respect to the petition for reconsideration within ten (10) calendar days of filing, the petition for reconsideration shall be deemed to have been denied outright and the term for judicial review shall commence to run as of that date.

5.5.4.3. An applicant adversely affected by a decision of the Authority denying reservation of Tax Credits may present a petition for review before the Court of Appeals within ten (10) calendar days after the notification by mail of the letter denying the application, or within ten (10) calendar days after the expiration of the term provided to the Authority to consider the petition for reconsideration.

5.5.4.4. The filing of a petition for reconsideration or a petition for judicial review shall not stay the Authority's allocation of Tax Credits to successful applicants. If an applicant who petitions for review obtains a final order or judicial decree that modifies the decision of the Authority, so that the application is worthy of a reservation of Tax Credits, the Authority shall provide the applicant with a reservation of Tax Credits from the next available allocation round, whether in the current year or a subsequent year.

5.5.4.5. The reconsideration and judicial review procedure provided herein shall be the exclusive proceeding to review the merits of a decision of the Authority regarding the reservation or allocation of Tax Credits pursuant to this QAP. Other regulations regarding formal or informal adjudicatory proceedings before the Authority are not applicable to Tax Credit reservation and allocation decisions.

6. Issuance of Tax Credits

6.1. Reservation of Tax Credits Beyond Actual Allocation Year

The Authority recognizes that the process to construct or rehabilitate housing projects in Puerto Rico may become a burdensome one. Moreover, construction or rehabilitation of housing projects may occur over a longer period of time than they otherwise might have. The Authority also acknowledges that some projects, especially those participating in an extensive community undertaking might require a larger allocation of credits and placed-in-service dates may occur in different years.

The Authority recognizes, as well, that investors require a level of comfort that such type of projects will be completed and placed in service in the scheduled timeframes.

In order to take into account the unique facts and circumstances and concerns described above, and in order to assist with meeting the housing needs and goals of the 2014-2018 State Housing Plan, while balancing the Authority's position with respect to any single large allocation of Tax Credits, the Authority may award a binding commitment in one year to make a Carryover Allocation for certain percentages of Tax Credits in following years in certain circumstances (Binding Commitment).

Applicants may apply to reserve Tax Credits and sign a Binding Commitment with the Authority to allocate Tax Credits at a future date. To such end, the Authority may reserve Tax Credits or bind itself to allocate Tax Credits to a project during the taxable years following the year in which the application is made. Section 42(h)(1)(C) of the Code determines that a reservation or Binding Commitment to allocate Tax Credits in a future year has no effect on the state housing Tax Credit ceiling until the year in which the Authority actually makes the allocation. (Annex E).

The Authority might also consider entering into a Binding Commitment with an owner of a project, even if the project fails to meet one of the above categories, if the circumstances of the project, per the Authority's sole discretion, are deemed necessary.

Depending on the circumstances and in the Authority's sole discretion, Projects with Binding Commitments may be required to file an application in the year the Tax Credits are committed and go through the Basic Threshold Qualification Process and comply with at least the Minimum Requirement of the Point Ranking System. In addition, the owner will not pay the Application Fee but rather a Processing Fee of .25% of the annual Tax Credit requested will be included with the application.

In order for the applicant to preserve a Binding Commitment for an allocation of Tax Credits, the applicant must provide an updated memorandum every six (6) months after receiving the Binding Commitment, to confirm that any information provided in the application remains true, correct and complete in all material respects, or provide specific details for any exceptions, as well as any other information that the Authority may reasonably request. If there are any material exceptions, the Authority reserves the right to revoke the Binding Commitment.

6.1.1. Tax Credit dollar amount will be determined at:

6.1.1.1. Initial /Reservation of Tax Credits

6.1.1.2. Carryover Allocation

A development with a Binding Commitment, but which will not be placed in service by December 31, may be eligible for a carryover allocation (Carryover Allocation).

To sign the Carryover Allocation, the owner must provide:

6.1.1.2.1. any changes in the circumstances of the project (budget, design, and/or permitting); and

6.1.1.2.2. Owner's Certification, disclosing any Federal, State, or local subsidies that the applicant has received, or expects to receive, for the development and operation of the project.

The Authority reserves the right to disqualify any applicant if it determines that the construction will not be ready to begin within six months after the signing of the Carryover Allocation Agreement.

6.2. Additional Tax Credits

The Tax Credit amount will not automatically be increased above the initial reservation request or allocation amount. If the owner of a project that received a Carryover Allocation of Tax Credits determines that additional credits are necessary to make the project financially feasible, the owner must apply for additional Tax Credits in a subsequent year or cycle. The owner will need to submit a complete package and a full fee.

For projects financed with volume-cap tax-exempt obligations the Authority reserves the right, based upon pertinent circumstances, to reduce or waive the required fee for additional Tax Credits or the requirement of a complete package.

All restrictions and requirements of the original Carryover Allocation shall remain in full force and effect for the additional Tax Credits.

6.3. Placed-in-Service

The Authority will issue IRS Form 8609-Low-Income Housing Credit Allocation and Certification (Form 8609) after the placement-in-service date, and receipt and review of:

6.3.1. Certificate of Occupancy (*Permiso de Uso*).

6.3.2. Independent CPA Final Cost Certification of project development (Annex M)

6.3.3. Designer's Certification of Completion of Construction (Annex N).

6.3.4. Updated operating budget and 30-year pro forma cash flows.

6.3.5. Owner's Certification of any federal, state, or local subsidies received, or expected to be received, to develop and operate the project.

6.3.6. Authority's independent consultant physical inspection and cost certification review.

6.3.7. Any other document the Authority may determine as necessary.

The amount of Tax Credits allocated as set forth in Form 8609 may be different from the amount requested in the application, the amount specified in the Initial Reservation Letter, Binding Commitment, or the amount in a Carryover Allocation.

6.4. Changes of Actual Development Costs or Other Circumstances

The Authority reserves the right, in its sole discretion, to reserve or allocate less Tax Credits than the amount requested in the application based on the information the applicant or any independent consultant submitted and Section 42 requirements.

6.5. Calendar Requirements

6.5.1. Carryover Allocation Requirements

The Code requires more than 10% of the project's reasonably expected basis be incurred by the close of:

6.5.1.1. the carryover allocation calendar year, if Carryover Allocation is made before July 1; or

6.5.1.2. year after the date of the Carryover Allocation Agreement, if made after June 30.

After the reservation process is final, the owner and the Authority must sign a Carryover Agreement allowing the carryover of Tax Credits. At the time of the execution of the Carryover Agreement, Owners must have title of the property, or acquire such title within the next six months, and approval from all the corresponding governmental agencies to develop the project. The Authority requires expenditure of and cost certification of 10% of the costs to be submitted to the Authority within 1 year of the date of the Carryover Allocation (Annex L). All fees due to the Authority must be paid by that date.

6.6. Placed-in-Service Date

With respect to Carryover Allocations, the building must be placed in service within 24 months after the end of the carryover allocation calendar year.

6.6.1. For new construction and existing buildings, placed-in-service usually means the date the building receives a Certificate of Occupancy (*Permiso de Uso*).

6.6.2. For substantial rehabilitation, placed-in-service means the last day of the 24-month period (or shorter period if the rehabilitation is complete, if the owner elects) for aggregating rehabilitation costs.

7. Other Procedural Requirements

The Authority will notify the Mayor of the Municipality where the project will be located of the proposal at the time of the Tax Credits' reservation and will have a reasonable opportunity to comment on the project.

8. Time Frame

Tax Credit applications will abide by the following reservation/allocation cycles. Additional cycles may be available if there are Tax Credits after the Authority exhausted its reservation/allocation process. The interested party may contact the Authority to ask for additional cycles, if any.

As directed by the State Housing Plan to leverage project funding from multiple sources, with underwriting criteria that will result in projects meeting its priorities, the Authority and the Department of Housing will release a JANOFA to request Tax Credit Applications.

Any and all amendments to the application schedule, prior to the release of the JANOFA will be posted on both the Authority and the Department of Housing websites. Any changes thereafter to the schedule will be notified to the public through an advertisement in a newspaper of general circulation. If any of the due dates for application or reservation falls on a non-working day or on an official holiday, it will be moved to the following working day.

Notwithstanding any information that may be contained in the RFP and amendments thereto, respondents are responsible for obtaining all information required, thus enabling them to submit timely and complete responses to the requirements of the JANOFA. Failure to obtain clarifications and/or addenda from the Authority will not relieve the respondent from being bound by any additional terms and/or conditions in the clarification and/or addenda. The Authority will not be responsible for respondent's failure to consider additional information contained therein in preparing the proposal.

8.1. Schedule of Application for 2015 Cycle

Event	Date
QAP Draft Available for Public Comments	June 22, 2015
QAP Written Comments Deadline	June 26, 2015
QAP Public Hearing	June 29, 2015
Applications Opening Date (after Governor's Approval and JANOFA Release)	August 5, 2015
Applications Closing Date	October 9, 2015
Ranking & Reservation	TBD
Closing of Carryover Agreement	TBD
10% Cost Certification	TBD

Cost Certifications for projects receiving allocations to be placed in service are due during the same calendar year of the application and 10% certification for projects receiving a carryover allocation. (Annexes L and M)

9. Tax-Exempt Financed Projects not Subject to Annual Tax Credit Volume Cap

Projects financed with tax-exempt obligations issued after December 31, 1989 [Section 42(h)(4)], are not subject to the Tax Credit annual volume cap, but are subject to the state private activity bond volume cap. These applications do not have to comply with the time frames set out in Section VIII and may be filed, and Tax Credits awarded, any time. Nonetheless, these projects must satisfy the Basic Threshold Qualification Requirements and other requirements for allocation under this Plan pursuant to Section 42(h)(4). Therefore, the projects will be subject to the evaluation of housing priorities, minimum thresholds discussed above, and the fees determined in Section XI. They will not be subject to the Tax Credit allocation process, and do not need to fulfill the Point Ranking System minimum requirement of 30 points. Applicants must include a letter from the lender stating the tax-exempt status of the obligations issued to finance the project and a certification from its tax attorney or CPA certifying that this requirement is met. If the Authority is the Lender, the letter will not be required.

10. Qualified Contract Process

Projects awarded Tax Credits are subject to the extended compliance period embodied in the recorded extended use agreement.

The Qualified Contract (QC) option, included in the Tax Credit legislation, is designed to permit owners of Tax Credit properties to exit the program after the initial 15-year compliance period without continued affordability restrictions on the property.

The QC is a bona fide contract to acquire the Tax Credit project for a determined price. Should the Authority be unable to present a QC, the extended use period can be terminated. A qualified contract may be requested at any point after the fourteenth (14th) year of the compliance period.

The terms, conditions, and procedures contained herein (Annex P, QC Process) will allow the Authority to administer qualified contract requests from property owners who make a request under IRS Code Section 42(h)(6)(E)(i)(II) (QC Request).

11. Compliance, Fees and Penalties

11.1. Procedure for Notification to IRS of Noncompliance

Federal legislation requires that each Allocation Plan include a procedure that the Authority will follow in notifying the IRS of noncompliance with the program. The Authority will require owners to furnish annual certifications of qualified low-income tenants, including tenant income and rents charged, the number of qualifying low-income units, as well as any other information pertinent to determine compliance.

The specific requirements of the Authority to implement this mandate are covered in the Compliance Monitoring Plan, which is hereby incorporated and made a part of this Plan (Annex O).

In making the application for Tax Credits, the owner agrees that the Authority and its designees will have access to any project information. This includes physical access to the project, financial records and tenant information for any monitoring that may be deemed necessary to determine compliance with the Code.

Owners are advised that the Authority is required to do compliance monitoring and to notify the IRS and the owner of any discovered noncompliance with Tax Credit law and regulations, whether corrected or uncorrected.

12. Fees

The application package costs $100 and includes the Allocation Plan, Compliance Monitoring Plan, Procedural Steps, and Instructions. The Authority will also charge the following fees:

12.1. Application Related Fees

12.1.1. **Tax Credit**: One thousand dollars ($1,000.00) filing fee. This is a **non-refundable and non-transferable payment**, which shall be submitted along with the application, regardless of the result of the Authority's evaluation and determination.

12.1.2. **HOME**: $7,000 or 1% of requested or allocated amount, whichever is greater.

12.1.3. **Two percent (2.0%) deposit of annual amount requested or allocated, whichever is greater.** This is a **non-transferable deposit**, which shall be submitted along with the application. At its sole discretion, the Authority might consider the **return of half of the deposit amount** if the project is not awarded a reservation of credits.

12.1.4. **Projects with Binding Commitments** will be charged a processing fee of .25% of the annual Tax Credit requested.

12.1.5. **Projects using 4% tax-exempt bonds:**

12.1.5.1. **Origination issuer fee**: 25 basis points of the amount of debt issued (**upfront**); and

12.1.5.2. **Annual issuer fee:** 12.5 basis points of outstanding bonds (**in arrears**).

12.1.5.3. **Atypical transactions** (under the Authority's discretion) will double amounts above, to 50 basis points and 25 basis points, respectively.

12.2. Allocating Fee

One percent (1%) of the total ten years allocated amount. The allocating fee will be paid at the time the allocation is made through certified or manager's check. In case of Carryover Allocations under Section 42, the fee will be paid at the time of signing the agreement through certified or manager's check. Allocation fees are neither refundable nor transferable.

12.3. Qualified Contract Request Fee

The Authority will charge a $5,000 fee at the time a Qualified Contract request is filed by an owner.

12.4. Monitoring/Asset Management Fee

12.4.1. If a credit allocation is made, the Authority will charge **$75 (Monitoring - $25; Asset Management - $50) per each low-income housing tax credit (LIHTC) unit during the compliance period (first 15 years) and the extended use period (after the first 15 years).** This amount will be due and payable by January 31 of each year.

12.4.2. Projects financed with tax-exempt debt will be charged an additional **$25 fee per unit** for compliance monitoring with IRC Section 142, applicable until all tax-exempt debt is fully extinguished.

12.4.3. **HOME:** $50 **per HOME unit** during the HOME compliance period. This amount will be due and payable by January 31 of each year.

12.4.4. The Authority will charge $100 per unit in projects with LIHTCs and HOME (includes Monitoring, Asset Management, and HOME fees) throughout the HOME compliance period, after which the fee under 12.4.1 will be charged for the remainder of the LIHTC extended period to those projects that receive LIHTCs. This amount will be due and payable by January 31 of each year.

The Authority may revise the fees as necessary to insure they cover the Authority's processing expenses and compliance monitoring.

13. Penalties and Other Fees

If a sponsor, owner, developer or consultant has a **past due fee** (regardless of the type) in a previous project, the Authority will not reserve credits for the new project until the account is paid in full.

In any litigation, arbitration, or other proceeding arising from, as a result of or pursuant to this QAP and/or the resulting Tax Credit allocation cycle, selection process or award determination under any participating program, including the HOME Program, or any other proceeding arising from or as a result of or pursuant to any noncompliance during the construction and/or operation of a project, when the Authority appears as a party, intervener or *amicus curiae*, **the sponsor and/or owner and/or developer shall reimburse the Authority** reasonable attorney's fees, costs, and expenses incurred, regardless of which party initiated the litigation, arbitration, or other proceeding.

14. Scope and Future Amendments

Federal legislation directs the Authority to allocate only that amount of Tax Credits required to make the project economically feasible. The Authority's determination is discretionary and in no way constitutes a representation or warranty, express or implied, to any sponsor, lender, investor, or third party as to the feasibility of a given project, or to the project owner, investors, lender, or third party that its allocation determines that the project adheres to Code, Treasury regulations, or any other applicable laws or regulations.

The Authority reserves the power to administer, operate and manage tax credits allocation in all situations and circumstances, both foreseen and unforeseen in the Plan. No member, employee, or agent of the Authority shall be personally liable respecting any matter or matters arising out of, or in relation to, the Tax Credits.

José A. Sierra Morales
Executive Director
Puerto Rico Housing Finance Authority

By: 7.8.22
José O. Reyes Portalatín
Acting Executive Director

I, Alejandro García Padilla, Governor of the Commonwealth of Puerto Rico, hereby approve the Low-income Housing Tax Credit Allocation Plan for the Commonwealth of Puerto Rico adopted by Puerto Rico Housing Finance Authority, a subsidiary of the Government Development Bank for Puerto Rico, as the State Housing Credit Authority under the provisions of Section 42 of the Internal Revenue Code of 1986, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Commonwealth of Puerto Rico, in San Juan, Puerto Rico, this 5 day of August, 2015.

GOVERNOR

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance
Authority

SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK
FOR PUERTO RICO

ANNEXESS

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance
Authority
SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK
FOR PUERTO RICO

ANNEX A

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

Internal Revenue Code

§ 42. Low-income housing credit

(a) In general

For purposes of section 38, the amount of the low-income housing credit determined under this section for any taxable year in the credit period shall be an amount equal to -

(1) the applicable percentage of

(2) the qualified basis of each qualified low-income building. (b) Applicable percentage: 70 percent present value credit for certain new buildings; 30 percent present value credit for certain other buildings

(1) Determination of applicable percentage

For purposes of this section, the term "applicable percentage" means, with respect to any building, the appropriate percentage prescribed by the Secretary for the earlier of -

(i) the month in which such building is placed in service, or

(ii) at the election of the taxpayer -

(I) the month in which the taxpayer and the housing credit agency enter into an agreement with respect to such building (which is binding on such agency, the taxpayer, and all successors in interest) as to the housing credit dollar amount to be allocated to such building, or

(II) in the case of any building to which subsection (h)(4)(B) applies, the month in which the tax-exempt obligations are issued.

A month may be elected under clause (ii) only if the election is made not later than the 5th day after the close of such month. Such an election, once made, shall be irrevocable.

(B) (1) Method of prescribing percentages

The percentages prescribed by the Secretary for any month shall be percentages which will yield over a 10-year period amounts of credit under subsection (a) which have a present value equal to -

(i) 70 percent of the qualified basis of a new building which is not federally subsidized for the taxable year, and

(ii) 30 percent of the qualified basis of a building not described in clause (i).

(C) Method of discounting

The present value under subparagraph (B) shall be determined - (i) as of the last day of the 1st year of the 10-year period referred to in subparagraph (B),

(ii) by using a discount rate equal to 72 percent of the average of the annual Federal mid-term rate and the annual Federal long-term rate applicable under section 1274(d)(1) to the month applicable under clause (i) or (ii) of subparagraph (A) (1) and compounded annually, and

(iii) by assuming that the credit allowable under this section for any year is received on the last day of such year.

(2) Temporary minimum credit rate for non-federally subsidized new buildings

In the case of any new building -

(A) which is placed in service by the taxpayer after the date of the enactment of this paragraph and before December 31, 2013, and

(B) which is not federally subsidized for the taxable year, the applicable percentage shall not be less than 9 percent.

(3) Cross references

(A) For treatment of certain rehabilitation expenditures as separate new buildings, see subsection (e).

(B) For determination of applicable percentage for increases in qualified basis after the 1st year of the credit period, see subsection (f)(3).

(C) For authority of housing credit agency to limit applicable percentage and qualified basis which may be taken into account under this section with respect to any building, see subsection (h)(7).

(c) Qualified basis; qualified low-income building

For purposes of this section -

(1) Qualified basis

(A) Determination

The qualified basis of any qualified low-income building for any taxable year is an amount equal to -

(i) the applicable fraction (determined as of the close of such taxable year) of

(ii) the eligible basis of such building (determined under subsection (d)(5)).

(B) Applicable fraction

For purposes of subparagraph (A), the term "applicable fraction" means the smaller of the unit fraction or the floor space fraction.

(C) Unit fraction

For purposes of subparagraph (B), the term "unit fraction" means the fraction -

(i) the numerator of which is the number of low-income units in the building, and

(ii) the denominator of which is the number of residential rental units (whether or not occupied) in such building.

(D) Floor space fraction

For purposes of subparagraph (B), the term "floor space fraction" means the fraction -

(i) the numerator of which is the total floor space of the low-income units in such building, and

(ii) the denominator of which is the total floor space of the residential rental units (whether or not occupied) in such building.

(E) Qualified basis to include portion of building used to provide supportive services for homeless

In the case of a qualified low-income building described in subsection (i)(3)(B)(iii), the qualified basis of such building for any taxable year shall be increased by the lesser of -

(i) so much of the eligible basis of such building as is used throughout the year to provide supportive services designed to assist tenants in locating and retaining permanent housing, or

(ii) 20 percent of the qualified basis of such building (determined without regard to this subparagraph).

(2) Qualified low-income building

The term "qualified low-income building" means any building - (A) which is part of a qualified low-income housing project at all times during the period -

(i) beginning on the 1st day in the compliance period on which such building is part of such a project, and

(ii) ending on the last day of the compliance period with respect to such building, and

(B) to which the amendments made by section 201(a) of the Tax Reform Act of 1986 apply.

(d) Eligible basis

For purposes of this section -

(1) New buildings

The eligible basis of a new building is its adjusted basis as of the close of the 1st taxable year of the credit period.

(2) Existing buildings

(A) In general

The eligible basis of an existing building is -

(i) in the case of a building which meets the requirements of subparagraph (B), its adjusted basis as of the close of the 1st taxable year of the credit period, and

(ii) zero in any other case.

(B) Requirements

A building meets the requirements of this subparagraph if -

(i) the building is acquired by purchase (as defined in section 179(d)(2)),

(ii) there is a period of at least 10 years between the date of its acquisition by the taxpayer and the date the building was last placed in service,

(iii) the building was not previously placed in service by the taxpayer or by any person who was a related person with respect to the taxpayer as of the time previously placed in service, and

(iv) except as provided in subsection (f)(5), a credit is allowable under subsection (a) by reason of subsection (e) with respect to the building.

(C) Adjusted basis

For purposes of subparagraph (A), the adjusted basis of any building shall not include so much of the basis of such building as is determined by reference to the basis of other property held at any time by the person acquiring the building.

(D) Special rules for subparagraph (B)

(i) Special rules for certain transfers

For purposes of determining under subparagraph (B)(ii) when a building was last placed in service, there shall not be taken into account any placement in service -

(I) in connection with the acquisition of the building in a transaction in which the basis of the building in the hands of the person acquiring it is determined in whole or in part by reference to the adjusted basis of such building in the hands of the person from whom acquired,

(II) by a person whose basis in such building is determined under section 1014(a) (relating to property acquired from a decedent),

(III) by any governmental unit or qualified nonprofit organization (as defined in subsection (h)(5)) if the requirements of subparagraph (B)(ii) are met with respect to the placement in service by such unit or organization and all the income from such property is exempt from Federal income taxation,

(IV) by any person who acquired such building by foreclosure (or by instrument in lieu of foreclosure) of any purchase-money security interest held by such person if the requirements of subparagraph (B)(ii) are met with respect to the placement in service by such person and such building is resold within 12 months after the date such

building is placed in service by such person after such foreclosure, or

(V) of a single-family residence by any individual who owned and used such residence for no other purpose than as his principal residence.

(ii) Related person

For purposes of subparagraph (B)(iii), a person (hereinafter in this subclause referred to as the "related person") is related to any person if the related person bears a relationship to such person specified in section 267(b) or 707(b)(1), or the related person and such person are engaged in trades or businesses under common control (within the meaning of subsections (a) and (b) of section 52).

(3) Eligible basis reduced where disproportionate standards for units

(A) In general

Except as provided in subparagraph (B), the eligible basis of any building shall be reduced by an amount equal to the portion of the adjusted basis of the building which is attributable to residential rental units in the building which are not low-income units and which are above the average quality standard of the low-income units in the building.

(B) Exception where taxpayer elects to exclude excess costs

(i) In general

Subparagraph (A) shall not apply with respect to a residential rental unit in a building which is not a low-income unit if -

(I) the excess described in clause (ii) with respect to such unit is not greater than 15 percent of the cost described in clause (ii)(II), and

(II) the taxpayer elects to exclude from the eligible basis of such building the excess described in clause (ii) with respect to such unit.

(ii) Excess

The excess described in this clause with respect to any unit is the excess of -

(I) the cost of such unit, over

(II) the amount which would be the cost of such unit if the average cost per square foot of low-income units in the building were substituted for the cost per square foot of such unit.

The Secretary may by regulation provide for the determination of the excess under this clause on a basis other than square foot costs.

(4) Special rules relating to determination of adjusted basis

For purposes of this subsection -

(A) In general

Except as provided in subparagraphs (B) and (C), the adjusted basis of any building shall be determined without regard to the adjusted basis of any property which is not residential rental property.

(B) Basis of property in common areas, etc., included

The adjusted basis of any building shall be determined by taking into account the adjusted basis of property (of a character subject to the allowance for depreciation) used in

common areas or provided as comparable amenities to all residential rental units in such building.

(C) Inclusion of basis of property used to provide services for certain nontenants

(i) In general

The adjusted basis of any building located in a qualified census tract (as defined in paragraph (5)(C)) shall be determined by taking into account the adjusted basis of property (of a character subject to the allowance for depreciation and not otherwise taken into account) used throughout the taxable year in providing any community service facility.

(ii) Limitation

The increase in the adjusted basis of any building which is taken into account by reason of clause (i) shall not exceed the sum of -

(I) 25 percent of so much of the eligible basis of the qualified low-income housing project of which it is a part as does not exceed $15,000,000, plus

(II) 10 percent of so much of the eligible basis of such project as is not taken into account under subclause (I).

For purposes of the preceding sentence, all community service facilities which are part of the same qualified low-income housing project shall be treated as one facility.

(iii) Community service facility

For purposes of this subparagraph, the term "community service facility" means any facility designed to serve primarily individuals whose income is 60 percent or less of area median income (within the meaning of subsection (g)(1)(B)).

(D) No reduction for depreciation

The adjusted basis of any building shall be determined without regard to paragraphs (2) and (3) of section 1016(a).

(5) Special rules for determining eligible basis

(A) Federal grants not taken into account in determining eligible basis

The eligible basis of a building shall not include any costs financed with the proceeds of a federally funded grant.

(B) Increase in credit for buildings in high cost areas

(i) In general

In the case of any building located in a qualified census tract or difficult development area which is designated for purposes of this subparagraph -

(I) in the case of a new building, the eligible basis of such building shall be 130 percent of such basis determined without regard to this subparagraph, and

(II) in the case of an existing building, the rehabilitation expenditures taken into account under subsection (e) shall be 130 percent of such expenditures determined without regard to this subparagraph.

(ii) Qualified census tract

(I) In general

The term "qualified census tract" means any census tract which is designated by the Secretary of Housing and Urban Development and, for the most recent year for which census data are available on household income in such tract,

either in which 50 percent or more of the households have an income which is less than 60 percent of the area median gross income for such year or which has a poverty rate of at least 25 percent. If the Secretary of Housing and Urban Development determines that sufficient data for any period are not available to apply this clause on the basis of census tracts, such Secretary shall apply this clause for such period on the basis of enumeration districts.

(II) Limit on MSA's designated

The portion of a metropolitan statistical area which may be designated for purposes of this subparagraph shall not exceed an area having 20 percent of the population of such metropolitan statistical area.

(III) Determination of areas

For purposes of this clause, each metropolitan statistical area shall be treated as a separate area and all nonmetropolitan areas in a State shall be treated as 1 area.

(iii) Difficult development areas

(I) In general

The term "difficult development areas" means any area designated by the Secretary of Housing and Urban Development as an area which has high construction, land, and utility costs relative to area median gross income.

(II) Limit on areas designated

The portions of metropolitan statistical areas which may be designated for purposes of this subparagraph shall not exceed an aggregate area having 20 percent of the population of such metropolitan statistical areas. A comparable rule shall apply to nonmetropolitan areas.

(iv) Special rules and definitions

For purposes of this subparagraph -

(I) population shall be determined on the basis of the most recent decennial census for which data are available, (II) area median gross income shall be determined in accordance with subsection (g)(4),

(III) the term "metropolitan statistical area" has the same meaning as when used in section 143(k)(2)(B), and

(IV) the term "nonmetropolitan area" means any county (or portion thereof) which is not within a metropolitan statistical area.

(v) Buildings designated by State housing credit agency Any building which is designated by the State housing credit agency as requiring the increase in credit under this subparagraph in order for such building to be financially feasible as part of a qualified low-income housing project shall be treated for purposes of this subparagraph as located in a difficult development area which is designated for purposes of this subparagraph. The preceding sentence shall not apply to any building if paragraph (1) of subsection (h) does not apply to any portion of the eligible basis of such building by reason of paragraph (4) of such subsection.

(6) Credit allowable for certain buildings acquired during 10- year period described in paragraph (2)(B)(ii)

(A) In general

Paragraph (2)(B)(ii) shall not apply to any federally- or State-assisted building.

(B) Buildings acquired from insured depository institutions in default

On application by the taxpayer, the Secretary may waive paragraph (2)(B)(ii) with respect to any building acquired from an insured depository institution in default (as defined in section 3 of the Federal Deposit Insurance Act) or from a receiver or conservator of such an institution.

(C) Federally- or State-assisted building

For purposes of this paragraph -

(i) Federally-assisted building

The term "federally-assisted building" means any building which is substantially assisted, financed, or operated under section 8 of the United States Housing Act of 1937, section 221(d)(3), 221(d)(4), or 236 of the National Housing Act, section 515 of the Housing Act of 1949, or any other housing program administered by the Department of Housing and Urban Development or by the Rural Housing Service of the Department of Agriculture.

(ii) State-assisted building

The term "State-assisted building" means any building which is substantially assisted, financed, or operated under any State law similar in purposes to any of the laws referred to in clause (i).

(7) Acquisition of building before end of prior compliance period

(A) In general

Under regulations prescribed by the Secretary, in the case of a building described in subparagraph (B) (or interest therein) which is acquired by the taxpayer -

(i) paragraph (2)(B) shall not apply, but

(ii) the credit allowable by reason of subsection (a) to the taxpayer for any period after such acquisition shall be equal to the amount of credit which would have been allowable under subsection (a) for such period to the prior owner referred to in subparagraph (B) had such owner not disposed of the building.

(B) Description of building

A building is described in this subparagraph if -

(i) a credit was allowed by reason of subsection (a) to any prior owner of such building, and

(ii) the taxpayer acquired such building before the end of the compliance period for such building with respect to such prior owner (determined without regard to any disposition by such prior owner).

(e) Rehabilitation expenditures treated as separate new building

(1) In general

Rehabilitation expenditures paid or incurred by the taxpayer with respect to any building shall be treated for purposes of this section as a separate new building.

(2) Rehabilitation expenditures

For purposes of paragraph (1) -

(A) In general

The term "rehabilitation expenditures" means amounts chargeable to capital account and incurred for property (or additions or improvements to property) of a character subject to the allowance for depreciation in connection with the rehabilitation of a building.

(B) Cost of acquisition, etc,(2) not included

Such term does not include the cost of acquiring any building (or interest therein) or any amount not permitted to be taken into account under paragraph (3) or (4) of subsection (d).

(3) Minimum expenditures to qualify

(A) In general

Paragraph (1) shall apply to rehabilitation expenditures with respect to any building only if -

(i) the expenditures are allocable to 1 or more low-income units or substantially benefit such units, and

(ii) the amount of such expenditures during any 24-month period meets the requirements of whichever of the following subclauses requires the greater amount of such expenditures:

(I) The requirement of this subclause is met if such amount is not less than 20 percent of the adjusted basis of the building (determined as of the 1st day of such period and without regard to paragraphs (2) and (3) of section 1016(a)).

(II) The requirement of this subclause is met if the qualified basis attributable to such amount, when divided by the number of low-income units in the building, is $6,000 or more.

(B) Exception from 10 percent rehabilitation

In the case of a building acquired by the taxpayer from a governmental unit, at the election of the taxpayer, subparagraph (A)(ii)(I) shall not apply and the credit under this section for such rehabilitation expenditures shall be determined using the percentage applicable under subsection (b)(2)(B)(ii).

(C) Date of determination

The determination under subparagraph (A) shall be made as of the close of the 1st taxable year in the credit period with respect to such expenditures.

(D) Inflation adjustment

In the case of any expenditures which are treated under paragraph (4) as placed in service during any calendar year after 2009, the $6,000 amount in subparagraph (A)(ii)(II) shall be increased by an amount equal to -

(i) such dollar amount, multiplied by

(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting "calendar year 2008" for "calendar year 1992" in subparagraph (B) thereof.

Any increase under the preceding sentence which is not a multiple of $100 shall be rounded to the nearest multiple of $100.

(4) Special rules

For purposes of applying this section with respect to expenditures which are treated as a separate building by reason of this subsection -

(A) such expenditures shall be treated as placed in service at the close of the 24-month period referred to in paragraph (3)(A), and

(B) the applicable fraction under subsection (c)(1) shall be the applicable fraction for the building (without regard to paragraph (1)) with respect to which the expenditures were incurred.

Nothing in subsection (d)(2) shall prevent a credit from being allowed by reason of this subsection.

(5) No double counting

Rehabilitation expenditures may, at the election of the taxpayer, be taken into account under this subsection or subsection (d)(2)(A)(i) but not under both such subsections.

(6) Regulations to apply subsection with respect to group of units in building

The Secretary may prescribe regulations, consistent with the purposes of this subsection, treating a group of units with respect to which rehabilitation expenditures are incurred as a separate new building.

(f) Definition and special rules relating to credit period

(1) Credit period defined

For purposes of this section, the term "credit period" means, with respect to any building, the period of 10 taxable years beginning with -

(A) the taxable year in which the building is placed in service, or

(B) at the election of the taxpayer, the succeeding taxable year,

but only if the building is a qualified low-income building as of the close of the 1st year of such period. The election under subparagraph (B), once made, shall be irrevocable.

(2) Special rule for 1st year of credit period

(A) In general

The credit allowable under subsection (a) with respect to any building for the 1st taxable year of the credit period shall be determined by substituting for the applicable fraction under subsection (c)(1) the fraction -

(i) the numerator of which is the sum of the applicable fractions determined under subsection (c)(1) as of the close of each full month of such year during which such building was in service, and

(ii) the denominator of which is 12.

(B) Disallowed 1st year credit allowed in 11th year

Any reduction by reason of subparagraph (A) in the credit allowable (without regard to subparagraph (A)) for the 1st taxable year of the credit period shall be allowable under subsection (a) for the 1st taxable year following the credit period.

(3) Determination of applicable percentage with respect to increases in qualified basis after 1st year of credit period (A) In general

In the case of any building which was a qualified low-income building as of the close of the 1st year of the credit period, if -

(i) as of the close of any taxable year in the compliance period (after the 1st year of the credit period) the qualified basis of such building exceeds

(ii) the qualified basis of such building as of the close of the 1st year of the credit period,

the applicable percentage which shall apply under subsection (a) for the taxable year to such excess shall be the percentage equal to 2/3 of the applicable percentage which (after the application of subsection (h)) would but for this paragraph apply to such basis.

(B) 1st year computation applies

A rule similar to the rule of paragraph (2)(A) shall apply to any increase in qualified basis to which subparagraph (A) applies for the 1st year of such increase.

(4) Dispositions of property

If a building (or an interest therein) is disposed of during any year for which credit is allowable under subsection (a), such credit shall be allocated between the parties on the basis of the number of days during such year the building (or interest) was held by each. In any such case, proper adjustments shall be made in the application of subsection (j).

(5) Credit period for existing buildings not to begin before rehabilitation credit allowed

(A) In general

The credit period for an existing building shall not begin before the 1st taxable year of the credit period for rehabilitation expenditures with respect to the building.

(B) Acquisition credit allowed for certain buildings not allowed a rehabilitation credit

(i) In general

In the case of a building described in clause (ii) - (I) subsection (d)(2)(B)(iv) shall not apply, and

(II) the credit period for such building shall not begin before the taxable year which would be the 1st taxable year of the credit period for rehabilitation expenditures with respect to the building under the modifications described in clause (ii)(II).

(ii) Building described

A building is described in this clause if -

(I) a waiver is granted under subsection (d)(6)(C) with respect to the acquisition of the building, and

(II) a credit would be allowed for rehabilitation expenditures with respect to such building if subsection (e)(3)(A)(ii)(I) did not apply and if the dollar amount in effect under subsection (e)(3)(A)(ii)(II) were two-thirds of such amount.

(g) Qualified low-income housing project

For purposes of this section -

(1) In general

The term "qualified low-income housing project" means any project for residential rental property if the project meets the requirements of subparagraph (A) or (B) whichever is elected by the taxpayer:

(A) 20-50 test

The project meets the requirements of this subparagraph if 20 percent or more of the residential units in such project are both rent-restricted and occupied by individuals whose income is 50 percent or less of area median gross income.

(B) 40-60 test

The project meets the requirements of this subparagraph if 40 percent or more of the residential units in such project are both rent-restricted and occupied by individuals whose income is 60 percent or less of area median gross income.

Any election under this paragraph, once made, shall be irrevocable. For purposes of this paragraph, any property shall not be treated as failing to be residential rental property merely because part of the building in which such property is

located is used for purposes other than residential rental purposes.

(2) Rent-restricted units

(A) In general

For purposes of paragraph (1), a residential unit is rent-restricted if the gross rent with respect to such unit does not exceed 30 percent of the imputed income limitation applicable to such unit. For purposes of the preceding sentence, the amount of the income limitation under paragraph (1) applicable for any period shall not be less than such limitation applicable for the earliest period the building (which contains the unit) was included in the determination of whether the project is a qualified low-income housing project.

(B) Gross rent

For purposes of subparagraph (A), gross rent -

(i) does not include any payment under section 8 of the United States Housing Act of 1937 or any comparable rental assistance program (with respect to such unit or occupants thereof),

(ii) includes any utility allowance determined by the Secretary after taking into account such determinations under section 8 of the United States Housing Act of 1937,

(iii) does not include any fee for a supportive service which is paid to the owner of the unit (on the basis of the low-income status of the tenant of the unit) by any governmental program of assistance (or by an organization described in section 501(c)(3) and exempt from tax under section 501(a)) if such program (or organization) provides assistance for rent and the amount of assistance provided for rent is not separable from the amount of assistance provided for supportive services, and

(iv) does not include any rental payment to the owner of the unit to the extent such owner pays an equivalent amount to the Farmers' Home Administration under section 515 of the Housing Act of 1949.

For purposes of clause (iii), the term "supportive service" means any service provided under a planned program of services designed to enable residents of a residential rental property to remain independent and avoid placement in a hospital, nursing home, or intermediate care facility for the mentally or physically handicapped. In the case of a single-room occupancy unit or a building described in subsection (i)(3)(B)(iii), such term includes any service provided to assist tenants in locating and retaining permanent housing.

(C) Imputed income limitation applicable to unit

For purposes of this paragraph, the imputed income limitation applicable to a unit is the income limitation which would apply under paragraph (1) to individuals occupying the unit if the number of individuals occupying the unit were as follows:

(i) In the case of a unit which does not have a separate bedroom, 1 individual.

(ii) In the case of a unit which has 1 or more separate bedrooms, 1.5 individuals for each separate bedroom. In the case of a project with respect to which a credit is allowable by reason of this section and for which financing is provided by a bond described in section 142(a)(7), the imputed income limitation shall apply in lieu of the otherwise applicable income limitation for purposes of applying section

142(d)(4)(B)(ii).

(D) Treatment of units occupied by individuals whose incomes rise above limit

(i) In general

Except as provided in clause (ii), notwithstanding an increase in the income of the occupants of a low-income unit above the income limitation applicable under paragraph (1), such unit shall continue to be treated as a low-income unit if the income of such occupants initially met such income limitation and such unit continues to be rent-restricted.

(ii) Next available unit must be rented to low-income tenant if income rises above 140 percent of income limit

If the income of the occupants of the unit increases above 140 percent of the income limitation applicable under paragraph (1), clause (i) shall cease to apply to such unit if any residential rental unit in the building (of a size comparable to, or smaller than, such unit) is occupied by a new resident whose income exceeds such income limitation. In the case of a project described in section 142(d)(4)(B), the preceding sentence shall be applied by substituting "170 percent" for "140 percent" and by substituting "any low-

income unit in the building is occupied by a new resident whose income exceeds 40 percent of area median gross income" for "any residential unit in the building (of a size comparable to, or smaller than, such unit) is occupied by a new resident whose income exceeds such income limitation".

(E) Units where Federal rental assistance is reduced as tenant's income increases

If the gross rent with respect to a residential unit exceeds the limitation under subparagraph (A) by reason of the fact that the income of the occupants thereof exceeds the income limitation applicable under paragraph (1), such unit shall, nevertheless, be treated as a rent-restricted unit for purposes of paragraph (1) if -

(i) a Federal rental assistance payment described in subparagraph (B)(i) is made with respect to such unit or its occupants, and

(ii) the sum of such payment and the gross rent with respect to such unit does not exceed the sum of the amount of such payment which would be made and the gross rent which would be payable with respect to such unit if -

(I) the income of the occupants thereof did not exceed the income limitation applicable under paragraph (1), and (II) such units were rent-restricted within the meaning of subparagraph (A).

The preceding sentence shall apply to any unit only if the result described in clause (ii) is required by Federal statute as of the date of the enactment of this subparagraph and as of the date the Federal rental assistance payment is made.

(3) Date for meeting requirements

(A) In general

Except as otherwise provided in this paragraph, a building shall be treated as a qualified low-income building only if the project (of which such building is a part) meets the requirements of paragraph (1) not later than the close of the 1st year of the credit period for such building.

(B) Buildings which rely on later buildings for qualification

(i) In general

In determining whether a building (hereinafter in this subparagraph referred to as the "prior building") is a qualified low-income building, the taxpayer may take into account 1 or more additional buildings placed in service during the 12-month period described in subparagraph (A) with respect to the prior building only if the taxpayer elects to apply clause (ii) with respect to each additional building taken into account.

(ii) Treatment of elected buildings

In the case of a building which the taxpayer elects to take into account under clause (i), the period under subparagraph (A) for such building shall end at the close of the 12-month period applicable to the prior building.

(iii) Date prior building is treated as placed in service For purposes of determining the credit period and the compliance period for the prior building, the prior building shall be treated for purposes of this section as placed in service on the most recent date any additional building elected by the taxpayer (with respect to such prior building) was placed in service.

(C) Special rule

A building -

(i) other than the 1st building placed in service as part of a project, and

(ii) other than a building which is placed in service during the 12-month period described in subparagraph (A) with respect to a prior building which becomes a qualified low-income building,

shall in no event be treated as a qualified low-income building unless the project is a qualified low-income housing project (without regard to such building) on the date such building is placed in service.

(D) Projects with more than 1 building must be identified

For purposes of this section, a project shall be treated as consisting of only 1 building unless, before the close of the 1st calendar year in the project period (as defined in subsection (h)(1)(F)(ii)), each building which is (or will be) part of such project is identified in such form and manner as the Secretary may provide.

(4) Certain rules made applicable

Paragraphs (2) (other than subparagraph (A) thereof), (3), (4), (5), (6), and (7) of section 142(d), and section 6652(j), shall apply for purposes of determining whether any project is a qualified low-income housing project and whether any unit is a low-income unit; except that, in applying such provisions for such purposes, the term "gross rent" shall have the meaning given such term by paragraph (2)(B) of this subsection.

(5) Election to treat building after compliance period as not part of a project

For purposes of this section, the taxpayer may elect to treat any building as not part of a qualified low-income housing project for any period beginning after the compliance period for such building.

(6) Special rule where de minimis equity contribution

Property shall not be treated as failing to be residential rental property for purposes of this section merely because the occupant of a residential unit in the project pays (on a

voluntary basis) to the lessor a de minimis amount to be held toward the purchase by such occupant of a residential unit in such project if -

(A) all amounts so paid are refunded to the occupant on the cessation of his occupancy of a unit in the project, and

(B) the purchase of the unit is not permitted until after the close of the compliance period with respect to the building in which the unit is located.

Any amount paid to the lessor as described in the preceding sentence shall be included in gross rent under paragraph (2) for purposes of determining whether the unit is rent-restricted.

(7) Scattered site projects

Buildings which would (but for their lack of proximity) be treated as a project for purposes of this section shall be so treated if all of the dwelling units in each of the buildings are rent-restricted (within the meaning of paragraph (2)) residential rental units.

(8) Waiver of certain de minimis errors and recertifications

On application by the taxpayer, the Secretary may waive -

(A) any recapture under subsection (j) in the case of any de minimis error in complying with paragraph (1), or

(B) any annual recertification of tenant income for purposes of this subsection, if the entire building is occupied by low-income tenants.

(9) Clarification of general public use requirement

A project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants -

(A) with special needs,

(B) who are members of a specified group under a Federal program or State program or policy that supports housing for such a specified group, or

(C) who are involved in artistic or literary activities.

(h) Limitation on aggregate credit allowable with respect to projects located in a State

(1) Credit may not exceed credit amount allocated to building

(A) In general

The amount of the credit determined under this section for any taxable year with respect to any building shall not exceed the housing credit dollar amount allocated to such building under this subsection.

(B) Time for making allocation

Except in the case of an allocation which meets the requirements of subparagraph (C), (D), (E), or (F), an allocation shall be taken into account under subparagraph (A) only if it is made not later than the close of the calendar year in which the building is placed in service.

(C) Exception where binding commitment

An allocation meets the requirements of this subparagraph if there is a binding commitment (not later than the close of the calendar year in which the building is placed in service) by the housing credit agency to allocate a specified housing credit dollar amount to such building beginning in a specified later taxable year.

(D) Exception where increase in qualified basis

(i) In general

An allocation meets the requirements of this subparagraph if such allocation is made not later than the close of the calendar year in which ends the taxable year to which it will 1st apply but only to the extent the amount of such allocation does not exceed the limitation under clause (ii).

(ii) Limitation

The limitation under this clause is the amount of credit allowable under this section (without regard to this subsection) for a taxable year with respect to an increase in the qualified basis of the building equal to the excess of -

(I) the qualified basis of such building as of the close of the 1st taxable year to which such allocation will apply, over

(II) the qualified basis of such building as of the close of the 1st taxable year to which the most recent prior housing credit allocation with respect to such building applied.

(iii) Housing credit dollar amount reduced by full allocation

Notwithstanding clause (i), the full amount of the allocation shall be taken into account under paragraph (2).

(E) Exception where 10 percent of cost incurred

(i) In general

An allocation meets the requirements of this subparagraph if such allocation is made with respect to a qualified building which is placed in service not later than the close of the second calendar year following the calendar year in which the allocation is made.

(ii) Qualified building

For purposes of clause (i), the term "qualified building" means any building which is part of a project if the taxpayer's basis in such project (as of the date which is 1 year after the date that the allocation was made) is more than 10 percent of the taxpayer's reasonably expected basis in such project (as of the close of the second calendar year referred to in clause (i)). Such term does not include any existing building unless a credit is allowable under subsection (e) for rehabilitation expenditures paid or incurred by the taxpayer with respect to such building for a taxable year ending during the second calendar year referred to in clause (i) or the prior taxable year.

(F) Allocation of credit on a project basis

(i) In general

In the case of a project which includes (or will include) more than 1 building, an allocation meets the requirements of this subparagraph if -

(I) the allocation is made to the project for a calendar year during the project period,

(II) the allocation only applies to buildings placed in service during or after the calendar year for which the allocation is made, and

(III) the portion of such allocation which is allocated to any building in such project is specified not later than the close of the calendar year in which the building is placed in service.

(ii) Project period

For purposes of clause (i), the term "project period" means the period -

(I) beginning with the 1st calendar year for which an allocation may be made for the 1st building placed in service as part of such project, and

(II) ending with the calendar year the last building is placed in service as part of such project.

(2) Allocated credit amount to apply to all taxable years ending during or after credit allocation year

Any housing credit dollar amount allocated to any building for any calendar year -

(A) shall apply to such building for all taxable years in the compliance period ending during or after such calendar year, and

(B) shall reduce the aggregate housing credit dollar amount of the allocating agency only for such calendar year.

(3) Housing credit dollar amount for agencies

(A) In general

The aggregate housing credit dollar amount which a housing credit agency may allocate for any calendar year is the portion of the State housing credit ceiling allocated under this paragraph for such calendar year to such agency.

(B) State ceiling initially allocated to State housing credit agencies

Except as provided in subparagraphs (D) and (E), the State housing credit ceiling for each calendar year shall be allocated to the housing credit agency of such State. If there is more than 1 housing credit agency of a State, all such agencies shall be treated as a single agency.

(C) State housing credit ceiling

The State housing credit ceiling applicable to any State for any calendar year shall be an amount equal to the sum of -

(i) the unused State housing credit ceiling (if any) of such State for the preceding calendar year,

(ii) the greater of -

(I) $1.75 ($1.50 for 2001) multiplied by the State population, or

(II) $2,000,000,

(iii) the amount of State housing credit ceiling returned in the calendar year, plus

(iv) the amount (if any) allocated under subparagraph (D) to such State by the Secretary.

For purposes of clause (i), the unused State housing credit ceiling for any calendar year is the excess (if any) of the sum of the amounts described in clauses (ii) through (iv) over the aggregate housing credit dollar amount allocated for such year.

For purposes of clause (iii), the amount of State housing credit ceiling returned in the calendar year equals the housing credit dollar amount previously allocated within the State to any project which fails to meet the 10 percent test under paragraph (1)(E)(ii) on a date after the close of the calendar year in which the allocation was made or which does not become a qualified low-income housing project within the period required by this section or the terms of the allocation or to any project with respect to which an allocation is cancelled by mutual consent of the housing credit agency and the allocation recipient.

(D) Unused housing credit carryovers allocated among certain States

(i) In general

The unused housing credit carryover of a State for any calendar year shall be assigned to the Secretary for allocation among qualified States for the succeeding calendar year.

(ii) Unused housing credit carryover

For purposes of this subparagraph, the unused housing credit carryover of a State for any calendar year is the excess (if any) of -

(I) the unused State housing credit ceiling for the year preceding such year, over

(II) the aggregate housing credit dollar amount allocated for such year.

(iii) Formula for allocation of unused housing credit carryovers among qualified States

The amount allocated under this subparagraph to a qualified State for any calendar year shall be the amount determined by the Secretary to bear the same ratio to the aggregate unused housing credit carryovers of all States for the preceding calendar year as such State's population for the calendar year bears to the population of all qualified States for the calendar year. For purposes of the preceding sentence, population shall be determined in accordance with section 146(j).

(iv) Qualified State

For purposes of this subparagraph, the term "qualified State" means, with respect to a calendar year, any State - (I) which allocated its entire State housing credit ceiling for the preceding calendar year, and

(II) for which a request is made (not later than May 1 of the calendar year) to receive an allocation under clause (iii).

(E) Special rule for States with constitutional home rule cities

For purposes of this subsection -

(i) In general

The aggregate housing credit dollar amount for any constitutional home rule city for any calendar year shall be an amount which bears the same ratio to the State housing credit ceiling for such calendar year as -

(I) the population of such city, bears to

(II) the population of the entire State.

(ii) Coordination with other allocations

In the case of any State which contains 1 or more constitutional home rule cities, for purposes of applying this paragraph with respect to housing credit agencies in such State other than constitutional home rule cities, the State housing credit ceiling for any calendar year shall be reduced by the aggregate housing credit dollar amounts determined for such year for all constitutional home rule cities in such State.

(iii) Constitutional home rule city

For purposes of this paragraph, the term "constitutional home rule city" has the meaning given such term by section 146(d)(3)(C).

(F) State may provide for different allocation

Rules similar to the rules of section 146(e) (other than paragraph (2)(B) thereof) shall apply for purposes of this paragraph.

(G) Population

For purposes of this paragraph, population shall be determined in accordance with section 146(j).

(H) Cost-of-living adjustment

(i) In general

In the case of a calendar year after 2002, the $2,000,000 and $1.75 amounts in subparagraph (C) shall each be increased by an amount equal to -

(I) such dollar amount, multiplied by

(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting "calendar year 2001" for "calendar year 1992" in subparagraph (B) thereof.

(ii) Rounding

(I) In the case of the $2,000,000 amount, any increase under clause (i) which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.

(II) In the case of the $1.75 amount, any increase under clause (i) which is not a multiple of 5 cents shall be rounded to the next lowest multiple of 5 cents.

(I) Increase in State housing credit ceiling for 2008 and 2009

In the case of calendar years 2008 and 2009 -

(i) the dollar amount in effect under subparagraph (C)(ii)(I) for such calendar year (after any increase under subparagraph (H)) shall be increased by $0.20, and

(ii) the dollar amount in effect under subparagraph (C)(ii)(II) for such calendar year (after any increase under subparagraph (H)) shall be increased by an amount equal to 10

percent of such dollar amount (rounded to the next lowest multiple of $5,000).

(4) Credit for buildings financed by tax-exempt bonds subject to volume cap not taken into account

(A) In general

Paragraph (1) shall not apply to the portion of any credit allowable under subsection (a) which is attributable to eligible basis financed by any obligation the interest on which is exempt from tax under section 103 if -

(i) such obligation is taken into account under section 146, and

(ii) principal payments on such financing are applied within a reasonable period to redeem obligations the proceeds of which were used to provide such financing or such financing is refunded as described in section 146(i)(6).

(B) Special rule where 50 percent or more of building is financed with tax-exempt bonds subject to volume cap

For purposes of subparagraph (A), if 50 percent or more of the aggregate basis of any building and the land on which the building is located is financed by any obligation described in subparagraph (A), paragraph (1) shall not apply to any portion of the credit allowable under subsection (a) with respect to such building.

(5) Portion of State ceiling set-aside for certain projects involving qualified nonprofit organizations

(A) In general

Not more than 90 percent of the State housing credit ceiling for any State for any calendar year shall be allocated to projects other than qualified low-income housing projects described in subparagraph (B).

(B) Projects involving qualified nonprofit organizations

For purposes of subparagraph (A), a qualified low-income housing project is described in this subparagraph if a qualified nonprofit organization is to own an interest in the project (directly or through a partnership) and materially participate (within the meaning of section 469(h)) in the development and operation of the project throughout the compliance period.

(C) Qualified nonprofit organization

For purposes of this paragraph, the term "qualified nonprofit organization" means any organization if -

(i) such organization is described in paragraph (3) or (4) of section 501(c) and is exempt from tax under section 501(a),

(ii) such organization is determined by the State housing credit agency not to be affiliated with or controlled by a for-profit organization; (3) and

(iii) 1 of the exempt purposes of such organization includes the fostering of low-income housing.

(D) Treatment of certain subsidiaries

(i) In general

For purposes of this paragraph, a qualified nonprofit organization shall be treated as satisfying the ownership and material participation test of subparagraph (B) if any qualified corporation in which such organization holds stock satisfies such test.

(ii) Qualified corporation

For purposes of clause (i), the term "qualified corporation" means any corporation if 100 percent of the stock of such corporation is held by 1 or more qualified nonprofit organizations at all times during the period such corporation is in existence.

(E) State may not override set-aside

Nothing in subparagraph (F) of paragraph (3) shall be construed to permit a State not to comply with subparagraph (A) of this paragraph.

(6) Buildings eligible for credit only if minimum long-term commitment to low-income housing

(A) In general

No credit shall be allowed by reason of this section with respect to any building for the taxable year unless an extended low-income housing commitment is in effect as of the end of such taxable year.

(B) Extended low-income housing commitment

For purposes of this paragraph, the term "extended low-income housing commitment" means any agreement between the taxpayer and the housing credit agency -

(i) which requires that the applicable fraction (as defined in subsection (c)(1)) for the building for each taxable year in the extended use period will not be less than the applicable fraction specified in such agreement and which

prohibits the actions described in subclauses (I) and (II) of subparagraph (E)(ii),

(ii) which allows individuals who meet the income limitation applicable to the building under subsection (g) (whether prospective, present, or former occupants of the building) the right to enforce in any State court the requirement and prohibitions of clause (i),

(iii) which prohibits the disposition to any person of any portion of the building to which such agreement applies unless all of the building to which such agreement applies is disposed of to such person,

(iv) which prohibits the refusal to lease to a holder of a voucher or certificate of eligibility under section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder,

(v) which is binding on all successors of the taxpayer, and

(vi) which, with respect to the property, is recorded pursuant to State law as a restrictive covenant.

(C) Allocation of credit may not exceed amount necessary to support commitment

(i) In general

The housing credit dollar amount allocated to any building may not exceed the amount necessary to support the applicable fraction specified in the extended low-income housing commitment for such building, including any increase in such fraction pursuant to the application of subsection (f)(3) if such increase is reflected in an amended low-income housing commitment.

(ii) Buildings financed by tax-exempt bonds

If paragraph (4) applies to any building the amount of credit allowed in any taxable year may not exceed the amount necessary to support the applicable fraction specified in the extended low-income housing commitment for such building. Such commitment may be amended to increase such fraction.

(D) Extended use period

For purposes of this paragraph, the term "extended use period" means the period -

(i) beginning on the 1st day in the compliance period on which such building is part of a qualified low-income housing project, and

(ii) ending on the later of -

(I) the date specified by such agency in such agreement, or

(II) the date which is 15 years after the close of the compliance period.

(E) Exceptions if foreclosure or if no buyer willing to maintain low-income status

(i) In general

The extended use period for any building shall terminate -

(I) on the date the building is acquired by foreclosure (or instrument in lieu of foreclosure) unless the Secretary determines that such acquisition is part of an arrangement with the taxpayer a purpose of which is to terminate such period, or

(II) on the last day of the period specified in subparagraph (I) if the housing credit agency is unable to present during such period a qualified contract for the acquisition of the low-income portion of the building by

any person who will continue to operate such portion as a qualified low-income building.

Subclause (II) shall not apply to the extent more stringent requirements are provided in the agreement or in State law.

(ii) Eviction, etc. of existing low-income tenants not permitted

The termination of an extended use period under clause (i) shall not be construed to permit before the close of the 3-year period following such termination -

(I) the eviction or the termination of tenancy (other than for good cause) of an existing tenant of any low-income unit, or

(II) any increase in the gross rent with respect to such unit not otherwise permitted under this section.

(F) Qualified contract

For purposes of subparagraph (E), the term "qualified contract" means a bona fide contract to acquire (within a reasonable period after the contract is entered into) the nonlow-income portion of the building for fair market value and the low-income portion of the building for an amount not less than the applicable fraction (specified in the extended low-income housing commitment) of -

(i) the sum of -

(I) the outstanding indebtedness secured by, or with respect to, the building,

(II) the adjusted investor equity in the building, plus

(III) other capital contributions not reflected in the amounts described in subclause (I) or (II), reduced by

(ii) cash distributions from (or available for distribution from) the project.

The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this paragraph, including regulations to prevent the manipulation of the amount determined under the preceding sentence.

(G) Adjusted investor equity

(i) In general

For purposes of subparagraph (E), the term "adjusted investor equity" means, with respect to any calendar year, the aggregate amount of cash taxpayers invested with respect to the project increased by the amount equal to -

(I) such amount, multiplied by

(II) the cost-of-living adjustment for such calendar year, determined under section 1(f)(3) by substituting the base calendar year for "calendar year 1987".

An amount shall be taken into account as an investment in the project only to the extent there was an obligation to invest such amount as of the beginning of the credit period and to the extent such amount is reflected in the adjusted basis of the project.

(ii) Cost-of-living increases in excess of 5 percent not taken into account

Under regulations prescribed by the Secretary, if the CPI for any calendar year (as defined in section 1(f)(4)) exceeds the CPI for the preceding calendar year by more than 5 percent, the CPI for the base calendar year shall be increased such that such excess shall never be taken into account under clause (i).

(iii) Base calendar year

For purposes of this subparagraph, the term "base calendar year" means the calendar year with or within which the 1st taxable year of the credit period ends.

(H) Low-income portion

For purposes of this paragraph, the low-income portion of a building is the portion of such building equal to the applicable fraction specified in the extended low-income housing commitment for the building.

(I) Period for finding buyer

The period referred to in this subparagraph is the 1-year period beginning on the date (after the 14th year of the compliance period) the taxpayer submits a written request to the housing credit agency to find a person to acquire the taxpayer's interest in the low-income portion of the building.

(J) Effect of noncompliance

If, during a taxable year, there is a determination that an extended low-income housing agreement was not in effect as of the beginning of such year, such determination shall not apply to any period before such year and subparagraph (A) shall be applied without regard to such determination if the failure is corrected within 1 year from the date of the determination.

(K) Projects which consist of more than 1 building

The application of this paragraph to projects which consist of more than 1 building shall be made under regulations prescribed by the Secretary.

(7) Special rules

(A) Building must be located within jurisdiction of credit agency

A housing credit agency may allocate its aggregate housing credit dollar amount only to buildings located in the jurisdiction of the governmental unit of which such agency is a part.

(B) Agency allocations in excess of limit

If the aggregate housing credit dollar amounts allocated by a housing credit agency for any calendar year exceed the portion of the State housing credit ceiling allocated to such agency for such calendar year, the housing credit dollar amounts so allocated shall be reduced (to the extent of such excess) for buildings in the reverse of the order in which the allocations of such amounts were made.

(C) Credit reduced if allocated credit dollar amount is less than credit which would be allowable without regard to placed in service convention, etc.

(i) In general

The amount of the credit determined under this section with respect to any building shall not exceed the clause (ii) percentage of the amount of the credit which would (but for this subparagraph) be determined under this section with respect to such building.

(ii) Determination of percentage

For purposes of clause (i), the clause (ii) percentage with respect to any building is the percentage which -

(I) the housing credit dollar amount allocated to such building bears to

(II) the credit amount determined in accordance with clause (iii).

(iii) Determination of credit amount

The credit amount determined in accordance with this clause is the amount of the credit which would (but for this subparagraph) be determined under this section with respect to the building if -

(I) this section were applied without regard to paragraphs (2)(A) and (3)(B) of subsection (f), and

(II) subsection (f)(3)(A) were applied without regard to "the percentage equal to 2/3 of".

(D) Housing credit agency to specify applicable percentage and maximum qualified basis

In allocating a housing credit dollar amount to any building, the housing credit agency shall specify the applicable percentage and the maximum qualified basis which may be taken into account under this section with respect to such building. The applicable percentage and maximum qualified basis so specified shall not exceed the applicable percentage and qualified basis determined under this section without regard to this subsection.

(8) Other definitions

For purposes of this subsection -

(A) Housing credit agency

The term "housing credit agency" means any agency authorized to carry out this subsection.

(B) Possessions treated as States

The term "State" includes a possession of the United States.

(i) Definitions and special rules

For purposes of this section -

(1) Compliance period

The term "compliance period" means, with respect to any building, the period of 15 taxable years beginning with the 1st taxable year of the credit period with respect thereto.

(2) Determination of whether building is federally subsidized

(A) In general

Except as otherwise provided in this paragraph, for purposes of subsection (b)(1), a new building shall be treated as federally subsidized for any taxable year if, at any time during such taxable year or any prior taxable year, there is or was outstanding any obligation the interest on which is exempt from tax under section 103 the proceeds of which (4) are or were used (directly or indirectly) with respect to such building or the operation thereof.

(B) Election to reduce eligible basis by proceeds of obligations

A tax-exempt obligation shall not be taken into account under subparagraph (A) if the taxpayer elects to exclude from the eligible basis of the building for purposes of subsection (d) the proceeds of such obligation.

(C) Special rule for subsidized construction financing

Subparagraph (A) shall not apply to any tax-exempt obligation used to provide construction financing for any building if -

(i) such obligation (when issued) identified the building for which the proceeds of such obligation would be used, and

(ii) such obligation is redeemed before such building is placed in service.

(3) Low-income unit

(A) In general

The term "low-income unit" means any unit in a building if -

(i) such unit is rent-restricted (as defined in subsection (g)(2)), and

(ii) the individuals occupying such unit meet the income limitation applicable under subsection (g)(1) to the project of which such building is a part.

(B) Exceptions

(i) In general

A unit shall not be treated as a low-income unit unless the unit is suitable for occupancy and used other than on a transient basis.

(ii) Suitability for occupancy

For purposes of clause (i), the suitability of a unit for occupancy shall be determined under regulations prescribed by the Secretary taking into account local health, safety, and building codes.

(iii) Transitional housing for homeless

For purposes of clause (i), a unit shall be considered to be used other than on a transient basis if the unit contains sleeping accommodations and kitchen and bathroom facilities and is located in a building -

(I) which is used exclusively to facilitate the transition of homeless individuals (within the meaning of section 103 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302), as in effect on the date of the enactment of this clause) to independent living within 24 months, and

(II) in which a governmental entity or qualified nonprofit organization (as defined in subsection (h)(5)) provides such individuals with temporary housing and supportive services designed to assist such individuals in locating and retaining permanent housing.

(iv) Single-room occupancy units

For purposes of clause (i), a single-room occupancy unit shall not be treated as used on a transient basis merely because it is rented on a month-by-month basis.

(C) Special rule for buildings having 4 or fewer units

In the case of any building which has 4 or fewer residential rental units, no unit in such building shall be treated as a low-income unit if the units in such building are owned by - (i) any individual who occupies a residential unit in such building, or

(ii) any person who is related (as defined in subsection (d)(2)(D)(iii)) to such individual.

(D) Certain students not to disqualify unit

A unit shall not fail to be treated as a low-income unit merely because it is occupied -

(i) by an individual who is -

(I) a student and receiving assistance under title IV of the Social Security Act,

(II) a student who was previously under the care and placement responsibility of the State agency responsible for administering a plan under part B or part E of title IV of the Social Security Act, or

(III) enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State, or local laws, or

(ii) entirely by full-time students if such students are -

(I) single parents and their children and such parents are not dependents (as defined in section 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof) of another individual and such children are not dependents (as so defined) of another individual other than a parent of such children, or.(5)

(II) married and file a joint return.

(E) Owner-occupied buildings having 4 or fewer units eligible for credit where development plan

(i) In general

Subparagraph (C) shall not apply to the acquisition or rehabilitation of a building pursuant to a development plan of action sponsored by a State or local government or a qualified nonprofit organization (as defined in subsection (h)(5)(C)).

(ii) Limitation on credit

In the case of a building to which clause (i) applies, the applicable fraction shall not exceed 80 percent of the unit fraction.

(iii) Certain unrented units treated as owner-occupied

In the case of a building to which clause (i) applies, any unit which is not rented for 90 days or more shall be treated as occupied by the owner of the building as of the 1st day it is not rented.

(4) New building

The term "new building" means a building the original use of which begins with the taxpayer.

(5) Existing building

The term "existing building" means any building which is not a new building.

(6) Application to estates and trusts

In the case of an estate or trust, the amount of the credit determined under subsection (a) and any increase in tax under subsection (j) shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each.

(7) Impact of tenant's right of 1st refusal to acquire property

(A) In general

No Federal income tax benefit shall fail to be allowable to the taxpayer with respect to any qualified low-income building merely by reason of a right of 1st refusal held by the tenants (in cooperative form or otherwise) or resident management corporation of such building or by a qualified nonprofit organization (as defined in subsection (h)(5)(C)) or government agency to purchase the property after the close of the compliance period for a price which is not less than the minimum purchase price determined under subparagraph (B).

(B) Minimum purchase price

For purposes of subparagraph (A), the minimum purchase price under this subparagraph is an amount equal to the sum of -

(i) the principal amount of outstanding indebtedness secured by the building (other than indebtedness incurred within the 5-year period ending on the date of the sale to the tenants), and

(ii) all Federal, State, and local taxes attributable to such sale.

Except in the case of Federal income taxes, there shall not be taken into account under clause (ii) any additional tax attributable to the application of clause (ii).

(8) Treatment of rural projects

For purposes of this section, in the case of any project for residential rental property located in a rural area (as defined in section 520 of the Housing Act of 1949), any income limitation measured by reference to area median gross income shall be measured by reference to the greater of area median gross income or national non-metropolitan median income. The preceding sentence shall not apply with respect to any building if paragraph (1) of section 42(h) does not apply by reason of paragraph (4) thereof to any portion of the credit determined under this section with respect to such building.

(9) Coordination with low-income housing grants

(A) Reduction in State housing credit ceiling for low-income housing grants received in 2009

For purposes of this section, the amounts described in clauses (i) through (iv) of subsection (h)(3)(C) with respect to any State for 2009 shall each be reduced by so much of such amount as is taken into account in determining the amount of any grant to such State under section 1602 of the American Recovery and Reinvestment Tax Act of 2009.

(B) Special rule for basis

Basis of a qualified low-income building shall not be reduced by the amount of any grant described in subparagraph (A).

(j) Recapture of credit

(1) In general

If -

(A) as of the close of any taxable year in the compliance period, the amount of the qualified basis of any building with respect to the taxpayer is less than

(B) the amount of such basis as of the close of the preceding taxable year,

then the taxpayer's tax under this chapter for the taxable year shall be increased by the credit recapture amount.

(2) Credit recapture amount

For purposes of paragraph (1), the credit recapture amount is an amount equal to the sum of -

(A) the aggregate decrease in the credits allowed to the taxpayer under section 38 for all prior taxable years which would have resulted if the accelerated portion of the credit allowable by reason of this section were not allowed for all prior taxable years with respect to the excess of the amount described in paragraph (1)(B) over the amount described in paragraph (1)(A), plus

(B) interest at the overpayment rate established under section 6621 on the amount determined under subparagraph (A) for each prior taxable year for the period beginning on the due date for filing the return for the prior taxable year involved.

No deduction shall be allowed under this chapter for interest described in subparagraph (B).

(3) Accelerated portion of credit

For purposes of paragraph (2), the accelerated portion of the credit for the prior taxable years with respect to any amount of basis is the excess of -

(A) the aggregate credit allowed by reason of this section (without regard to this subsection) for such years with respect to such basis, over

(B) the aggregate credit which would be allowable by reason of this section for such years with respect to such basis if the aggregate credit which would (but for this subsection) have been allowable for the entire compliance period were allowable ratably over 15 years.

(4) Special rules

(A) Tax benefit rule

The tax for the taxable year shall be increased under paragraph (1) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards and carrybacks under section 39 shall be appropriately adjusted.

(B) Only basis for which credit allowed taken into account

Qualified basis shall be taken into account under paragraph (1)(B) only to the extent such basis was taken into account in determining the credit under subsection (a) for the preceding taxable year referred to in such paragraph.

(C) No recapture of additional credit allowable by reason of subsection (f)(3)

Paragraph (1) shall apply to a decrease in qualified basis only to the extent such decrease exceeds the amount of qualified basis with respect to which a credit was allowable for the taxable year referred to in paragraph (1)(B) by reason of subsection (f)(3).

(D) No credits against tax

Any increase in tax under this subsection shall not be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under this chapter.

(E) No recapture by reason of casualty loss

The increase in tax under this subsection shall not apply to a reduction in qualified basis by reason of a casualty loss to the extent such loss is restored by reconstruction or replacement within a reasonable period established by the Secretary.

(F) No recapture where de minimis changes in floor space

The Secretary may provide that the increase in tax under this subsection shall not apply with respect to any building if -

(i) such increase results from a de minimis change in the floor space fraction under subsection (c)(1), and

(ii) the building is a qualified low-income building after such change.

(5) Certain partnerships treated as the taxpayer

(A) In general

For purposes of applying this subsection to a partnership to which this paragraph applies -

(i) such partnership shall be treated as the taxpayer to which the credit allowable under subsection (a) was allowed, (ii) the amount of such credit allowed shall be treated as

the amount which would have been allowed to the partnership were such credit allowable to such partnership,

(iii) paragraph (4)(A) shall not apply, and

(iv) the amount of the increase in tax under this

subsection for any taxable year shall be allocated among the partners of such partnership in the same manner as such partnership's taxable income for such year is allocated among such partners.

(B) Partnerships to which paragraph applies

This paragraph shall apply to any partnership which has 35 or more partners unless the partnership elects not to have this paragraph apply.

(C) Special rules

(i) Husband and wife treated as 1 partner

For purposes of subparagraph (B)(i), a husband and wife (and their estates) shall be treated as 1 partner.

(ii) Election irrevocable

Any election under subparagraph (B), once made, shall be irrevocable.

(6) No recapture on disposition of building which continues in qualified use

(A) In general

The increase in tax under this subsection shall not apply solely by reason of the disposition of a building (or an interest therein) if it is reasonably expected that such building will continue to be operated as a qualified low-income building for the remaining compliance period with respect to such building.

(B) Statute of limitations

If a building (or an interest therein) is disposed of during any taxable year and there is any reduction in the qualified basis of such building which results in an increase in tax under this subsection for such taxable or any subsequent taxable year, then -

(i) the statutory period for the assessment of any deficiency with respect to such increase in tax shall not expire before the expiration of 3 years from the date the Secretary is notified by the taxpayer (in such manner as the Secretary may prescribe) of such reduction in qualified basis, and

(ii) such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.

(k) Application of at-risk rules For purposes of this section - (1) In general

Except as otherwise provided in this subsection, rules similar to the rules of section 49(a)(1) (other than subparagraphs (D)(ii)(II) and (D)(iv)(I) thereof), section 49(a)(2), and section 49(b)(1) shall apply in determining the qualified basis of any building in the same manner as such sections apply in determining the credit base of property.

(2) Special rules for determining qualified person

For purposes of paragraph (1) -

(A) In general

If the requirements of subparagraphs (B), (C), and (D) are met with respect to any financing borrowed from a qualified nonprofit organization (as defined in subsection (h)(5)), the determination of whether such financing is qualified commercial financing with respect to any qualified low-income building

shall be made without regard to whether such organization -

(i) is actively and regularly engaged in the business of lending money, or

(ii) is a person described in section 49(a)(1)(D)(iv)(II).

(B) Financing secured by property

The requirements of this subparagraph are met with respect to any financing if such financing is secured by the qualified low-income building, except that this subparagraph shall not apply in the case of a federally assisted building described in subsection (d)(6)(B) if -

(i) a security interest in such building is not permitted by a Federal agency holding or insuring the mortgage secured by such building, and

(ii) the proceeds from the financing (if any) are applied to acquire or improve such building.(6)

(C) Portion of building attributable to financing

The requirements of this subparagraph are met with respect to any financing for any taxable year in the compliance period if, as of the close of such taxable year, not more than 60 percent of the eligible basis of the qualified low-income building is attributable to such financing (reduced by the principal and interest of any governmental financing which is part of a wrap-around mortgage involving such financing).

(D) Repayment of principal and interest

The requirements of this subparagraph are met with respect to any financing if such financing is fully repaid on or before the earliest of -

(i) the date on which such financing matures,

(ii) the 90th day after the close of the compliance period with respect to the qualified low-income building, or

(iii) the date of its refinancing or the sale of the building to which such financing relates.

In the case of a qualified nonprofit organization which is not described in section 49(a)(1)(D)(iv)(II) with respect to a building, clause (ii) of this subparagraph shall be applied as if the date described therein were the 90th day after the earlier of the date the building ceases to be a qualified low-income building or the date which is 15 years after the close of a compliance period with respect thereto.

(3) Present value of financing

If the rate of interest on any financing described in paragraph (2)(A) is less than the rate which is 1 percentage point below the applicable Federal rate as of the time such financing is incurred, then the qualified basis (to which such financing relates) of the qualified low-income building shall be the present value of the amount of such financing, using as the discount rate such applicable Federal rate. For purposes of the preceding sentence, the rate of interest on any financing shall be determined by treating interest to the extent of government subsidies as not payable.

(4) Failure to fully repay

(A) In general

To the extent that the requirements of paragraph (2)(D) are not met, then the taxpayer's tax under this chapter for the taxable year in which such failure occurs shall be increased by

an amount equal to the applicable portion of the credit under this section with respect to such building, increased by an amount of interest for the period -

(i) beginning with the due date for the filing of the return of tax imposed by chapter 1 for the 1st taxable year for which such credit was allowable, and

(ii) ending with the due date for the taxable year in which such failure occurs,

determined by using the underpayment rate and method under section 6621.

(B) Applicable portion

For purposes of subparagraph (A), the term "applicable portion" means the aggregate decrease in the credits allowed to a taxpayer under section 38 for all prior taxable years which would have resulted if the eligible basis of the building were reduced by the amount of financing which does not meet requirements of paragraph (2)(D).

(C) Certain rules to apply

Rules similar to the rules of subparagraphs (A) and (D) of subsection (j)(4) shall apply for purposes of this subsection.

(l) Certifications and other reports to Secretary

(1) Certification with respect to 1st year of credit period

Following the close of the 1st taxable year in the credit period with respect to any qualified low-income building, the taxpayer shall certify to the Secretary (at such time and in such form and in such manner as the Secretary prescribes) -

(A) the taxable year, and calendar year, in which such building was placed in service,

(B) the adjusted basis and eligible basis of such building as of the close of the 1st year of the credit period,

(C) the maximum applicable percentage and qualified basis permitted to be taken into account by the appropriate housing credit agency under subsection (h),

(D) the election made under subsection (g) with respect to the qualified low-income housing project of which such building is a part, and

(E) such other information as the Secretary may require.

In the case of a failure to make the certification required by the preceding sentence on the date prescribed therefor, unless it is shown that such failure is due to reasonable cause and not to willful neglect, no credit shall be allowable by reason of subsection (a) with respect to such building for any taxable year ending before such certification is made.

(2) Annual reports to the Secretary

The Secretary may require taxpayers to submit an information return (at such time and in such form and manner as the Secretary prescribes) for each taxable year setting forth -

(A) the qualified basis for the taxable year of each qualified low-income building of the taxpayer,

(B) the information described in paragraph (1)(C) for the taxable year, and

(C) such other information as the Secretary may require. The penalty under section 6652(j) shall apply to any failure to submit the return required by the Secretary under the preceding sentence on the date prescribed therefor.

(3) Annual reports from housing credit agencies

Each agency which allocates any housing credit amount to any building for any calendar year shall submit to the Secretary (at such time and in such manner as the Secretary shall prescribe) an annual report specifying -

(A) the amount of housing credit amount allocated to each building for such year,

(B) sufficient information to identify each such building and the taxpayer with respect thereto, and

(C) such other information as the Secretary may require. The penalty under section 6652(j) shall apply to any failure to submit the report required by the preceding sentence on the date prescribed therefor.

(m) Responsibilities of housing credit agencies

(1) Plans for allocation of credit among projects

(A) In general

Notwithstanding any other provision of this section, the housing credit dollar amount with respect to any building shall be zero unless -

(i) such amount was allocated pursuant to a qualified allocation plan of the housing credit agency which is approved by the governmental unit (in accordance with rules similar to the rules of section 147(f)(2) (other than subparagraph (B)(ii) thereof)) of which such agency is a part,

(ii) such agency notifies the chief executive officer (or the equivalent) of the local jurisdiction within which the building is located of such project and provides such individual a reasonable opportunity to comment on the project,

(iii) a comprehensive market study of the housing needs of low-income individuals in the area to be served by the project is conducted before the credit allocation is made and at the developer's expense by a disinterested party who is approved by such agency, and

(iv) a written explanation is available to the general public for any allocation of a housing credit dollar amount which is not made in accordance with established priorities and selection criteria of the housing credit agency.

(B) Qualified allocation plan

For purposes of this paragraph, the term "qualified allocation plan" means any plan -

(i) which sets forth selection criteria to be used to determine housing priorities of the housing credit agency which are appropriate to local conditions,

(ii) which also gives preference in allocating housing credit dollar amounts among selected projects to -

(I) projects serving the lowest income tenants,

(II) projects obligated to serve qualified tenants for the longest periods, and

(III) projects which are located in qualified census tracts (as defined in subsection (d)(5)(C)) and the development of which contributes to a concerted community

revitalization plan, and

(iii) which provides a procedure that the agency (or an agent or other private contractor of such agency) will follow in monitoring for noncompliance with the provisions of this section and in notifying the Internal Revenue Service of such noncompliance which such agency becomes aware of and in

monitoring for noncompliance with habitability standards through regular site visits.

(C) Certain selection criteria must be used

The selection criteria set forth in a qualified allocation plan must include

(i) project location,

(ii) housing needs characteristics,

(iii) project characteristics, including whether the project includes the use of existing housing as part of a community revitalization plan,

(iv) sponsor characteristics,

(v) tenant populations with special housing needs,

(vi) public housing waiting lists,

(vii) tenant populations of individuals with children,

(viii) projects intended for eventual tenant ownership,

(ix) the energy efficiency of the project, and

(x) the historic nature of the project.

(D) Application to bond financed projects

Subsection (h)(4) shall not apply to any project unless the project satisfies the requirements for allocation of a housing credit dollar amount under the qualified allocation plan applicable to the area in which the project is located.

(2) Credit allocated to building not to exceed amount necessary to assure project feasibility

(A) In general

The housing credit dollar amount allocated to a project shall not exceed the amount the housing credit agency determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period.

(B) Agency evaluation

In making the determination under subparagraph (A), the housing credit agency shall consider -

(i) the sources and uses of funds and the total financing planned for the project,

(ii) any proceeds or receipts expected to be generated by reason of tax benefits,

(iii) the percentage of the housing credit dollar amount used for project costs other than the cost of intermediaries, and

(iv) the reasonableness of the developmental and operational costs of the project.

Clause (iii) shall not be applied so as to impede the development of projects in hard-to-develop areas. Such a determination shall not be construed to be a representation or warranty as to the feasibility or viability of the project.

(C) Determination made when credit amount applied for and when building placed in service

(i) In general

A determination under subparagraph (A) shall be made as of each of the following times:

(I) The application for the housing credit dollar amount.

(II) The allocation of the housing credit dollar amount.

(III) The date the building is placed in service.

(ii) Certification as to amount of other subsidies

Prior to each determination under clause (i), the taxpayer shall certify to the housing credit agency the full extent of

all Federal, State, and local subsidies which apply (or which the taxpayer expects to apply) with respect to the building.

(D) Application to bond financed projects

Subsection (h)(4) shall not apply to any project unless the governmental unit which issued the bonds (or on behalf of which the bonds were issued) makes a determination under rules similar to the rules of subparagraphs (A) and (B).

(n) Regulations

The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations -

(1) dealing with -

(A) projects which include more than 1 building or only a portion of a building,

(B) buildings which are placed in service in portions,

(2) providing for the application of this section to short taxable years,

(3) preventing the avoidance of the rules of this section, and

(4) providing the opportunity for housing credit agencies to correct administrative errors and omissions with respect to allocations and record keeping within a reasonable period after their discovery, taking into account the availability of regulations and other administrative guidance from the Secretary.

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance
Authority

SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK
FOR PUERTO RICO

ANNEX B

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

ANNEX B: INTENTIONALLY LEFT BLANK

COMMONWEALTH OF
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Puerto Rico Housing Finance Authority
SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO

ANNEX C

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

ANNEX C: INCOME AND RENT LIMITS 2015

PUERTO RICO HOUSING FINANCE AUTHORITY — Effective Date: 6-Mar-15
LOW INCOME HOUSING TAX CREDIT PROGRAM
Rent Restrictions

Region *		Studios	I Br	2 Brs	3 Brs	4 Brs
Aguadilla-Isabela-San Sebastían						
50% of Median Income	Rent	$ 235	$ 251	$ 302	$ 348	$ 388
60% of Median Income	Rent	$ 282	$ 302	$ 363	$ 418	$ 466
Arecibo						
50% of Median Income	Rent	$ 246	$ 263	$ 316	$ 365	$ 407
60% of Median Income	Rent	$ 295	$ 316	$ 379	$ 438	$ 489
Barranquitas-Aibonito-Quebradillas						
50% of Median Income	Rent	$ 218	$ 234	$ 281	$ 325	$ 362
60% of Median Income	Rent	$ 262	$ 281	$ 337	$ 390	$ 435
Caguas						
50% of Median Income	Rent	$ 281	$ 301	$ 361	$ 417	$ 466
60% of Median Income	Rent	$ 337	$ 361	$ 433	$ 501	$ 559
Fajardo						
50% of Median Income	Rent	$ 278	$ 298	$ 358	$ 413	$ 461
60% of Median Income	Rent	$ 334	$ 358	$ 430	$ 496	$ 553
Guayama						
50% of Median Income	Rent	$ 273	$ 293	$ 351	$ 405	$ 452
60% of Median Income	Rent	$ 328	$ 351	$ 421	$ 486	$ 543
Mayagüez						
50% of Median Income	Rent	$ 242	$ 260	$ 312	$ 360	$ 402
60% of Median Income	Rent	$ 291	$ 312	$ 375	$ 432	$ 483
Ponce						
50% of Median Income	Rent	$ 258	$ 276	$ 332	$ 383	$ 428
60% of Median Income	Rent	$ 310	$ 332	$ 399	$ 460	$ 514
San Germán-Cabo Rojo						
50% of Median Income	Rent	$ 217	$ 233	$ 280	$ 322	$ 360
60% of Median Income	Rent	$ 261	$ 279	$ 336	$ 387	$ 432
San Juan-Guaynabo						
50% of Median Income	Rent	$ 306	$ 328	$ 393	$ 455	$ 507
60% of Median Income	Rent	$ 367	$ 393	$ 472	$ 546	$ 609
Yauco						
50% of Median Income	Rent	$ 213	$ 229	$ 275	$ 317	$ 355
60% of Median Income	Rent	$ 256	$ 275	$ 330	$ 381	$ 426
All Other						
50% of Median Income	Rent	$ 207	$ 221	$ 266	$ 306	$ 342
60% of Median Income	Rent	$ 249	$ 266	$ 319	$ 368	$ 411

* See page 3 for the list of Municipalities within each region.

ANNEX C: INCOME AND RENT LIMITS 2015

PUERTO RICO HOUSING FINANCE AUTHORITY — Effective Date: 6-Mar-15

LOW INCOME HOUSING TAX CREDIT PROGRAM

Income Limits

Persons per Family Region *		1	2	3	4	5
Aguadilla-Isabela-San Sebastían						
50% of Median Income	Income	$ 9,400	$ 10,750	$ 12,100	$ 13,400	$ 14,500
60% of Median Income	Income	$ 11,280	$ 12,900	$ 14,520	$ 16,080	$ 17,400
Arecibo						
50% of Median Income	Income	$ 9,850	$ 11,250	$ 12,650	$ 14,050	$ 15,200
60% of Median Income	Income	$ 11,820	$ 13,500	$ 15,180	$ 16,860	$ 18,240
Barranquitas-Aibonito-Quebradillas						
50% of Median Income	Income	$ 8,750	$ 10,000	$ 11,250	$ 12,500	$ 13,500
60% of Median Income	Income	$ 10,500	$ 12,000	$ 13,500	$ 15,000	$ 16,200
Caguas						
50% of Median Income	Income	$ 11,250	$ 12,850	$ 14,450	$ 16,050	$ 17,350
60% of Median Income	Income	$ 13,500	$ 15,420	$ 17,340	$ 19,260	$ 20,820
Fajardo						
50% of Median Income	Income	$ 11,150	$ 12,750	$ 14,350	$ 15,900	$ 17,200
60% of Median Income	Income	$ 13,380	$ 15,300	$ 17,220	$ 19,080	$ 20,640
Guayama						
50% of Median Income	Income	$ 10,950	$ 12,500	$ 14,050	$ 15,600	$ 16,850
60% of Median Income	Income	$ 13,140	$ 15,000	$ 16,860	$ 18,720	$ 20,220
Mayagüez						
50% of Median Income	Income	$ 9,700	$ 11,100	$ 12,500	$ 13,850	$ 15,000
60% of Median Income	Income	$ 11,640	$ 13,320	$ 15,000	$ 16,620	$ 18,000
Ponce						
50% of Median Income	Income	$ 10,350	$ 11,800	$ 13,300	$ 14,750	$ 15,950
60% of Median Income	Income	$ 12,420	$ 14,160	$ 15,960	$ 17,700	$ 19,140
San Germán-Cabo Rojo						
50% of Median Income	Income	$ 8,700	$ 9,950	$ 11,200	$ 12,400	$ 13,400
60% of Median Income	Income	$ 10,440	$ 11,940	$ 13,440	$ 14,880	$ 16,080
San Juan-Guaynabo						
50% of Median Income	Income	$ 12,250	$ 14,000	$ 15,750	$ 17,500	$ 18,900
60% of Median Income	Income	$ 14,700	$ 16,800	$ 18,900	$ 21,000	$ 22,680
Yauco						
50% of Median Income	Income	$ 8,550	$ 9,800	$ 11,000	$ 12,200	$ 13,200
60% of Median Income	Income	$ 10,260	$ 11,760	$ 13,200	$ 14,640	$ 15,840
All Other						
50% of Median Income	Income	$ 8,300	$ 9,450	$ 10,650	$ 11,800	$ 12,750
60% of Median Income	Income	$ 9,960	$ 11,340	$ 12,780	$ 14,160	$ 15,300

* See page 3 for the list of Municipalities within each region.

ANNEX C: INCOME AND RENT LIMITS 2015

PUERTO RICO HOUSING FINANCE AUTHORITY
LOW INCOME HOUSING TAX CREDIT PROGRAM

Income and Rent Restrictions

Municipalities within Regions

(as defined by HUD)

REGION	MUNICIPALITIES
Aguadilla-Isabela-San Sebastían	Aguada, Aguadilla, Añasco, Isabela, Lares, Moca, Rincón, San Sebastían
Arecibo	Arecibo, Camuy, Hatillo
Barranquitas-Aibonito-Quebradillas	Aibonito, Barranquitas, Ciales, Maunabo, Orocovis, Quebradillas
Caguas	Caguas, Cayey, Cidra, Gurabo, San Lorenzo
Fajardo	Ceiba, Fajardo, Luquillo
Guayama	Arroyo, Guayama, Patillas
Mayagüez	Hormigueros, Mayagüez
Ponce	Juana Díaz, Ponce, Villalba
San Germán-Cabo Rojo	Cabo Rojo, Lajas, Sabana Grande, San Germán
San Juan-Bayamón	Aguas Buenas, Barceloneta, Bayamón, Canóvanas, Carolina, Cataño, Comerio, Corozal, Dorado, Florida, Guaynabo, Humacao, Juncos, Las Piedras, Loiza, Manatí, Morovis, Naguabo, Naranjito, Río Grande, San Juan, Toa Alta, Toa Baja, Trujillo Alto, Vega Alta, Vega Baja, Yabucoa
Yauco	Guánica, Guayanilla, Peñuelas, Yauco
All Other (Nonmetropolitan Area)	Adjuntas, Coamo, Culebra, Jayuya, Las Marías, Maricao, Salinas, Santa Isabel, Utuado, Vieques

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance Authority

SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO

ANNEX D

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

SCHEDULE D—FY 2015 EXCEPTION FAIR MARKET RENTS FOR MANUFACTURED HOME SPACES IN THE SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

State	Area name	Space rent
California	Los Angeles-Long Beach, CA HUD Metro FMR Area	$694
	Orange County, CA HUD Metro FMR Area	842
	*Riverside-San Bernardino-Ontario, CA MSA	549
	San Diego-Carlsbad-San Marcos, CA MSA	839
	Santa Rosa-Petaluma, CA MSA	773
	Vallejo-Fairfield, CA MSA	622
Colorado	Boulder, CO MSA	512
Maryland	St. Mary's County	518
Oregon	Bend, OR MSA	361
	Salem, OR MSA	523
Pennsylvania	Adams County	579
Washington	Olympia, WA MSA	628
	Seattle-Bellevue, WA HUD Metro FMR Area	693
West Virginia	Logan County	469
	McDowell County	469
	Mercer County	469
	Mingo County	469
	Wyoming County	469

*50th percentile FMR areas.

[FR Doc. 2014–23677 Filed 10–2–14; 8:45 am]
BILLING CODE 4210–67–C

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–5815–N–01]

Statutorily Mandated Designation of Difficult Development Areas and Qualified Census Tracts for 2015

AGENCY: Office of the Assistant Secretary for Policy Development and Research, HUD.

ACTION: Notice.

SUMMARY: This document designates "Difficult Development Areas" (DDAs) and "Qualified Census Tracts" (QCTs) for purposes of the Low-Income Housing Tax Credit (LIHTC) under Internal Revenue Code (IRC) Section 42 (26 U.S.C. 42). The United States Department of Housing and Urban Development (HUD) makes new DDA designations annually and is making new designation of QCTs at this time to incorporate more recent income and poverty measures. As previously announced, the 2015 metropolitan DDA designations will be the last designated for entire metropolitan areas. Beginning with the 2016 DDA designations, metropolitan DDAs will use Small Area Fair Market Rents (FMRs), rather than metropolitan-area FMRs, for designating metropolitan DDAs.

FOR FURTHER INFORMATION CONTACT: For questions on how areas are designated and on geographic definitions, contact Michael K. Hollar, Senior Economist, Economic Development and Public Finance Division, Office of Policy Development and Research, Department of Housing and Urban Development, 451 Seventh Street SW., Room 8234, Washington, DC 20410–6000; telephone number (202) 402–5878, or send an email to *Michael.K.Hollar@hud.gov*. For specific legal questions pertaining to Section 42, contact Branch 5, Office of the Associate Chief Counsel, Passthroughs and Special Industries, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC 20224; telephone number (202) 317–4137, fax number (202) 317–6731. For questions about the "HUB Zone" program, contact Mariana Pardo, Director, HUBZone Program, Office of Government Contracting and Business Development, U.S. Small Business Administration, 409 Third Street SW., Suite 8800, Washington, DC 20416; telephone number (202) 205–2985, fax number (202) 481–6443, or send an email to *hubzone@sba.gov*. A text telephone is available for persons with hearing or speech impairments at 800–877–8339. (These are not toll-free telephone numbers.) Additional copies of this notice are available through HUD User at 800–245–2691 for a small fee to cover duplication and mailing costs.

Copies Available Electronically: This notice and additional information about DDAs and QCTs are available electronically on the Internet at *http://www.huduser.org/datasets/qct.html*.

SUPPLEMENTARY INFORMATION:

This Document

This notice designates DDAs for each of the 50 states, the District of Columbia, Puerto Rico, American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands. The designations of DDAs in this notice are based on final Fiscal Year (FY) 2014 Fair Market Rents (FMRs), FY2014 income limits, and 2010 Census population counts, as explained below.

This notice also re-designates QCTs based on new income and poverty data released in the American Community Survey (ACS). HUD is establishing a new method which incorporates several years of ACS estimates to ensure that anomalous estimates, due to sampling anomalies, do not affect the QCT eligibility of tracts.

2010 Census and 2006–2010, 2007–2011 and 2008–2012 American Community Survey Data

Data from the 2010 Census on total population of metropolitan areas and nonmetropolitan areas are used in the designation of DDAs. The Office of Management and Budget (OMB) first published new metropolitan area definitions incorporating 2000 Census data in OMB Bulletin No. 03–04 on June 6, 2003, and updated them periodically through OMB Bulletin No. 10–02 on December 1, 2009. FY2014 FMRs and FY2014 income limits used to designate DDAs are based on these metropolitan statistical area (MSA) definitions, with modifications to account for substantial differences in rental housing markets (and, in some cases, median income levels) within MSAs.

Data from the 2010 Census on total population of census tracts, metropolitan areas, and the nonmetropolitan parts of states are used in the designation of QCTs. The FY2012, FY2013 and FY2014 income limits used to designate QCTs are based on these metropolitan statistical area

(MSA) definitions with modifications to account for substantial differences in rental housing markets (and in some cases median income levels) within MSAs. This QCT designation uses the OMB metropolitan area definitions published in OMB Bulletin No. 10–02 on December 1, 2009 without modification for purposes of evaluating how many census tracts can be designated under the population cap, but uses the HUD-modified definitions and their associated area median incomes for determining QCT eligibility.

Because the 2010 Decennial Census did not include questions on respondent household income, HUD uses ACS data to designate QCTs. The ACS tabulates data collected over 5 years to provide estimates of socioeconomic variables for small areas containing fewer than 20,000 persons, like Census Tracts. Although the previous QCT designations relied on one set of estimates, based on 2006–2010 ACS tabulations, HUD noticed anomalies in some estimates when compared to 2007–2011 and 2008–2012 estimates. For this reason, HUD is implementing a new QCT designation method which incorporates several years of ACS data to ensure that anomalous estimates do not affect QCT eligibility.

Background

The U.S. Department of the Treasury (Treasury) and its Internal Revenue Service (IRS) are authorized to interpret and enforce the provisions of the LIHTC found at IRC Section 42. The Secretary of HUD is required to designate DDAs and QCTs by IRC Section 42(d)(5)(B). In order to assist in understanding HUD's mandated designation of DDAs and QCTs for use in administering IRC Section 42, a summary of the section is provided. The following summary does not purport to bind Treasury or the IRS in any way, nor does it purport to bind HUD, since HUD has authority to interpret or administer the IRC only in instances where it receives explicit statutory delegation.

Summary of the Low-Income Housing Tax Credit

The LIHTC is a tax incentive intended to increase the availability of low-income housing. IRC Section 42 provides an income tax credit to owners of newly constructed or substantially rehabilitated low-income rental housing projects. The dollar amount of the LIHTC available for allocation by each state (credit ceiling) is limited by population. Each state is allowed a credit ceiling based on a statutory formula indicated at IRC Section 42(h)(3). States may carry forward unallocated credits derived from the credit ceiling for one year; however, to the extent such unallocated credits are not used by then, the credits go into a national pool to be redistributed to states as additional credit. State and local housing agencies allocate the state's credit ceiling among low-income housing buildings whose owners have applied for the credit. Besides IRC Section 42 credits derived from the credit ceiling, states may also provide IRC Section 42 credits to owners of buildings based on the percentage of certain building costs financed by tax-exempt bond proceeds. Credits provided under the tax-exempt bond "volume cap" do not reduce the credits available from the credit ceiling.

The credits allocated to a building are based on the cost of units placed in service as low-income units under particular minimum occupancy and maximum rent criteria. In general, a building must meet one of two thresholds to be eligible for the LIHTC; either: (1) 20 percent of the units must be rent-restricted and occupied by tenants with incomes no higher than 50 percent of the Area Median Gross Income (AMGI), or (2) 40 percent of the units must be rent-restricted and occupied by tenants with incomes no higher than 60 percent of AMGI. A unit is "rent-restricted" if the gross rent, including an allowance for tenant-paid utilities, does not exceed 30 percent of the imputed income limitation (i.e., 50 percent or 60 percent of AMGI) applicable to that unit. The rent and occupancy thresholds remain in effect for at least 15 years, and building owners are required to enter into agreements to maintain the low-income character of the building for at least an additional 15 years.

The LIHTC reduces income tax liability dollar-for-dollar. It is taken annually for a term of 10 years and is intended to yield a present value of either: (1) 70 percent of the "qualified basis" for new construction or substantial rehabilitation expenditures that are not federally subsidized (as defined in IRC Section 42(i)(2)), or (2) 30 percent of the qualified basis for the cost of acquiring certain existing buildings or projects that are federally subsidized. The actual credit rates are adjusted monthly for projects placed in service after 1987 under procedures specified in IRC Section 42. Individuals can use the credits up to a deduction equivalent of $25,000 (the actual maximum amount of credit that an individual can claim depends on the individual's marginal tax rate). For buildings placed in service after December 31, 2007, individuals can use the credits against the alternative minimum tax. Corporations, other than S or personal service corporations, can use the credits against ordinary income tax, and, for buildings placed in service after December 31, 2007, against the alternative minimum tax. These corporations also can deduct losses from the project.

The qualified basis represents the product of the building's "applicable fraction" and its "eligible basis." The applicable fraction is based on the number of low-income units in the building as a percentage of the total number of units, or based on the floor space of low-income units as a percentage of the total floor space of residential units in the building. The eligible basis is the adjusted basis attributable to acquisition, rehabilitation, or new construction costs (depending on the type of LIHTC involved). These costs include amounts chargeable to a capital account that are incurred prior to the end of the first taxable year in which the qualified low-income building is placed in service or, at the election of the taxpayer, the end of the succeeding taxable year. In the case of buildings located in designated DDAs or designated QCTs, eligible basis can be increased up to 130 percent from what it would otherwise be. This means that the available credits also can be increased by up to 30 percent. For example, if a 70 percent credit is available, it effectively could be increased to as much as 91 percent.

IRC Section 42 defines a DDA as an area designated by the Secretary of HUD that has high construction, land, and utility costs relative to the AMGI. All designated DDAs in metropolitan areas (taken together) may not contain more than 20 percent of the aggregate population of all metropolitan areas, and all designated areas not in metropolitan areas may not contain more than 20 percent of the aggregate population of all nonmetropolitan areas.

IRC Section 42(d)(5)(B)(v) allows states to award an increase in basis up to 30 percent to buildings located outside of federally designated DDAs and QCTs if the increase is necessary to make the building financially feasible. This state discretion applies only to buildings allocated credits under the state housing credit ceiling and is not permitted for buildings receiving credits in connection with tax-exempt bonds. Rules for such designations shall be set forth in the LIHTC-allocating agencies' qualified allocation plans (QAPs).

Explanation of HUD Designation Method

A. 2015 Difficult Development Areas

In developing the list of DDAs, HUD compared housing costs with incomes. HUD used 2010 Census population for metropolitan and nonmetropolitan areas, and the MSA definitions, as published in OMB Bulletin No. 10–02 on December 1, 2009, with modifications, as described below. In keeping with past practice of basing the coming year's DDA designations on data from the preceding year, the basis for these comparisons is the FY2014 HUD income limits for very low-income households (very low-income limits, or VLILs), which are based on 50 percent of AMGI, and metropolitan FMRs based on the Final FY2014 FMRs used for the Housing Choice Voucher (HCV) program.

In formulating the FY2014 FMRs and VLILs, HUD modified the current OMB definitions of MSAs to account for substantial differences in rents among areas within each current MSA that were in different FMR areas under definitions used in prior years. HUD formed these "HUD Metro FMR Areas" (HMFAs) in cases where one or more of the parts of newly defined MSAs that previously were in separate FMR areas had 2000 Census based 40th-percentile recent-mover rents that differed, by 5 percent or more, from the same statistic calculated at the MSA level. In addition, a few HMFAs were formed on the basis of very large differences in AMGIs among the MSA parts. All HMFAs are contained entirely within MSAs. All nonmetropolitan counties are outside of MSAs and are not broken up by HUD for purposes of setting FMRs and VLILs. (Complete details on HUD's process for determining FY2014 FMR areas and FMRs are available at *http://www.huduser.org/portal/datasets/fmr/fmrs/docsys.html&data=fmr14.* Complete details on HUD's process for determining FY2014 income limits are available at *http://www.huduser.org/portal/datasets/il/il14/index.html.*)

HUD's unit of analysis for designating metropolitan DDAs consists of: entire MSAs, in cases where these were not broken up into HMFAs for purposes of computing FMRs and VLILs; and HMFAs within the MSAs that were broken up for such purposes. Hereafter in this notice, the unit of analysis for designating metropolitan DDAs will be called the HMFA, and the unit of analysis for nonmetropolitan DDAs will be the nonmetropolitan county or county equivalent area. The procedure used in making the DDA calculations follows:

1. For each metropolitan HMFA and each nonmetropolitan county, HUD calculated a ratio. HUD used the final FY2014 two-bedroom FMR and the FY2014 four-person VLIL for this calculation.

a. The numerator of the ratio, representing the development cost of housing, was the area's final FY2014 FMR. In general, the FMR is based on the 40th-percentile gross rent paid by recent movers to live in a two-bedroom apartment. In metropolitan areas granted a FMR based on the 50th-percentile rent for purposes of improving the administration of HUD's HCV program (see 78 FR 61668), HUD used the 40th-percentile rent to ensure nationwide consistency of comparisons.

b. The denominator of the ratio, representing the maximum income of eligible tenants, was the monthly LIHTC income-based rent limit, which was calculated as 1/12 of 30 percent of 120 percent of the area's VLIL (where the VLIL was rounded to the nearest $50 and not allowed to exceed 80 percent of the AMGI in areas where the VLIL is adjusted upward from its 50 percent-of-AMGI base).

2. The ratios of the FMR to the LIHTC income-based rent limit were arrayed in descending order, separately, for HMFAs and for nonmetropolitan counties.

3. The DDAs are those with the highest ratios cumulative to 20 percent of the 2010 population of all metropolitan areas and all nonmetropolitan areas.

Application of Population Caps to DDA Determinations

In identifying DDAs, HUD applied caps, or limitations, as noted above. The cumulative population of metropolitan DDAs cannot exceed 20 percent of the cumulative population of all metropolitan areas, and the cumulative population of nonmetropolitan DDAs cannot exceed 20 percent of the cumulative population of all nonmetropolitan areas.

In applying these caps, HUD established procedures to deal with how to treat small overruns of the caps. The remainder of this section explains those procedures. In general, HUD stops selecting areas when it is impossible to choose another area without exceeding the applicable cap. The only exceptions to this policy are when the next eligible excluded area contains either a large absolute population or a large percentage of the total population, or the next excluded area's ranking ratio, as described above, was identical (to four decimal places) to the last area selected, and its inclusion resulted in only a minor overrun of the cap. Thus, for both the designated metropolitan and nonmetropolitan DDAs, there may be minimal overruns of the cap. HUD believes the designation of additional areas in the above examples of minimal overruns is consistent with the intent of the IRC. As long as the apparent excess is small due to measurement errors, some latitude is justifiable, because it is impossible to determine whether the 20 percent cap has been exceeded. Despite the care and effort involved in a Decennial Census, the Census Bureau and all users of the data recognize that the population counts for a given area and for the entire country are not precise. Therefore, the extent of the measurement error is unknown. There can be errors in both the numerator and denominator of the ratio of populations used in applying a 20 percent cap. In circumstances where a strict application of a 20 percent cap results in an anomalous situation, recognition of the unavoidable imprecision in the census data justifies accepting small variances above the 20 percent limit.

B. Qualified Census Tracts

In developing this list of QCTs, HUD used 2010 Census 100-percent count data on total population, total households, and population in households; the median household income and poverty rate as estimated in the 2006–2010, 2007–2011 and 2008–2012 ACS tabulations; the FY2012, FY2013 and FY2014 Very Low-Income Limits (VLILs) computed at the HUD Metropolitan FMR Area (HMFA) level[1] to determine tract eligibility; and the MSA definitions published in OMB Bulletin No. 10–02 on December 1, 2009, for determining how many

[1] FY2012 HUD income limits for very low-income households (very low-income limits, or VLILs) are based on 50 percent of AMGI. In formulating the FY2012 Fair Market Rents (FMRs) and VLILs, HUD modified the current OMB definitions of MSAs to account for substantial differences in rents among areas within each new MSA that were in different FMR areas under definitions used in prior years. HUD formed these "HUD Metro FMR Areas" (HMFAs) in cases where one or more of the parts of newly defined MSAs that previously were in separate FMR areas had 2000 Census based 40th-percentile recent-mover rents that differed, by 5 percent or more, from the same statistic calculated at the MSA level. In addition, a few HMFAs were formed on the basis of very large differences in AMGIs among the MSA parts. All HMFAs are contained entirely within MSAs. All nonmetropolitan counties are outside of MSAs and are not broken up by HUD for purposes of setting FMRs and VLILs. (Complete details on HUD's process for determining FY2012 FMR areas and FMRs are available at *http://www.huduser.org/portal/datasets/fmr/fmrs/docsys.html&data=fmr12.* Complete details on HUD's process for determining FY2012 income limits are available at *http://www.huduser.org/portal/datasets/il/il12/index.html.*)

eligible tracts can be designated under the statutory 20 percent population cap.

HUD uses the HMFA-level AMGIs to determine QCT eligibility because the statute, specifically IRC Section 42(d)(5)(B)(iv)(II), refers to the same section of the IRC that defines income for purposes of tenant eligibility and unit maximum rent, specifically IRC Section 42(g)(4). By rule, the IRS sets these income limits according to HUD's VLILs, which, starting in FY2006 and thereafter, are established at the HMFA level. Similarly, HUD uses the entire MSA to determine how many eligible tracts can be designated under the 20 percent population cap as required by the statute (IRC Section 42(d)(5)(B)(ii)(III)), which states that MSAs should be treated as singular areas. The QCTs were determined as follows:

1. To be eligible to be designated a QCT, a census tract must have 50 percent of its households with incomes below 60 percent of the AMGI or have a poverty rate of 25 percent or more. Due to potential statistical anomalies in the ACS 5-year estimates, one of these conditions must be met in at least 2 of the 3 evaluation years for a tract to be considered eligible for QCT designation. HUD calculates 60 percent of AMGI by multiplying by a factor of 1.2 the HMFA or nonmetropolitan county VLIL adjusted for inflation to match the ACS estimates. For example, the FY2012 VLILs were adjusted for inflation to 2010 dollars. The FY2013 VLILs were adjusted for inflation to 2011 dollars. The FY2014 VLILs were adjusted for inflation to 2012 dollars.

2. For each census tract, whether or not 50 percent of households have incomes below the 60 percent income standard (income criterion) was determined by: (a) Calculating the average household size of the census tract, (b) applying the income standard after adjusting it to match the average household size, and (c) comparing the average-household-size-adjusted income standard to the median household income for the tract reported in each of the three years of ACS tabulations [2] (2006–2010, 2007–2011 and 2008–2012). Since 50 percent of households in a tract have incomes above and below the tract median household income, if the tract median household income is less than the average-household-size-adjusted income standard for the tract, then more than 50 percent of households have incomes below the standard.

3. For each census tract, the poverty rate was determined in each of the three years of ACS tabulations (2006–2010, 2007–2011 and 2008–2012) by dividing the population with incomes below the poverty line by the population for whom poverty status has been determined [3].

4. QCTs are those census tracts in which 50 percent or more of the households meet the income criterion in at least two of the three years evaluated, or 25 percent or more of the population is in poverty in at least two of the three years evaluated, such that the population of all census tracts that satisfy either one or both of these criteria does not exceed 20 percent of the total population of the respective area.

5. In areas where more than 20 percent of the population resides in eligible census tracts, census tracts are designated as QCTs in accordance with the following procedure:

a. The income and poverty criteria are each averaged over the three years of data (2006–2010, 2007–2011 and 2008–2012) if the values exceed the threshold [4]. Values below the threshold are excluded.

b. Eligible tracts are placed in one of two groups based on the averaged values of the income and poverty criteria. The first group includes tracts that satisfy both the income and poverty criteria for QCTs in the same year for at least two of the three evaluation years. The second group includes tracts that satisfy either the income criterion or the poverty criterion in at least two of three years, but not both. A tract must qualify for at least one of the criteria in at least two of the three evaluation years to be eligible, although it does not need to be the same criterion.

c. Tracts in the first group are ranked from highest to lowest by the average of the ratios of the tract average-household-size-adjusted income limit to the median household income. Then, tracts in the first group are ranked from highest to lowest by the average of the poverty rates. The two ranks are averaged to yield a combined rank. The tracts are then sorted on the combined rank, with the census tract with the highest combined rank being placed at the top of the sorted list. In the event of a tie, more populous tracts are ranked above less populous ones.

d. Tracts in the second group are ranked from highest to lowest by the average of the ratios of the tract average-household-size-adjusted income limit to the median household income. Then, tracts in the second group are ranked from highest to lowest by the average of the poverty rates. The two ranks are then averaged to yield a combined rank. The tracts are then sorted on the combined rank, with the census tract with the highest combined rank being placed at the top of the sorted list. In the event of a tie, more populous tracts are ranked above less populous ones.

e. The ranked first group is stacked on top of the ranked second group to yield a single, concatenated, ranked list of eligible census tracts.

f. Working down the single, concatenated, ranked list of eligible tracts, census tracts are identified as designated until the designation of an additional tract would cause the 20 percent limit to be exceeded. If a census tract is not designated because doing so would raise the percentage above 20 percent, subsequent census tracts are then considered to determine if one or more census tract(s) with smaller population(s) could be designated without exceeding the 20 percent limit.

C. Exceptions to OMB Definitions of MSAs and Other Geographic Matters

As stated in OMB Bulletin 10–02, defining metropolitan areas:

"OMB establishes and maintains the definitions of Metropolitan . . . Statistical Areas, . . . solely for statistical purposes. . . . OMB does not take into account or attempt to anticipate any non-statistical uses that may be made of the definitions[.] In cases where . . . an agency elects to use the Metropolitan . . . Area definitions in nonstatistical programs, it is the sponsoring agency's responsibility to ensure that the definitions are appropriate for such use. An agency using the statistical definitions in a nonstatistical program may modify the definitions, but only for the purposes of that program. In such cases, any modifications should be clearly identified as deviations from the OMB statistical area definitions in order to avoid confusion with OMB's official definitions of Metropolitan . . . Statistical Areas."

Following OMB guidance, the estimation procedure for the FY2014 FMRs and income limits incorporates the current OMB definitions of metropolitan areas based on the Core-Based Statistical Area (CBSA) standards,

[2] If the confidence interval around the median household income determined from the margin of error for the estimate as published by Census included $0 in one or more of the ACS tabulations evaluated, HUD determined the tract to be ineligible for evaluation as a QCT under the income criterion due to lack of a reliable income statistic in that ACS tabulation.

[3] If the confidence interval around the estimates of the population for whom poverty status has been determined or the number of persons below poverty included zero persons as determined from the margins of error for the estimates as published by Census in one or more of the ACS tabulations evaluated, HUD determined the tract to be ineligible for evaluation as a QCT under the poverty rate criterion due to lack of reliable poverty statistics in that ACS tabulation.

[4] If a tract exceeded the threshold in only 2 years, only the qualifying two years of data were averaged.

as implemented with 2000 Census data, but makes adjustments to the definitions, in order to separate subparts of these areas in cases where FMRs (and in a few cases, VLILs) would otherwise change significantly if the new area definitions were used without modification. In CBSAs where subareas are established, it is HUD's view that the geographic extent of the housing markets are not yet the same as the geographic extent of the CBSAs, but may approach becoming so as the social and economic integration of the CBSA component areas increases.

The geographic baseline for the FMR and income limit estimation procedure is the CBSA Metropolitan Areas (referred to as Metropolitan Statistical Areas or MSAs) and CBSA Non-Metropolitan Counties (nonmetropolitan counties include the county components of Micropolitan CBSAs where the counties are generally assigned separate FMRs). The HUD-modified CBSA definitions allow for subarea FMRs within MSAs based on the boundaries of "Old FMR Areas" (OFAs) within the boundaries of new MSAs. (OFAs are the FMR areas defined for the FY2005 FMRs. Collectively, they include the June 30, 1999, OMB definitions of MSAs and Primary MSAs (old definition MSAs/PMSAs), metropolitan counties deleted from old definition MSAs/PMSAs by HUD for FMR-setting purposes, and counties and county parts outside of old definition MSAs/PMSAs referred to as nonmetropolitan counties). Subareas of MSAs are assigned their own FMRs and Income Limits when the subarea 2000 Census Base FMR differs significantly from the MSA 2000 Census Base FMR (or, in some cases, where the 2000 Census base AMGI differs significantly from the MSA 2000 Census Base AMGI). MSA subareas, and the remaining portions of MSAs after subareas have been determined, are referred to as "HUD Metro FMR Areas (HMFAs)," to distinguish such areas from OMB's official definition of MSAs.

In the New England states (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont), HMFAs are defined according to county subdivisions or minor civil divisions (MCDs), rather than county boundaries. However, since no part of an HMFA is outside an OMB-defined, county-based MSA, all New England nonmetropolitan counties are kept intact for purposes of designating Nonmetropolitan DDAs.

For the convenience of readers of this notice, the geographical definitions of designated Metropolitan DDAs are included in the list of DDAs.

Future Designations

DDAs are designated annually as updated income and FMR data are made public. As previously announced, beginning with the 2016 metropolitan area designations, HUD will use "Small Area FMRs" (SAFMRs) defined at the ZIP Code level within metropolitan areas as the measure of "construction, land, and utility costs relative to area median gross income" rather than FMRs established for HUD Metropolitan FMR Areas. In general, HUD estimates SAFMRs by multiplying the ratio of ZIP–Code area to metropolitan-area median gross rent by the metropolitan-area FMRs (a complete description of how SAFMRs are estimated is available at: *http://www.huduser.org/portal/datasets/fmr/fmr2013f/FY13_SAFMR_Notice.pdf.*

QCTs are designated periodically as new data become available, or as metropolitan area definitions change. QCTs are being updated at this time to incorporate two additional releases of data since the 2013 QCT designations, which were based on 2006–2010 ACS estimates, were announced. The two subsequent releases of the ACS, the 2007–2011 estimates released in December of 2012, and the 2008–2012 estimates released in December 2013, indicate that the 2006–2010 poverty rate estimates for certain tracts were anomalous and not an accurate reflection of the true poverty rate in the tract. In order to avoid basing QCT designations on a single estimate which may be an anomaly due to sampling error rather than an accurate reflection of local conditions, HUD is adopting the method described in this notice incorporating three years of estimates.

Effective Date

The 2015 lists of DDAs are effective:

(1) For allocations of credit after December 31, 2014; or

(2) for purposes of IRC Section 42(h)(4), if the bonds are issued and the building is placed in service after December 31, 2014.

If an area is not on a subsequent list of DDAs, the 2015 lists are effective for the area if:

(1) The allocation of credit to an applicant is made no later than the end of the 365-day period after the applicant submits a complete application to the LIHTC-allocating agency, and the submission is made before the effective date of the subsequent lists; or

(2) for purposes of IRC Section 42(h)(4), if:

(a) The bonds are issued or the building is placed in service no later than the end of the 365-day period after the applicant submits a complete application to the bond-issuing agency, and

(b) the submission is made before the effective date of the subsequent lists, provided that both the issuance of the bonds and the placement in service of the building occur after the application is submitted.

An application is deemed to be submitted on the date it is filed if the application is determined to be complete by the credit-allocating or bond-issuing agency. A "complete application" means that no more than de minimis clarification of the application is required for the agency to make a decision about the allocation of tax credits or issuance of bonds requested in the application.

In the case of a "multiphase project," the DDA or QCT status of the site of the project that applies for all phases of the project is that which applied when the project received its first allocation of LIHTC. For purposes of IRC Section 42(h)(4), the DDA or QCT status of the site of the project that applies for all phases of the project is that which applied when the first of the following occurred: (a) The building(s) in the first phase were placed in service, or (b) the bonds were issued.

For purposes of this notice, a "multiphase project" is defined as a set of buildings to be constructed or rehabilitated under the rules of the LIHTC and meeting the following criteria:

(1) The multiphase composition of the project (i.e., total number of buildings and phases in project, with a description of how many buildings are to be built in each phase and when each phase is to be completed, and any other information required by the agency) is made known by the applicant in the first application of credit for any building in the project, and that applicant identifies the buildings in the project for which credit is (or will be) sought;

(2) The aggregate amount of LIHTC applied for on behalf of, or that would eventually be allocated to, the buildings on the site exceeds the one-year limitation on credits per applicant, as defined in the Qualified Allocation Plan (QAP) of the LIHTC-allocating agency, or the annual per-capita credit authority of the LIHTC allocating agency, and is the reason the applicant must request multiple allocations over 2 or more years; and

(3) All applications for LIHTC for buildings on the site are made in immediately consecutive years.

Members of the public are hereby reminded that the Secretary of Housing

and Urban Development, or the Secretary's designee, has legal authority to designate DDAs and QCTs, by publishing lists of geographic entities as defined by, in the case of DDAs, the Census Bureau, the several states and the governments of the insular areas of the United States and, in the case of QCTs, by the Census Bureau; and to establish the effective dates of such lists. The Secretary of the Treasury, through the IRS thereof, has sole legal authority to interpret, and to determine and enforce compliance with the IRC and associated regulations, including **Federal Register** notices published by HUD for purposes of designating DDAs and QCTs. Representations made by any other entity as to the content of HUD notices designating DDAs and QCTs that do not precisely match the language published by HUD should not be relied upon by taxpayers in determining what actions are necessary to comply with HUD notices.

Interpretive Examples of Effective Date

For the convenience of readers of this notice, interpretive examples are provided below to illustrate the consequences of the effective date in areas that gain or lose DDA status. The examples covering DDAs are equally applicable to QCT designations.

(Case A) Project A is located in a 2015 DDA that is NOT a designated DDA in 2016. A complete application for tax credits for Project A is filed with the allocating agency on November 15, 2015. Credits are allocated to Project A on October 30, 2016. Project A is eligible for the increase in basis accorded a project in a 2015 DDA because the application was filed BEFORE January 1, 2016 (the assumed effective date for the 2016 DDA lists), and because tax credits were allocated no later than the end of the 365-day period after the filing of the complete application for an allocation of tax credits.

(Case B) Project B is located in a 2015 DDA that is NOT a designated DDA in 2016 or 2017. A complete application for tax credits for Project B is filed with the allocating agency on December 1, 2015. Credits are allocated to Project B on March 30, 2017. Project B is NOT eligible for the increase in basis accorded a project in a 2015 DDA because, although the application for an allocation of tax credits was filed BEFORE January 1, 2016 (the assumed effective date of the 2016 DDA lists), the tax credits were allocated later than the end of the 365-day period after the filing of the complete application.

(Case C) Project C is located in a 2015 DDA that was not a DDA in 2014. Project C was placed in service on November 15, 2014. A complete application for tax-exempt bond financing for Project C is filed with the bond-issuing agency on January 15, 2015. The bonds that will support the permanent financing of Project C are issued on September 30, 2015. Project C is NOT eligible for the increase in basis otherwise accorded a project in a 2015 DDA, because the project was placed in service BEFORE January 1, 2015.

(Case D) Project D is located in an area that is a DDA in 2015, but is NOT a DDA in 2016. A complete application for tax-exempt bond financing for Project D is filed with the bond-issuing agency on October 30, 2015. Bonds are issued for Project D on April 30, 2016, but Project D is not placed in service until January 30, 2017. Project D is eligible for the increase in basis available to projects located in 2015 DDAs because: (1) One of the two events necessary for triggering the effective date for buildings described in Section 42(h)(4)(B) of the IRC (the two events being bonds issued and buildings placed in service) took place on April 30, 2016, within the 365-day period after a complete application for tax-exempt bond financing was filed, (2) the application was filed during a time when the location of Project D was in a DDA, and (3) both the issuance of the bonds and placement in service of Project D occurred after the application was submitted.

(Case E) Project E is a multiphase project located in a 2015 DDA that is not a designated DDA in 2016. The first phase of Project E received an allocation of credits in 2015, pursuant to an application filed March 15, 2015, which describes the multiphase composition of the project. An application for tax credits for the second phase Project E is filed with the allocating agency by the same entity on March 15, 2016. The second phase of Project E is located on a contiguous site. Credits are allocated to the second phase of Project E on October 30, 2016. The aggregate amount of credits allocated to the two phases of Project E exceeds the amount of credits that may be allocated to an applicant in one year under the allocating agency's QAP and is the reason that applications were made in multiple phases. The second phase of Project E is, therefore, eligible for the increase in basis accorded a project in a 2015 DDA, because it meets all of the conditions to be a part of a multiphase project.

(Case F) Project F is a multiphase project located in a 2015 DDA that is NOT a designated DDA in 2016. The first phase of Project F received an allocation of credits in 2015, pursuant to an application filed March 15, 2015, which does not describe the multiphase composition of the project. An application for tax credits for the second phase of Project F is filed with the allocating agency by the same entity on March 15, 2017. Credits are allocated to the second phase of Project F on October 30, 2017. The aggregate amount of credits allocated to the two phases of Project F exceeds the amount of credits that may be allocated to an applicant in one year under the allocating agency's QAP. The second phase of Project F is, therefore, not eligible for the increase in basis accorded a project in a 2015 DDA, since it does not meet all of the conditions for a multiphase project, as defined in this notice. The original application for credits for the first phase did not describe the multiphase composition of the project. Also, the application for credits for the second phase of Project F was not made in the year immediately following the first phase application year.

Findings and Certifications

Environmental Impact

This notice involves the establishment of fiscal requirements or procedures that are related to rate and cost determinations and do not constitute a development decision affecting the physical condition of specific project areas or building sites. Accordingly, under 40 CFR 1508.4 of the regulations of the Council on Environmental Quality and 24 CFR 50.19(c)(6) of HUD's regulations, this notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Federalism Impact

Executive Order 13132 (entitled "Federalism") prohibits an agency from publishing any policy document that has federalism implications if the document either imposes substantial direct compliance costs on state and local governments and is not required by statute, or the document preempts state law, unless the agency meets the consultation and funding requirements of section 6 of the executive order. This notice merely designates DDAs as required under IRC Section 42, as amended, for the use by political subdivisions of the states in allocating the LIHTC. This notice also details the technical method used in making such designations. As a result, this notice is not subject to review under the order.

Dated: September 29, 2014.

Kathy M. O'Regan,

Assistant Secretary for Policy Development and Research.

[FR Doc. 2014–23684 Filed 10–2–14; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF THE INTERIOR

Fish and Wildlife Service

[FWS–R1–ES–2014–N204; FXES11130100000–145–FF01E00000]

Endangered Species; Recovery Permit Applications

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Notice of availability; request for comments.

SUMMARY: We, the U.S. Fish and Wildlife Service, invite the public to comment on the following applications for recovery permits to conduct activities with the purpose of enhancing the survival of endangered species. The Endangered Species Act of 1973, as amended (Act), prohibits certain activities with endangered species unless a Federal permit allows such activity. The Act also requires that we invite public comment before issuing such permits.

DATES: To ensure consideration, please send your written comments by November 3, 2014.

ADDRESSES: Program Manager for Restoration and Endangered Species Classification, Ecological Services, U.S. Fish and Wildlife Service, Pacific Regional Office, 911 NE. 11th Avenue, Portland, OR 97232–4181. Please refer to the permit number for the application when submitting comments.

FOR FURTHER INFORMATION CONTACT: Colleen Henson, Fish and Wildlife Biologist, at the above address, or by telephone (503–231–6131) or fax (503–231–6243).

SUPPLEMENTARY INFORMATION:

Background

The Act (16 U.S.C. 1531 *et seq.*) prohibits certain activities with respect to endangered and threatened species unless a Federal permit allows such activity. Along with our implementing regulations in the Code of Federal Regulations (CFR) at 50 CFR part 17, the Act provides for certain permits, and requires that we invite public comment before issuing these permits for endangered species.

A permit granted by us under section 10(a)(1)(A) of the Act authorizes the permittee to conduct activities (including take or interstate commerce) with respect to U.S. endangered or threatened species for scientific purposes or enhancement of propagation or survival. Our regulations implementing section 10(a)(1)(A) of the Act for these permits are found at 50 CFR 17.22 for endangered wildlife species, 50 CFR 17.32 for threatened wildlife species, 50 CFR 17.62 for endangered plant species, and 50 CFR 17.72 for threatened plant species.

Application Available for Review and Comment

We invite local, State, and Federal agencies and the public to comment on the following applications. Please refer to the permit number for the application when submitting comments.

Documents and other information submitted with these applications are available for review by request from the Program Manager for Restoration and Endangered Species Classification at the address listed in the **ADDRESSES** section of this notice, subject to the requirements of the Privacy Act (5 U.S.C. 552a) and the Freedom of Information Act (5 U.S.C. 552).

Permit Number: TE–45531B

Applicant: State of Hawaii, Division of Forestry and Wildlife, Honolulu, Hawaii.

The applicant requests a new permit to take (collect eggs, captive propagate, and release) the Kauai akialoa (*Hemignathus procerus*), Kauai ʻoʻo (*Moho braccatus*), large Kauai thrush (*Myadestes myadestinus*), Maui akepa (*Loxops coccineus ochraceus*), Molokai creeper (*Paroreomyza flammea*), Molokai thrush (*Myadestes lanaiensis rutha*), nukupuʻu (*Hemignathus lucidus*), ʻoʻu (*Psittirostra psittacea*), Oahu creeper (*Paroreomyza maculata*), palila (*Loxioides bailleui*), and small Kauai thrush (*Myadestes palmeri*); to take (collect eggs, capture adults, captive propagate, and release) the Hawaiian crow or ʻalala (*Corvus hawaiiensis*), Maui parrotbill (*Pseudonestor xanthophrys*), and poʻouli (*Melamprosops phaeosoma*); and to take (collect eggs, capture nestlings and adults, captive propagate, and release) the akekee (*Loxops caeruleirostris*) and akikiki (*Oreomystis bairdi*) throughout their ranges in Hawaii, in conjunction with captive breeding and population management activities, for the purpose of enhancing the species' survival.

Permit Number: TE–798744

Applicant: Kootenai Tribe of Idaho, Bonners Ferry, Idaho.

The applicant requests a permit renewal to take (capture, collect, measure, mark, attach radio or sonic transmitters, collect biological samples, captive propagate, and release) the Kootenai River population of the white sturgeon (*Acipenser transmontanus*) in conjunction with captive propagation and scientific research in Idaho and Montana for the purpose of enhancing the species' survival.

Public Availability of Comments

All comments and materials we receive in response to this request will be available for public inspection, by appointment, during normal business hours at the address listed in the **ADDRESSES** section.

Before including your address, phone number, email address, or other personal identifying information in your comment, you should be aware that your entire comment—including your personal identifying information—may be made publicly available at any time. While you can ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

Authority: We provide this notice under section 10 of the Act (16 U.S.C. 1531 *et seq.*).

Dated: September 23, 2014.

Hugh Morrison,

Acting Regional Director, Pacific Region, U.S. Fish and Wildlife Service.

[FR Doc. 2014–23384 Filed 10–2–14; 8:45 am]

BILLING CODE 4310–55–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[LLAK930000.L13100000.EI0000.241A]

Notice of National Petroleum Reserve-Alaska Oil and Gas Lease Sale 2014 and the Availability of the Detailed Statement of Sale for Oil and Gas Lease Sale 2014 in the National Petroleum Reserve-Alaska

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice.

SUMMARY: The Bureau of Land Management (BLM) Alaska State Office will hold an oil and gas lease sale bid opening for tracts in the National Petroleum Reserve-Alaska. The United States reserves the right to withdraw any tract from this sale prior to issuance of a written acceptance of a bid.

DATES: The oil and gas lease sale bid opening will be held at 1 p.m. on Wednesday, November 19, 2014. Sealed

2015 IRS SECTION 42(d)(5)(B) METROPOLITAN DIFFICULT DEVELOPMENT AREAS

(OMB Metropolitan Area Definitions, December 1, 2009 [MSA] and derived FY2014 HUD Metro FMR Area Definitions [HMFA])

State	Metropolitan Area	Metropolitan Area Components			
Alaska	Fairbanks, AK MSA	Fairbanks North Star Borough			
Arizona	Flagstaff, AZ MSA	Coconino County			
	Yuma, AZ MSA	Yuma County			
Arkansas	Hot Springs, AR MSA	Garland County			
California	Los Angeles-Long Beach, CA HMFA	Los Angeles County			
	Napa, CA MSA	Napa County			
	Oakland-Fremont, CA HMFA	Alameda County	Contra Costa County		
	Orange County, CA HMFA	Orange County			
	Oxnard-Thousand Oaks-Ventura, CA MSA	Ventura County			
	Redding, CA MSA	Shasta County			
	Riverside-San Bernardino-Ontario, CA MSA	Riverside County	San Bernardino County		
	Salinas, CA MSA	Monterey County			
	San Diego-Carlsbad-San Marcos, CA MSA	San Diego County			
	San Francisco, CA HMFA	Marin County	San Francisco County	San Mateo County	
	Santa Barbara-Santa Maria-Goleta, CA MSA	Santa Barbara County			
	Santa Cruz-Watsonville, CA MSA	Santa Cruz County			
Florida	Deltona-Daytona Beach-Ormond Beach, FL MSA	Volusia County			
	Fort Lauderdale, FL HMFA	Broward County			
	Miami-Miami Beach-Kendall, FL HMFA	Miami-Dade County			
	North Port-Bradenton-Sarasota, FL MSA	Manatee County	Sarasota County		
	Ocala, FL MSA	Marion County			
	Orlando-Kissimmee-Sanford, FL MSA	Lake County	Orange County	Osceola County	Seminole County
	Palm Coast, FL MSA	Flagler County			
	Tampa-St. Petersburg-Clearwater, FL MSA	Hernando County	Hillsborough County	Pasco County	Pinellas County
	West Palm Beach-Boca Raton, FL HMFA	Palm Beach County			
Hawaii	Honolulu, HI MSA	Honolulu County			
New Jersey	Atlantic City-Hammonton, NJ MSA	Atlantic County			
	Jersey City, NJ HMFA	Hudson County			
	Vineland-Millville-Bridgeton, NJ MSA	Cumberland County			
New York	New York, NY HMFA	Bronx County	Kings County	New York County	Putnam County
		Queens County	Richmond County	Rockland County	Westchester County
Pennsylvania	Pike County, PA HMFA	Pike County			
Texas	Odessa, TX MSA	Ector County			
Vermont	Burlington-South Burlington, VT MSA	Bolton town	Buels gore	Burlington city	Charlotte town
		Colchester town	Essex town	Hinesburg town	Huntington town
		Jericho town	Milton town	Richmond town	St. George town
		Shelburne town	South Burlington city	Underhill town	Westford town
		Williston town	Winooski city	Bakersfield town	Berkshire town
		Enosburg town	Fairfax town	Fairfield town	Fletcher town
		Franklin town	Georgia town	Highgate town	Montgomery town
		Richford town	St. Albans city	St. Albans town	Sheldon town
		Swanton town	Alburg town	Grand Isle town	Isle La Motte town
		North Hero town	South Hero town		
Puerto Rico	Arecibo, PR HMFA	Arecibo Municipio	Camuy Municipio	Hatillo Municipio	
	Guayama, PR MSA	Arroyo Municipio	Guayama Municipio	Patillas Municipio	

2015 IRS SECTION 42(d)(5)(B) NONMETROPOLITAN DIFFICULT DEVELOPMENT AREAS (OMB Metropolitan Area Definitions, December 1, 2009)

State	Nonmetropolitan Counties or County Equivalents			
Washington	Jefferson County	Mason County	San Juan County	
American Samoa	Eastern District	Manu'a District	Swains Island	Western District
Guam	Guam			
Northern Mariana Islands	Northern Islands Municipality	Rota Municipality	Saipan Municipality	Tinian Municipality
Puerto Rico	Adjuntas Municipio	Coamo Municipio	Culebra Municipio	Jayuya Municipio
	Las Marias Municipio	Maricao Municipio	Salinas Municipio	Santa Isabel Municipio
	Utuado Municipio	Vieques Municipio		
Virgin Islands	St. Croix	St. John	St. Thomas	

2015 IRS SECTION 42(d)(5)(B) QUALIFIED CENSUS TRACTS
(2010 Census and 2006-2010, 2007-2011 and 2008-2012 American Community Survey (ACS) Data; OMB Metropolitan Area Definitions, December 1, 2009)

METROPOLITAN AREA: Abilene, TX MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Taylor County	101.00	102.00	103.00	104.00	108.00	109.00	117.00	119.00	121.00	131.00		

METROPOLITAN AREA: Aguadilla-Isabela-San Sebastián, PR MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Aguada Municipio	4304.02											
Aguadilla Municipio	4006.00	4008.00	4009.00	4010.00	4011.00	4013.01						
Isabela Municipio	4106.00	4107.02										
Lares Municipio	9578.00	9583.00	9584.00									
Moca Municipio	4204.02											
San Sebastián Municipio	92.00	9589.00	9593.00									

METROPOLITAN AREA: Akron, OH MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Portage County	6012.00	6014.00	6015.01	6015.02	6015.03							
Summit County	5011.00	5017.00	5018.00	5019.00	5021.01	5021.02	5022.00	5023.00	5025.00	5031.00	5032.00	5033.00
	5034.00	5035.00	5038.00	5041.00	5042.00	5044.00	5045.00	5046.00	5052.00	5053.00	5054.00	5056.00
	5057.00	5064.00	5065.00	5066.00	5068.00	5074.00	5075.00	5083.01	5083.99	5086.00	5088.00	5089.00
	5090.00	5101.00	5103.01	5301.05								

METROPOLITAN AREA: Albany, GA MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Dougherty County	1.00	2.00	8.00	14.03	15.00	106.01	107.00	114.00				
Terrell County	1203.00											

METROPOLITAN AREA: Albany-Schenectady-Troy, NY MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Albany County	1.00	2.00	3.00	5.01	6.00	7.00	8.00	11.00	14.00	15.00	16.00	21.00
	23.00	25.00	26.00	128.00	129.00	132.00						
Rensselaer County	401.00	403.00	404.00	405.00	406.00	407.00	409.00	410.00	515.00			
Saratoga County	622.00											
Schenectady County	201.02	202.00	203.00	207.00	208.00	209.00	210.01	210.02	214.00	215.00	217.00	

METROPOLITAN AREA: Albuquerque, NM MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Bernalillo County	1.24	1.29	6.03	6.04	7.07	7.12	7.13	9.01	9.03	11.02	12.00	13.00
	14.00	15.00	16.00	17.00	18.00	20.00	21.00	22.00	23.00	34.00	37.36	43.00
	45.01	45.02	47.15	47.34	47.35	47.36	47.49					
Sandoval County	9402.00	9409.00										
Torrance County	9636.00	9637.00										
Valencia County	9701.01	9701.02	9703.01	9706.00	9711.00	9713.00						

METROPOLITAN AREA: Alexandria, LA MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Grant Parish	203.00											
Rapides Parish	110.00	117.00	120.00	121.00	127.00	129.00	130.00	131.00	139.00			

2015 IRS SECTION 42(d)(5)(B) QUALIFIED CENSUS TRACTS
(2010 Census and 2006-2010, 2007-2011 and 2008-2012 American Community Survey (ACS) Data; OMB Metropolitan Area Definitions, December 1, 2009)

METROPOLITAN AREA: Eugene-Springfield, OR MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Lane County	21.02	31.02	32.01	32.02	33.01	33.02	37.00	38.00	39.00	40.00	42.00	44.03
	45.01	45.02	48.00	51.00								

METROPOLITAN AREA: Evansville, IN-KY MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Vanderburgh County, IN	10.00	11.00	12.00	13.00	14.00	17.00	18.00	19.00	20.00	21.00	23.00	25.00
	26.00	37.02	104.03									
Henderson County, KY	201.00	202.00	203.00	204.00								
Webster County, KY	9604.00											

METROPOLITAN AREA: Fairbanks, AK MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Fairbanks North Star Borough	1.00											

METROPOLITAN AREA: Fajardo, PR MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Fajardo Municipio	1503.01	1503.02	1505.00									
Luquillo Municipio	1402.01											

METROPOLITAN AREA: Fargo, ND-MN MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Clay County, MN	203.00	204.00										
Cass County, ND	3.00	5.02	6.00	7.00	10.02	101.06						

METROPOLITAN AREA: Farmington, NM MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
San Juan County	2.05	5.04	7.05	9428.01	9428.03	9429.00	9431.00					

METROPOLITAN AREA: Fayetteville, NC MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Cumberland County	2.00	5.00	10.00	11.00	12.00	22.00	24.01	30.02	31.04	35.00	36.00	38.00
Hoke County	9703.00	9704.01	9704.02									

METROPOLITAN AREA: Fayetteville-Springdale-Rogers, AR-MO MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Benton County, AR	203.01	205.04										
Washington County, AR	102.00	103.02	104.02	106.00	107.01	107.02	111.01	113.00				
McDonald County, MO	703.00											

METROPOLITAN AREA: Flagstaff, AZ MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Coconino County	8.00	10.00	9422.02	9450.00	9451.00							

2015 IRS SECTION 42(d)(5)(B) QUALIFIED CENSUS TRACTS

(2010 Census and 2006-2010, 2007-2011 and 2008-2012 American Community Survey (ACS) Data; OMB Metropolitan Area Definitions, December 1, 2009)

METROPOLITAN AREA: Greensboro-High Point, NC MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Guilford County	101.00	102.00	103.00	106.02	107.02	109.00	110.00	111.01	111.02	112.00	113.00	114.00
	115.00	116.02	119.04	126.08	126.11	126.17	127.05	127.06	127.07	136.01	138.00	139.00
	140.00	142.00	143.00	144.08	145.01	145.02	145.03					
Randolph County	301.00	303.01	303.02	304.00								
Rockingham County	412.00	414.00										

METROPOLITAN AREA: Greenville, NC MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Pitt County	1.00	2.01	5.02	6.02	7.01	7.02	8.00	10.01	14.02			

METROPOLITAN AREA: Greenville-Mauldin-Easley, SC MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Greenville County	4.00	5.00	7.00	8.00	9.00	12.05	15.02	17.00	20.01	20.03	21.04	21.05
	21.06	21.07	21.08	22.01	22.02	23.02	23.03	23.04	25.05	35.00	36.01	36.02
	37.04	37.06	43.00									
Laurens County	9205.02	9206.00	9207.00	9209.00								
Pickens County	110.01	111.02	112.04	112.05								

METROPOLITAN AREA: Guayama, PR MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Arroyo Municipio	2801.01											
Guayama Municipio	2702.02	2704.00	2706.00	2707.00								

METROPOLITAN AREA: Gulfport-Biloxi, MS MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Hancock County	303.00	306.02										
Harrison County	1.00	3.00	14.00	18.00	20.00	23.00	24.00	26.00	36.00	37.00		
Stone County	201.00											

METROPOLITAN AREA: Hagerstown-Martinsburg, MD-WV MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Washington County, MD	3.02	4.00	5.00	7.00	8.00	9.00						
Berkeley County, WV	9715.00	9717.00										
Morgan County, WV	9708.00	9709.00										

METROPOLITAN AREA: Hanford-Corcoran, CA MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Kings County	10.02	11.00	13.00	14.02	17.01							

METROPOLITAN AREA: Harrisburg-Carlisle, PA MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Cumberland County	122.00	131.02	132.00									
Dauphin County	201.00	203.00	206.00	207.00	211.00	212.00	213.00	214.00	215.00	216.00	233.00	237.00

2015 IRS SECTION 42(d)(5)(B) QUALIFIED CENSUS TRACTS
(2010 Census and 2006-2010, 2007-2011 and 2008-2012 American Community Survey (ACS) Data; OMB Metropolitan Area Definitions, December 1, 2009)

METROPOLITAN AREA: Madera-Chowchilla, CA MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Madera County	6.02	6.04	8.00	9.00								

METROPOLITAN AREA: Madison, WI MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Dane County	6.00	9.02	11.01	12.00	14.01	15.02	16.03	16.04	16.05	16.06	17.04	17.05
	23.01	24.02	25.00	26.01	32.00							

METROPOLITAN AREA: Manchester-Nashua, NH MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Hillsborough County	3.00	13.00	14.00	15.00	16.00	20.00	21.00	105.00	106.00	107.00	108.00	225.00
	2004.00											

METROPOLITAN AREA: Manhattan, KS MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Riley County	3.03	5.00	8.01	8.02	11.00							

METROPOLITAN AREA: Mankato-North Mankato, MN MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Blue Earth County	1706.00	1707.00	1711.01	1712.02								

METROPOLITAN AREA: Mansfield, OH MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Richland County	5.00	6.00	7.00	10.00	14.00	15.00	31.00					

METROPOLITAN AREA: Mayagüez, PR MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Mayaguez Municipio	801.00	802.00	803.00	804.00	805.00	806.00	809.00	810.00	811.00	812.00		

METROPOLITAN AREA: McAllen-Edinburg-Mission, TX MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Hidalgo County	204.03	206.00	207.23	211.00	215.00	216.00	218.04	221.04	221.05	225.01	231.02	231.03
	231.04	235.11	235.14	237.00	241.08	241.12	241.13	241.14	242.01	243.02	244.03	245.00

METROPOLITAN AREA: Medford, OR MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Jackson County	1.00	2.02	5.02	16.01	19.00							

METROPOLITAN AREA: Memphis, TN-MS-AR MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Crittenden County, AR	301.01	301.02	303.02	305.02	306.00	307.02	311.00	312.00				
Marshall County, MS	9504.01	9504.02										
Shelby County, TN	2.00	3.00	4.00	6.00	7.00	8.00	9.00	12.00	13.00	14.00	15.00	19.00
	20.00	21.00	24.00	27.00	28.00	36.00	37.00	38.00	39.00	45.00	46.00	50.00
	53.00	55.00	56.00	57.00	58.00	59.00	60.00	62.00	65.00	67.00	68.00	69.00
	70.00	73.00	75.00	78.10	78.21	78.22	79.00	81.10	82.00	89.00	99.01	99.02
	100.00	101.10	101.20	102.10	103.00	105.00	106.20	106.30	110.20	111.00	112.00	113.00
	114.00	115.00	116.00	117.00	201.01	205.21	205.23	217.10	217.21	217.26	217.31	221.11
	222.20	223.10	226.00	9801.00								
Tipton County, TN	407.00											

2015 IRS SECTION 42(d)(5)(B) QUALIFIED CENSUS TRACTS

(2010 Census and 2006-2010, 2007-2011 and 2008-2012 American Community Survey (ACS) Data; OMB Metropolitan Area Definitions, December 1, 2009)

METROPOLITAN AREA: Ponce, PR MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Juana Diaz Municipio	7104.00											
Ponce Municipio	702.02	703.00	708.00	709.00	710.00	713.00	716.02	718.00	719.00	721.01	723.00	726.00
	727.04	730.06	730.09									

METROPOLITAN AREA: Portland-South Portland-Biddeford, ME MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Cumberland County	1.00	3.00	5.00	6.00	10.00	11.00	12.00					
York County	61.02											

METROPOLITAN AREA: Portland-Vancouver-Hillsboro, OR-WA MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Clackamas County, OR	222.01	9800.00										
Multnomah County, OR	11.01	21.00	22.03	33.01	34.01	38.02	40.01	40.02	49.00	51.00	52.00	55.00
	56.00	73.00	74.00	76.00	77.00	82.02	83.01	83.02	84.00	85.00	90.00	91.01
	93.01	95.01	96.04	96.06	97.01	98.01	98.03	100.01	103.04	106.00		
Washington County, OR	307.00	312.00	314.02	317.05	320.05	324.09	325.01	331.01	332.00			
Yamhill County, OR	308.01	308.02										
Clark County, WA	405.09	410.05	411.11	416.00	417.00	423.00	424.00	427.00				

METROPOLITAN AREA: Port St. Lucie, FL MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Martin County	8.00	12.00	18.01	18.02								
St. Lucie County	3801.00	3802.00	3803.00	3804.00	3805.00	3808.01	3810.00					

METROPOLITAN AREA: Poughkeepsie-Newburgh-Middletown, NY MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Dutchess County	2201.00	2202.01	2203.00	2207.00	2208.01	2211.00						
Orange County	3.00	4.00	5.01	5.02	6.00	12.00	22.00	150.03	150.04	150.05	150.06	151.00

METROPOLITAN AREA: Prescott, AZ MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Yavapai County	9.00	16.02	20.01	21.00								

METROPOLITAN AREA: Providence-New Bedford-Fall River, RI-MA MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Bristol County, MA	6136.00	6138.00	6139.01	6140.00	6402.00	6403.00	6405.00	6406.00	6409.01	6410.00	6411.01	6412.00
	6413.00	6414.00	6415.00	6420.00	6506.00	6507.00	6508.00	6509.00	6511.00	6512.00	6513.00	6514.00
	6517.00	6518.00	6519.00	6525.00	6526.00	6527.00	307.00					
Kent County, RI	203.00											
Newport County, RI	405.00											
Providence County, RI	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	12.00	13.00	14.00
	16.00	17.00	18.00	19.00	20.00	22.00	23.00	25.00	26.00	27.00	28.00	31.00
	36.01	36.02	37.00	108.00	109.00	111.00	151.00	152.00	153.00	154.00	160.00	161.00
	164.00	166.00	167.00	174.00	176.00	179.00	180.00	181.00	183.00			
Washington County, RI	514.00	515.04										

METROPOLITAN AREA: Provo-Orem, UT MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Utah County	11.08	14.02	16.01	16.02	16.03	17.01	17.02	18.01	18.02	18.03	19.00	23.00
	24.00	25.00	26.01	26.02	105.06							

2015 IRS SECTION 42(d)(5)(B) QUALIFIED CENSUS TRACTS
(2010 Census and 2006-2010, 2007-2011 and 2008-2012 American Community Survey (ACS) Data; OMB Metropolitan Area Definitions, December 1, 2009)

METROPOLITAN AREA: Sandusky, OH MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Erie County	407.00	408.00	410.00	412.00								

METROPOLITAN AREA: San Francisco-Oakland-Fremont, CA MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Alameda County	4007.00	4010.00	4013.00	4014.00	4015.00	4016.00	4017.00	4018.00	4022.00	4024.00	4025.00	4026.00
	4027.00	4028.00	4029.00	4030.00	4031.00	4035.01	4053.02	4054.01	4054.02	4055.00	4056.00	4057.00
	4058.00	4059.01	4059.02	4060.00	4062.01	4062.02	4063.00	4064.00	4065.00	4066.01	4070.00	4071.01
	4071.02	4072.00	4073.00	4074.00	4075.00	4076.00	4084.00	4085.00	4086.00	4087.00	4088.00	4089.00
	4090.00	4092.00	4093.00	4094.00	4095.00	4096.00	4097.00	4098.00	4101.00	4102.00	4103.00	4105.00
	4204.00	4221.00	4224.00	4225.00	4227.00	4228.00	4229.00	4234.00	4236.02	4237.00	4240.01	4240.02
	4331.03	4339.00	4340.00	4353.00	4355.00	4356.01	4362.00	4366.01	4367.00	4369.00	4375.00	4377.01
	4377.02	4379.00	4402.00	9819.00								
Contra Costa County	3010.00	3050.00	3060.04	3072.01	3072.02	3100.00	3110.00	3120.00	3132.06	3141.02	3141.03	3141.04
	3142.00	3160.00	3280.00	3361.01	3361.02	3362.02	3381.01	3650.02	3660.02	3672.00	3680.01	3680.02
	3690.01	3730.00	3750.00	3760.00	3770.00	3790.00	3800.00	3820.00	3892.00			
Marin County	1022.03	1122.01	1122.02	1290.00								
San Francisco County	106.00	107.00	113.00	117.00	118.00	119.02	120.00	121.00	122.01	122.02	123.01	123.02
	124.01	124.02	125.01	125.02	158.01	159.00	161.00	176.01	178.01	178.02	179.02	201.00
	209.00	229.01	230.01	231.02	231.03	232.00	234.00	257.02	258.00	260.02	263.01	264.01
	264.02	264.03	264.04	314.00	332.01	332.03	332.04	605.02	611.00	612.00	9805.01	
San Mateo County	6006.00	6008.00	6013.00	6015.02	6021.00	6022.00	6102.01	6102.02	6102.03	6105.00	6106.01	6108.00
	6117.00	6118.00	6119.00	6120.00	6121.00							

METROPOLITAN AREA: San Germán-Cabo Rojo, PR MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Cabo Rojo Municipio	8305.02	8306.03										
Lajas Municipio	8501.01											
Sabana Grande Municipio	9605.00	9608.00										
San German Municipio	8402.00											

METROPOLITAN AREA: San Jose-Sunnyvale-Santa Clara, CA MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Santa Clara County	5009.01	5009.02	5010.00	5012.00	5014.01	5014.02	5015.01	5015.02	5016.00	5017.00	5020.02	5021.02
	5031.05	5031.10	5031.13	5031.17	5031.22	5031.23	5032.04	5032.13	5032.14	5032.17	5032.18	5033.04
	5033.05	5034.02	5035.04	5035.06	5035.07	5035.08	5035.10	5036.01	5036.02	5037.03	5037.09	5037.10
	5037.11	5037.12	5037.13	5039.03	5040.02	5041.01	5056.00	5065.01	5119.15	5120.43	5125.06	5126.03
	5126.04	5130.00										

2015 IRS SECTION 42(d)(5)(B) QUALIFIED CENSUS TRACTS

(2010 Census and 2006-2010, 2007-2011 and 2008-2012 American Community Survey (ACS) Data; OMB Metropolitan Area Definitions, December 1, 2009)

METROPOLITAN AREA: San Juan-Caguas-Guaynabo, PR MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Aguas Buenas Municipio	2301.00	2303.00	2304.00	2305.01	2305.02							
Aibonito Municipio	2503.00											
Arecibo Municipio	3004.00	3005.00	3013.00	3018.00	3019.00	3022.01	3023.00					
Barceloneta Municipio	5902.00											
Barranquitas Municipio	9524.00											
Bayamon Municipio	301.03	307.00	311.24	312.01	320.00							
Caguas Municipio	2009.00	2010.00	2016.00	2019.00								
Camuy Municipio	3206.00											
Canovanas Municipio	1001.03	1001.04										
Carolina Municipio	502.22	503.41										
Catano Municipio	202.00	203.02	204.22	204.25	204.27	9800.03						
Cayey Municipio	2606.00	2607.00										
Ciales Municipio	9557.00	9559.00										
Comerio Municipio	9517.00	9518.00	9519.00	9520.00	9521.00							
Corozal Municipio	5302.00	5303.00	5306.00									
Florida Municipio	5801.00											
Guaynabo Municipio	401.01	401.02	401.03	408.00								
Gurabo Municipio	2103.00											
Humacao Municipio	1806.00											
Juncos Municipio	5004.01											
Las Piedras Municipio	1901.01	1902.02										
Loiza Municipio	1101.01	1103.01	1104.00									
Manati Municipio	5703.00	5704.00	5706.00	5707.00								
Morovis Municipio	9552.01	9553.00	9554.02	9555.00								
Naguabo Municipio	1703.00											
Naranjito Municipio	5202.00	5203.00	5204.00	5205.00								
Orocovis Municipio	9549.01											
Quebradillas Municipio	3302.00											
Rio Grande Municipio	1302.00	1304.02										
San Juan Municipio	4.00	6.00	13.01	13.02	21.00	22.00	26.00	28.00	29.00	30.00	31.00	32.00
	34.00	35.01	35.02	36.00	37.00	39.02	43.06	44.00	45.00	49.00	50.00	51.03
	54.02	60.00	61.01	80.01	82.01	87.00	89.00	90.00				
San Lorenzo Municipio	2202.00	2203.00	2207.00									
Toa Alta Municipio	5101.02	5104.00	5107.02									
Toa Baja Municipio	1212.00	1217.02	1218.01	1221.00	1222.01	1222.02	1224.00					
Vega Alta Municipio	5502.00	5503.00	5504.00									
Vega Baja Municipio	5601.00	5602.04	5606.00	5608.01	5608.02	5609.00						
Yabucoa Municipio	9508.00	9511.00	9512.00									

METROPOLITAN AREA: San Luis Obispo-Paso Robles, CA MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
San Luis Obispo County	101.02	106.03	109.01	109.02	110.02	111.01	111.02	112.00	113.00			

METROPOLITAN AREA: Santa Barbara-Santa Maria-Goleta, CA MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Santa Barbara County	9.00	12.05	22.05	23.04	24.02	24.03	24.04	27.02	27.03	27.05	27.06	29.15
	29.24	29.26	29.28									

METROPOLITAN AREA: Santa Cruz-Watsonville, CA MSA

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Santa Cruz County	1007.00	1010.00	1101.00	1103.00	1105.01	1105.02	1106.00	1107.00	1233.00			

2015 IRS SECTION 42(d)(5)(B) QUALIFIED CENSUS TRACTS
(2010 Census and 2006-2010, 2007-2011 and 2008-2012 American Community Survey (ACS) Data; OMB Metropolitan Area Definitions, December 1, 2009)

METROPOLITAN AREA: Yauco, PR MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Guánica Municipio	9612.00	9613.00										
Peñuelas Municipio	7301.00											
Yauco Municipio	7501.01	7501.02	7504.00									

METROPOLITAN AREA: York-Hanover, PA MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
York County	1.00	2.00	3.00	4.00	5.00	6.00	7.00	9.00	10.00	11.00	12.00	15.00
	16.00											

METROPOLITAN AREA: Youngstown-Warren-Boardman, OH-PA MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Mahoning County, OH	8004.00	8005.00	8006.00	8010.00	8011.00	8012.00	8013.00	8016.00	8017.00	8021.00	8023.00	8024.00
	8025.00	8029.00	8040.00	8041.00	8043.00	8103.00	8106.00	8114.00	8137.00	8138.00	8139.00	8140.00
	8141.00											
Trumbull County, OH	9203.00	9204.00	9205.00	9206.00	9207.00	9208.00	9209.00	9211.00	9212.00	9216.00	9314.00	9338.00
	9339.00											
Mercer County, PA	321.00	332.00	334.00									

METROPOLITAN AREA: Yuba City, CA MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Sutter County	501.02	502.01	502.02									
Yuba County	401.00	403.01	403.02	405.00	406.00							

METROPOLITAN AREA: Yuma, AZ MSA												
COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Yuma County	1.00	3.02	4.03	7.00	109.13	114.03	114.05	115.01	115.03	116.00		

2015 IRS SECTION 42(d)(5)(B) NONMETROPOLITAN QUALIFIED CENSUS TRACTS

(2010 Census and 2006-2010, 2007-2011 and 2008-2012 American Community Survey (ACS) Data; OMB Metropolitan Area Definitions, December 1, 2009)

NONMETROPOLITAN PART OF STATE: West Virginia

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Braxton County	9681.00											
Doddridge County	9651.00											
Fayette County	205.00	211.00										
Gilmer County	9677.00	9678.00										
Greenbrier County	9507.00											
Harrison County	301.00	302.00	303.00	316.00	317.00	319.00						
Lewis County	9672.00	9675.00										
Logan County	9568.00	9569.00										
McDowell County	9536.00	9538.00	9540.00	9542.00	9545.01	9545.03	9545.04					
Marion County	201.00	202.00	205.00									
Mason County	9551.01											
Mercer County	13.00	16.00	19.00	20.00								
Mingo County	9571.00	9575.00										
Nicholas County	9503.00	9504.00										
Raleigh County	2.00	4.00										
Roane County	9630.00	9631.00										
Summers County	5.00	7.00										
Upshur County	9668.00											
Webster County	9702.00											

NONMETROPOLITAN PART OF STATE: Wisconsin

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Ashland County	9400.00											
Bayfield County	9601.00											
Dunn County	9707.00	9708.00										
Grant County	9609.00											
Menominee County	9401.01											
Monroe County	9506.00											
Portage County	9603.00	9604.00	9610.00									
Sauk County	10.02											
Sawyer County	9400.00											
Walworth County	5.01	5.02										

NONMETROPOLITAN PART OF STATE: Wyoming

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Albany County	9630.00	9634.00	9635.00	9637.00								
Fremont County	9403.00											

NONMETROPOLITAN PART OF: Puerto Rico

COUNTY OR COUNTY EQUIVALENT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT	TRACT
Adjuntas Municipio	9563.00											
Coamo Municipio	9541.00	9543.00										
Jayuya Municipio	9561.00											
Las Marias Municipio	9597.00											
Maricao Municipio	9601.00											
Salinas Municipio	9526.00	9527.00	9532.00									
Utuado Municipio	9569.00	9574.00	9575.00									

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance
Authority

SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK
FOR PUERTO RICO

ANNEX E

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

ANNEX E: BINDING COMMITMENT FOR SUBSEQUENT YEAR

BINDING COMMITMENT FOR A CERTIFICATE OF RESERVATION FOR A LOW INCOME HOUSING TAX CREDIT ALLOCATION IN 20___

The Puerto Rico Housing Finance Authority (**PRHFA** or **Allocating Agency**) hereby commits to reserving Low-Income Housing Tax Credits (**LIHTC**) pursuant to Section 42 (h)(1)(C) of the Internal Revenue Code of 1986, as amended (**Code**), by issuing this Binding Commitment:

1. Allocation Year: **20XX**

2. Amount of Tax Credits to Be Reserved: $_____

3. Name and Address of the Project:

   Name: _____
   Address: _____
   _____
   _____

4. Residential Buildings in the Project: _____

5. Units in the Project: _____

6. Type of building (s):
   - ☐ New Construction
   - ☐ Existing Building
   - ☐ Substantial Rehabilitation

7. Name, Address and Taxpayer Identification Number of Project Owner:

   Name: _____
   Address: _____
   _____

   Identification Number: _____

8. Name and Address of Allocating Agency:

   PUERTO RICO HOUSING FINANCE AUTHORITY
   P.O. Box 71361
   San Juan, P.R. 00936-8461

9. Date of this Binding Commitment: _____, 20XX.

10. Building Identification Numbers: **To Be Determined**

11. Project falls within one of the following categories (mark one):

☐ a. Credit is deemed necessary to facilitate the restructuring of financing provided to a project confronting economic difficulties.

☐ b. Credit is deemed necessary to preserve the low-income housing status of the project or to maintain the total number of available low-income housing units in Puerto Rico.

☐ c. Credit is requested in connection with the acquisition of a project from the government of Puerto Rico, or any department, agency, entity or political subdivision thereof.

☐ d. Credit is requested in connection with a project using the Tax Credit Program as its only subsidy.

☐ e. Project is part of a Community Revitalization Master Plan.

☐ f. Due to unforeseen circumstances that PRHFA, at its sole discretion, believes are valid.

12. PRHFA commits itself to enter into a Carryover Allocation Agreement with the Project Owner in **20**__.

13. The Owner commits to achieve the Basic Threshold and Minimum Ranking Points as required in the 20___ Qualified Allocation Plan as well as to comply with any other pertinent law, rule, and regulation that may apply when the Project is submitted for evaluation. The Owner also commits to pay the applicable processing fee of the annual tax credit requested.

PRHFA represents and warrants that this Binding Commitment is binding on PRHFA and its successors and assigns and that PRHFA is the housing credit agency for the Commonwealth of Puerto Rico. It is intended that this Binding Commitment shall serve as a commitment to reserve Tax Credits to the Project Owner, its successors and assigns, under Section 42(h)(1)(C) of the Code with respect to the Project and that the State Housing Credit Ceiling [as defined in Section 42(h)(3)(C) of the Code] shall be reduced in the **20**___ to reflect this commitment. Pursuant to Section 42(h)(1)(F) of the Code, the portion of the allocation which is to be allocated to each building in the Project shall be specified no later than the close of the calendar year in which each such building is placed in service and shall be reflected in IRS Forms 8609 for each such building. The Project Owner represents and warrants that no portion of the Project has been placed in service by the Project Owner in the calendar year, or prior to the calendar year, in which this Binding Commitment is made.

Owner agrees and acknowledges that all the terms, conditions, obligations and deadlines set forth in this Binding Commitment are requirements precedent to this reservation, and that the Project's failure to comply with all such terms and conditions will entitle the PRHFA, in its discretion, to revoke this reservation.

Agency: **Puerto Rico Housing Finance Authority**
P O Box 71361
San Juan, PR 00936-8461
COMMONWEALTH OF PUERTO RICO
ID Number: 66-0433752

By: _____
Executive Director

Commitment Date: _____, 20XX

Acknowledged, Agreed and Accepted:

Owner: _____
By: _____
Title: _____

Affidavit _____:

Sworn to and subscribed before me by _[name] , [title] of _[name of General Partner] , General Partner of _[name of Owner], of legal age, [legal status], and resident of _____, and _[name] , Executive Director of Puerto Rico Housing Finance Authority, of legal age, [legal status], and resident of _____, both personally known to me.

In San Juan, Puerto Rico, on this _____, 20XX.

_____
NOTARY PUBLIC

(SEAL)

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance
Authority
SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK
FOR PUERTO RICO

ANNEX F

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

ANNEX F: FAIR HOUSING ACT ACCESSIBILITY CHECKLIST

The following is a checklist of design and construction requirements of the Fair Housing Act. This checklist represents many, but not all, of the requirements to the Act. This checklist is not intended to be exhaustive; rather, it is a helpful guide in determining if the major requirements of the Act have been met in designing and constructing a particular multifamily development.

GENERAL REQUIREMENTS

- ❑ Development has buildings containing 4 or more units and was designed and constructed for first occupancy on or after March 13, 1991.
- ❑ If it is an elevator building, all units are "covered units".
- ❑ All units in buildings with elevators have features required by the Act.
- ❑ If it is an non-elevator building, all ground-floor units "covered units"
- ❑ All ground floor units in buildings without elevators have features required by the Act.

NOTE: There is a narrow exception, which provides that a non-elevator building in a development need not meet all of the Act's requirements if it is impractical to have an accessible entrance to the non-elevator building because of hilly terrain or other unusual characteristics of the site.

1. ACCESSIBLE BUILDING ENTRANCE ON AN ACCESSIBLE ROUTE

- ❑ The accessible route is a continuous, unobstructed path (no stairs) through the development that connects all buildings containing covered units and all other amenities.
- ❑ The accessible route also connects to parking lots, public streets, public sidewalks, and to public transportation stops.
- ❑ All slopes are no steeper than 8.33%.
- ❑ All slopes between 5% and 8.33% have handrails.
- ❑ Covered units have at least one entrance on an accessible route.
- ❑ There are sufficient curb cuts for a person using a wheelchair to reach every building in the development.

2. COMMON AND PUBLIC USE AREAS

- ❑ At least two percent of all parking spaces are designated as handicapped parking.
- ❑ At least, one parking space at each common and public use amenity is designated as handicapped parking.
- ❑ All handicapped parking spaces are properly marked.
- ❑ All handicapped parking spaces are at least 96" wide with a 60" wide access aisle, which can be shared between two spaces.
- ❑ The accessible aisle connects to a curb ramp and the accessible route.
- ❑ The rental or sales office is readily accessible and usable by persons with disabilities.

- ❑ All mailboxes, swimming pools, tennis courts, clubhouses, rest rooms, showers, laundry facilities, trash facilities, drinking fountains, public telephones, and other common and public use amenities offered by the development are readily accessible and usable by persons with disabilities.

3. USABLE DOORS

- ❑ All doors into and through covered units and common use facilities provide a clear opening of at least 32" nominal width.
- ❑ All doors leading into common use facilities have lever door handles that do not require grasping and twisting.
- ❑ Thresholds at doors to common use facilities are no greater than ½".
- ❑ All primary entrance doors to covered units have lever door handles that not require grasping and twisting.
- ❑ Thresholds at primary entrance doors to covered units are no greater than ¾" and beveled.

4. ACCESSIBLE ROUTE INTO AND THROUGH THE COVERED UNIT

- ❑ All routes through the covered units are no less than 36" wide.

5. ACCESSIBLE ENVIRONMENTAL CONTROLS

- ❑ All light switches, electrical outlets, thermostats, and other environmental controls must be no less than 15" and no greater than 48" from the floor.

6. REINFORCED BATHROOM WALLS FOR GRAB BARS

- ❑ Reinforcements are built into the bathroom walls surrounding toilets, showers, and bathtubs for the future installation of grab bars.

7. USABLE KITCHEN AND BATHROOMS

- ❑ At least 30" x 48" of clear floor space at each kitchen fixture and appliance.
- ❑ At least 40" between opposing cabinets and appliances.
- ❑ At least a 60" diameter turning circle in U-shaped kitchens unless the cook top or sink at the end of the U-shaped kitchen has removable cabinets beneath for knee space.
- ❑ In bathroom, at least 30" x 48" of clear floor space outside the swing of the bathroom door.
- ❑ Sufficient clear floor space in front of and around sink, toilet, and bathtub for use by persons using wheelchairs.

****

This checklist represents many, but not all, of the accessible and adaptive design and construction requirements of the Fair Housing Act. This checklist is not a safe harbor for compliance with the Fair Housing Act. HUD and the Department of Justice recognize the following standards as safe harbors when used in conjunction with the Fair Housing Act, regulations, and Fair Housing Act Accessibility Guidelines (i.e. scoping requirements)

1. HUD's March 6, 1991 Fair Housing Accessibility Guidelines (the Guidelines), and the June 28, 1994 Supplemental Notice to Fair Housing Accessibility Guidelines, Questions and Answers about the Guidelines;

2. HUD's Fair Housing Act Accessibility Design Manual;

3. ANSI A117.1-1986, used in conjunction with the Act and HUD's regulations, and the Guidelines;

4. CABO/ANSI Al 17.1-1992, used in conjunction with the Act, HUD's regulations, and the Guidelines;

5. ICC/ANSI Al 17.1-1998, used in conjunction with the Act, HUD's regulations, and the Guidelines;

6. *Code Requirements for Housing Accessibility* 2000 (CRHA), approved and published by the International Code Council (ICC), October 2000;

7. *International Building Code* 2000 (IBC) as amended by the IBC 2001 *Supplement to the International Codes.*

Failure to comply with all of the accessible and adaptive design and construction requirements of the Fair Housing Act may result in loss of tax credits pursuant to 26 C.F.R. § 1.42-9. Therefore, you should consult an attorney and/or design professional to ensure that the construction of the multi-family development complies with the accessible and adaptive design and construction requirements of the Fair Housing Act.

COVERED BUILDINGS

IS THE DEVELOPMENT SUBJECT TO THE ACT?

- ✓ Development has buildings containing 4 or more units and was designed and constructed for first occupancy on or after March 13, 1991

- ✓ Building contains elevator so all units in building are "covered units"

- ✓ All units in buildings with elevators are designed and constructed with features required by the Act

- ✓ Building does not contain elevator so only ground-floor units in building are "covered units"

- ✓ All ground-floor units in buildings without elevators are designed and constructed with features required by the Act Development contains "covered units," so the public and common use facilities must be designed and constructed with features required by the Act NOTE: Fair Housing Act Accessibility Guidelines contains a narrow "Site Impracticality Exception" which provides that a non-elevator building does not have to meet all of the Act's requirements if it is impractical to have an accessible entrance to the building because of the natural hilly terrain or other unusual characteristics of the site.

FAIR HOUSING ACT CONTACT INFORMATION

Fair Housing Act - General Information U.S. Department of Housing and Urban Development Bryan Greene Office of Fair Housing & Equal Opportunity Tel: (202) 708-1145 Fax: (202) 708/3527 www.hud.gov

Fair Housing Act - Accessibility Issues
U.S. Department of Housing and Urban Development
Cheryl Kent
Office of Fair Housing and Equal Opportunity
Tel: (202) 708-2333
Fax: (202) 708-1251

Section 202 and Section 811 Program Information
U.S. Department of Housing and Urban Development
Aretha Williams
Grant Policy and Management Division
Tel: (202) 708-2866

U.S. Justice Department - Point of Contact
Diane Houk, Esq.
Civil Rights Division
Housing Section
Tel: (202) 514-4713
Fax: (202) 514-1116
www.usdoj.gov/crt/housing

U.S. Treasury Department - Point of Contact
Jack Malgeri, Esq.
Internal Revenue Service
Office of Chief Counsel
Tel: (202) 622-3040
Fax: (202) 622-4753

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance
Authority

SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK
FOR PUERTO RICO

ANNEX G

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

ANNEX G: OWNER'S CERTIFICATION

[THIS FORM MUST BE INCLUDED WITH APPLICATION]

CERTIFICATION

Individually, or as the general partner(s) or officers of the applicant entity, I am familiar with the provisions of the Tax Reform Act of 1986 and subsequent revisions, with respect to the Low Income Housing Tax Credit Program and to the best of my knowledge and belief, the applicant entity has complied, or will comply with all of the requirements which are prerequisite to issuance of tax credits by the Puerto Rico Housing Finance Authority. I understand that the Low Income Housing Tax Credit Program is governed and controlled by rules and regulations issued and to be issued by the United States Department of the Treasury.

To the best of my knowledge and belief, no information contained in this application or in the listed attachments is any way false or incorrect; that it is truly descriptive of the project or property for which Low Income Housing Tax Credits are being applied, and the proposed construction/rehabilitation will not violate zoning ordinances or deed restrictions.

I hereby make application to the Puerto Rico Housing Finance Authority for an allocation of housing tax credits. I agree that the Puerto Rico Housing Finance Authority or any of its directors, officers, employees, and agents will not be held responsible or liable for any representations made to the undersigned or its investors relating to the Low Income Housing Tax Credit Program: therefore, I assume the risk of all damages, losses, costs, and expenses related thereto and agree to indemnify and save harmless the Puerto Rico Housing Finance Authority or any of its directors, officers, employees, and agents against any and all claims, suits, losses, damages, costs, and expenses of any kind and of any nature that the Puerto Rico Housing Finance Authority may hereinafter suffer, incur, or pay arising out of its decision concerning the application for Low Income Housing Tax Credits or the use of the information concerning the application for Low Income Housing Tax Credits or the use of the information concerning the Low Income Housing Tax Credit Program. I also agree that the Puerto Rico Housing Finance Authority has made no representations about the effect of the tax credit upon my taxes or that of any other person connected with this project.

I understand and agree that my application for a low income housing credit, all attachments thereto, and all correspondence relating to my application in particular or the credit in general are subject to a request for disclosure under the Constitution and Laws of the Commonwealth of Puerto Rico and I expressly consent to such disclosure.

I hereby represent and certify to the Puerto Rico Housing Finance Authority that the owner, developer or applicant and their shareholders, directors, officers, and partners, as applicable, are in compliance with Section 42 requirements and that there are no

outstanding findings of noncompliance with the Agency's Office of Audit and Compliance as of the date of this application in any other project that received tax credit and in which they have an interest.

I further understand and agree that any and all correspondence to me (us) by the Puerto Rico Housing Finance Authority or other Puerto Rico Housing Finance Authority generated documents relating to my application are subject to a request for disclosure under the Constitution and Laws of the Commonwealth of Puerto Rico. I expressly consent to such disclosure. I agree to hold harmless the Puerto Rico Housing Finance Authority and the directors, officers, employees, and agents of the Puerto Rico Housing Finance Authority against all claims, suits, losses, damages, costs, and expenses or any kind (including, but not limited to, attorney's fees, litigation and court costs) directly or indirectly resulting from or arising out of the release of all information pertaining to my application pursuant to a request under such request. I further waive, with regard to such application, correspondence or other documents, any applicable rights of confidentiality that I may have under Section 6103 of the US Internal Revenue Code or other provisions of federal law.

I also agree that Puerto Rico Housing Finance Authority may request additional information in order to evaluate this application.

I hereby certify that the above information and any attachments in support thereof are true, accurate, and complete. I understand that any misrepresentations in this application or supporting documentation may result in a withdrawal of tax credits by the Puerto Rico Housing Finance Authority, my (and related parties) being barred from future program participation, and notification to the Internal Revenue Service.

Date:_____

_____
Name of Applicant

_____
Name of Development Project

By:_____

_____
Title

I, the undersigned, a Notary Public in and for the Commonwealth of Puerto Rico, hereby certify that _____ whose name(s) _____ signed to the foregoing instrument, and who is known to me, acknowledged before me on this date that, being informed of the contents of this document, he executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this_____, 20___.

_____
Notary Public

(SIGNED AND SEALED)

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance Authority

SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO

ANNEX H

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

ANNEX H: ACCOUNTANT'S OPINION LETTER

[THIS FORM MUST BE INCLUDED WITH THE APPLICATION]

[ACCOUNTANT'S LETTERHEAD]

Insert Date

Puerto Rico Housing Finance Authority
P O Box 71361
San Juan, PR 00936-8461

Low Income Housing Tax Credit Program
Project: _____
Owner: _____

Gentlemen:

In connection with the application filed with the Authority by (the "Owner") for low income housing credits made available pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, for low income units in **(insert number of buildings in development)** building(s) in the proposed reference Development, the undersigned, have made the following reviews:

1. Review of the provisions of the Internal Revenue Code of 1986, as amended (**Code**), and the regulations promulgated pursuant thereto (**Regulations**) applicable to low income housing credits.

2. Review of each computation of credits submitted to you by the owner with respect to each applicable type of credit for each building of the development.

3. Review, made with the Owner, of the projections, facts and circumstances with respect to the computations of the amount of each applicable type of credit for each building in accordance with the applicable provisions of the Code and the Regulations

Based upon the foregoing reviews, we, the undersigned, are of the opinion that the computations have been made and calculated in conformity with the applicable provisions of the Code and Regulations.

Sincerely,

/s/Independent Auditors

_____
City, State

_____
Date

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance
Authority

SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK
FOR PUERTO RICO

ANNEX I

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

ANNEX I: Attorney's Opinion Letter

[This Form Must Be Included With Application]

(This Opinion Must be Submitted Under Law Firm's Letterhead - Any changes to the form of opinion other than filling in blanks or making the appropriate selections in bracketed language must be accompanied by a black-lined version indicating all additional changes to the opinion. Altered opinions are subject to acceptance by the Authority and should be approved prior to the application deadline)

Date: _____

TO: Puerto Rico Housing Finance Authority
P.O. Box 71361
San Juan, Puerto Rico 00936-8461

RE: Low Income Housing Tax Credit Program
Project: _____
Owner: _____

Gentlemen:

This undersigned firm represents the above-referenced Owner as its counsel. It has received a copy of and has reviewed the completed application package (**Application**) dated _____ (of which this opinion is a part) submitted to you for the purpose of requesting, in connection with the captioned Development, a reservation of low income housing tax credits (**Credits**) available under Section 42 of the Internal Revenue Code of 1986, as amended (**Code**). It has also reviewed Section 42 of the Code, the regulations issued pursuant thereto and such other binding authority as it believes to be applicable to the issuance hereof (the regulations and binding authority hereinafter collectively referred to as the **Regulations**).

Based upon the foregoing reviews and upon due investigation of such matters as it deems necessary in order to render this opinion, but without expressing any opinion as to either the reasonableness of the estimated or projected figures or the veracity or accuracy of the factual representations set forth in the Application, the undersigned is of the opinion that:

1. It is more likely than not that the inclusion in eligible basis of the Development of such cost items or portions thereof, as set forth in Parts 22, 23 and 24 of the Application, complies with all applicable requirements of the Code and Regulations.

2. The calculations (a) of the Maximum Allowable Credit available under the Code with respect to the Development in Part 24 of the Application and (b) of the Estimated Qualified Basis of each building in the Development in Page 17 of the Application comply with all applicable requirements of the Code and regulations, including the selection of credit type implicit in such calculations.

3. The appropriate type(s) of allocation(s) have been requested in Part 2 of the Application.

4. The information set forth in Part 20 of the Application as to proposed rents satisfies all applicable requirements of the Code and Regulations.

5. The site of the captioned Development is controlled by the Owner, as identified in Part 15 of the Application, for a period of not less than four (4) months beyond the application deadline.

6. [Delete if inapplicable] The type of the nonprofit organization involved in the Development is an organization described in Code Section 501 (c)(3) or 501 (c)(4) and exempt from taxation under Code Section 501(a), whose purposes include the fostering of low-income housing.

7. [Delete if inapplicable] The nonprofit organization's ownership interest in the Development is all the general partnership interests of the ownership entity of the Development as described in Part 34 of the Application.

8. [Delete if inapplicable] It is more likely than not that the representations made under Part 22 of the Application as to the Development's compliance with or exception to the Code's minimum expenditure requirements for rehabilitation projects are correct.

9. [Delete if inapplicable] After reasonable investigation, the undersigned has no reason to believe that the representations made under Part 27 of the Application as to the Development's compliance with or eligibility for exception to the ten year *look-back-rule* requirement of Code §42(d)(2)(B) are not correct.

Finally, the undersigned is of the opinion that, if all information and representations contained in the Application and all current law were to remain unchanged, upon the placement in service of each building of the Development during this calendar year 20XX and/or, if the Owner intends to request all or any portion of its final allocation pursuant to Section 42(h)(1)(E) of the Code, upon compliance by the Owner with the requirements of such section, the Owner would be eligible under the applicable provisions of the Code and the Regulations to an allocation of Credits in the amount(s) requested in the Application.

This opinion is rendered solely for the purpose of inducing the Puerto Rico Housing Finance Authority (**PRHFA**) to issue a reservation of Credits to the Owner. Accordingly, it may be relied upon only by PRHFA and may not be relied upon by any other party for any other purpose.

_____
Firm Name

By: _____

Its: _____
(Title)

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance
Authority

SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK
FOR PUERTO RICO

ANNEX J

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

ANNEX J: Designer's Preliminary Certirfication

[This Form Must Be Included With Application]

[This Opinion Must Be Submitted Under Designer Firm's Letterhead]

Date: _____

TO: Puerto Rico Housing Finance Authority
P.O. Box 71361
San Juan, Puerto Rico 00936-8461

RE: Low Income Housing Tax Credit Program
Project Name: _____
Owner: _____

Gentlemen:

The undersigned, an architect/engineer duly licensed and registered in Puerto Rico, will provide full design services, including without limitation, preparing for [project's owner], plans and specifications, in connection with the proposed construction/rehabilitation of a **(insert number of units in proposed development)** units project on certain real property known as [project's name] (the Premises).

The undersigned hereby certifies that:

1. The plans and specifications will be in compliance with the requirements of all municipal, local, state, and federal government authorities having jurisdiction there over.

2. The condition of the Premises and the Project, after completion of the construction/rehabilitation in accordance with Plans and Specifications, will be in compliance with:
   a. all government and municipal authorities having jurisdiction there over;
   b. all applicable zoning, building, fire and other federal, state, local laws, ordinances, rules, regulations, restrictions;
   c. other requirements, including without limitations:
      i. the Fair Housing Act & Design Manual
      ii. HUD Section 504
      iii. the American with Disabilities Act;
      iv. ADA Accessibility Guidelines (ADAAG)
      v. Uniform Federal Accessibility Standards (UFAS)
      vi. Housing Quality Standards (HQS)
      vii. Energy Conservation Code issued International Code Council (Only New Construction)
      viii. Lead-based Paint Standard (Only for buildings were built prior 1978)
      ix. Life Safety Code (LSF)

x. Live Safety Codes
xi. *Reglamento Conjunto de Permisos para Obras de Construcción y Usos de Terrenos*
xii. International Building Code (IBC 2009)
xiii. Uniform Plumbing Code
xiv. Uniform Mechanical Code
xv. National Electric Code
xvi. Other local construction codes
xvii. Other local and/or state access codes; and
xviii. Standards of professional practice.

Respectfully,

_____
Firm Name

By: _____ **(SEAL)**

Its: _____
(Title)

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance Authority

SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO

ANNEX K

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

ANNEX K: DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW INCOME HOUSING CREDITS

DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW-INCOME HOUSING TAX CREDITS

THIS DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW-INCOME HOUSING TAX CREDITS (this "Agreement"), dated as of [ ], by [ ], a [*limited partnership or limited liability company*] organized and existing under the laws of the State of [ ], and its successors and assigns (the "Owner") is given as conditions precedent to the allocation of low-income housing tax credits by Puerto Rico Housing Finance Authority, a public corporation subsidiary of the Government Development Bank, and an instrumentality of the Commonwealth of Puerto Rico (together with any successor its rights, duties and obligations, the "Authority").

WITNESSETH

WHEREAS, the Authority has been designated by the Governor of the Commonwealth of Puerto Rico as the housing tax credit agency for the Commonwealth of Puerto Rico for the allocation of low-income housing tax credit dollars pursuant to Section 42 of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, the Owner holds or will hold [*fee simple title or leasehold title*] to the real property located in the Municipality of [ ], of the Commonwealth of Puerto Rico, as more fully described in Exhibit A attached hereto and made a part hereto (the "Land"), known as or to be known as [*name of the project*] (the "Project");

WHEREAS, Owner has applied to the Authority for an allocation of low-income housing tax credit dollars (the "Tax Credits");

WHEREAS, the Owner has represented to the Authority in Owner's application that it will impose additional rent restrictions or will covenant to maintain the rent and income restrictions under Section 42 of the Code for a period of time of [*15 years plus the number of additional years beyond the original compliance period*] years;

WHEREAS, the Code has required as a condition precedent to the allocation of the Tax Credit that the Owner execute, deliver and record in the appropriate Registry of the Property the deed covering this Agreement in order to create certain covenants running with the land for the purpose of enforcing the requirements of Section 42 of the Code by regulating and restricting the use, occupancy and transfer of the Project as set forth herein; and

WHEREAS, the Owner, under this Agreement, intends, declares and covenants that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Project will be and are covenants running with the Land for the term stated herein and binding upon all subsequent owners of the Project for such term, and are not merely personal covenants of the Owner;

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Owner agrees as follows:

SECTION 1 - DEFINITIONS

All words and phrases defined in Section 42 of the Code and all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury, or the Internal Revenue Service, or the Department of Housing and Urban Development from time to time pertaining to Owner's obligations under Section 42 of the Code and affecting the Project (the "Regulations") will have the same meanings in this Agreement.

SECTION 2 - FILING AND RECORDING; COVENANTS TO RUN WITH THE LAND

a) Upon execution and delivery by the Owner, the Owner will cause this Agreement and all amendments hereto to be filed and recorded in the appropriate Registry of Property, and will pay all fees and charges incurred in connection therewith. Upon filing, the Owner will immediately transmit to the Authority a certified copy of the filed deed showing the date, volume and page numbers of record. The owner agrees that the Authority will not issue the Internal Revenue Service Form 8609 constituting final allocation of the Tax Credit unless and until the Authority has received the filed certified copy of the deed containing the land use in this Agreement.

b) The Owner intends, declares, and covenants, on behalf of itself and all future owners and operators of the Project during the term of this Agreement, that this Agreement and the covenants and restrictions set forth in this Agreement regulating and restricting the use, occupancy and transfer of the Land and the Project (i) will be and are covenants running with the Land, encumbering the Project for the term of this Agreement, binding upon the Owner's successors in title and all subsequent owners and operators of the Project, (ii) are not merely personal covenants of the Owner, and (iii) will bind the Owner (and the benefits will inure to the Authority and any past, present or prospective tenant of the Project) and its respective successors and assigns during the term of this Agreement.

The Owner hereby agrees that any and all requirements of the laws of the Commonwealth of Puerto Rico to be satisfied in order for the provisions of this Agreement to constitute deed restrictions and covenants running with the land will be deemed to be satisfied in full, and that any requirements of privileges of estate are

intended to be satisfied. For the longer of the period this Tax Credit is claimed or the term of this Agreement, each and every contract, deed or other instrument hereafter executed conveying the Project or portion thereof will expressly provide that such conveyance is subject to this Agreement, provided, however, the covenants contained herein will survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Project or portion thereof provides that such conveyance is subject to this Agreement.

c) The Owner covenants to obtain the consent of any prior recorded lienholder on the Project to this Agreement and such consent will be a condition precedent to the issuance of Internal Revenue Service Form 8609 constituting final allocation of the Tax Credit.

SECTION 3 - REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE OWNER

The Owner hereby represents covenants and warrants as follows:

(a) The Owner (i) is a [limited partnership or limited liability company] duly organized and existing under the laws of the State of [ ], and is qualified to transact business under the laws of the Commonwealth of Puerto Rico, (ii) has the power and authority to own its properties and assets and to carry on its business as now being conducted, and (iii) has the full legal right, power and authority to execute and deliver this Agreement.

(b) The execution and performance of this Agreement by the Owner (i) will not violate or, as applicable, have not violated any provision of law, rule or regulation, or any order of any court or other agency or governmental body, and (ii) will not violate or, as applicable, have not violated any provision of any indenture, agreement, mortgage, mortgage note, or other instrument to which the Owner is a party or by which it or the Project is bound, and (iii) will not result in the creation or imposition of any prohibited encumbrance of any nature.

(c) The Owner will, at the time of execution and delivery of this Agreement, have good and marketable title to the Land constituting the Project free and clear on any lien or encumbrance (subject of encumbrances created pursuant to this Agreement, any Loan Documents relating to the Project or other permitted encumbrances).

(d) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of the owner, threatened against or affecting it, or any of its properties or rights, which, if adversely determined, would materially impair its right to carry on business substantially as now conducted (and as now contemplated by this Agreement) or would materially adversely affect its financial condition.

(e) The Project constitutes or will constitute a qualified low-income building or qualified low-income project, as applicable, as defined in Section 42 of the Code and the Regulations.

(f) Each unit in the Project contains complete facilities for living, sleeping, eating, cooking and sanitation (unless the Project qualifies as a single-room occupancy project or transitional housing for the homeless), which are to be used on other than a transient basis.

(g) During the term of this Agreement, all units subject to the Tax Credit will be leased and rented, or made available to members of the general public who qualify as Low-Income Tenants (or otherwise qualify for occupancy of the low-income units) under the applicable election specified in Section 42(g) of the Code.

(h) The Owner agrees to comply fully with the requirements of the Fair Housing Act as it may from time to time be amended.

(i) During the term of this Agreement, the Owner covenants, agrees and warrants that each low-income unit is and will remain suitable for occupancy.

(j) Subject to the requirements of Section 42 of the Code and this Agreement, the Owner may sell, transfer or exchange the entire Project at any time, but the Owner will notify in writing and obtain the agreement in writing of any buyer or successor or other person acquiring the Project or any interest therein that such acquisition is subject to the requirements of this Agreement and to the requirements of Section 42 of the Code and the Regulations. This provision will not act to waive any other restriction on sale, transfer or exchange of the Project or any low-income portion of the Project. The Owner agrees that the Authority may void any sale, transfer or exchange of the Project if the buyer or successor or other person fails to assume in writing the requirements of this Agreement and the requirements of Section 42 of the Code.

(k) The Owner agrees to notify the Authority in writing of any sale, transfer or exchange of the entire Project or any low-income portion of the Project.

(l) The Owner will not demolish any part of the Project or substantially subtract from any real or personal property of the Project or permit the use of any residential rental unit for any purpose other than rental housing during the term of this Agreement unless required by law.

(m) The Owner represents, warrants and agrees that if the Project, or any part thereof, will be damaged or destroyed or will be condemned or acquired for public use, the Owner will use its best efforts to repair and restore the Project to substantially the same condition as existed prior to the event causing such damage or destruction, or to relieve the condemnation, and thereafter to operate the Project in accordance with the terms of this Agreement.

(n) The Owner warrants that it has not and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

(o) The Owner agrees that it will not refuse to lease any low-income unit in the Project to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, as amended, because of the status of the prospective tenant as such a holder.

SECTION 4 - INCOME RESTRICTION; RENTAL RESTRICTIONS

The Owner represents, warrants and covenants throughout the term of this Agreement and in order to satisfy the requirements of Section 42 of the Code ("Section 42 Occupancy Restrictions") that:

(a) 1 ☐ At least 20% or more of the residential units in the Project are both rent-restricted and occupied by individuals whose income is 50% or less of area median income; or

2 ☐ At least 40% or more of the residential units in the Project are both rent-restricted and occupied by individuals whose income is 60% or less of area median income.

(b) The determination of whether a tenant meets the low-income requirement will be made by the Owner at least annually on the basis of the current income of such Low-Income Tenant.

(c) The applicable fraction (as defined in Section 42(c)(1)(B) of the Code for each taxable year during the term of this Agreement will be not less than _[___]_%.

(d) Throughout the term of this Agreement the low-income units will rent for at least _[___]_% lower than the maximum gross rent allowed under Section 42 of the Code.

SECTION 5 - TERM OF THE AGREEMENT

(a) Except as hereinafter provided, this Agreement herein will commence with on first day in the Project period on which any building which is part of the Project is placed in service and will end on the date which is _[___]_ years after the close of the compliance period (the "Extended Use Period").

(b) Notwithstanding subsection (a) above, the Owner will comply with the requirements of Section 42 of the Code relating to the Extended Use Period; provided, however, the Extended Use Period for any building which is part of this Project will terminate on the date the building is acquired by foreclosure or instrument in lieu of foreclosure unless the Secretary of the United States Treasury Department determines

that such acquisition is part of an arrangement with Owner a purpose of which is to terminate such period.

(c) Notwithstanding subsection (b) above, the Owner will not evict or terminate the tenancy (other than for good cause) of an existing tenant of any low-income unit and will not increase the gross rent above the maximum allowed under the Code with respect to such low-income unit for the entire term of the Extended Use Period, regardless of whether such Extended Use Period is terminated by foreclosure or instrument in lieu of foreclosure relating to such building (such restrictions collectively referred to as the "Vacancy Controls").

SECTION 6 - ENFORCEMENT OF THE OCCUPANCY RESTRICTIONS

(a) The Owner will permit, during normal business hours and upon reasonable notice, any duly authorized representative of the Authority, to inspect any books and records of the Owner regarding the Project with respect to the incomes of Low-Income Tenants which pertain to compliance with the Section 42 Occupancy Restrictions and the Vacancy Controls specified in this Agreement.

(b) The Owner will submit any other information, documents or certifications requested by the Authority, which the Authority will deem reasonably necessary to substantiate the Owner's continuing compliance with the provisions of the Occupancy Restrictions and the Vacancy Controls specified in this Agreement.

SECTION 7 - ENFORCEMENT OF SECTION 42 OF THE CODE OCCUPANCY RESTRICTIONS

(a) The Owner covenants that it will not knowingly take or permit any action that would result in a violation of the requirements of Section 42 of the Code and the Regulations. Moreover, Owner covenants to take any lawful action (including amendment of this Agreement as may be necessary, in the opinion of the Authority) to comply fully with the Code and with the Regulations.

(b) The Owner acknowledges that the primary purpose for requiring compliance by the Owner with the restrictions provided in this Agreement is to assure compliance of the Project and the Owner with Section 42 of the Code and Regulations, AND BY REASON THEREOF, THE OWNER IN CONSIDERATION FOR RECEIVING LOW-INCOME HOUSING TAX CREDITS FOR THIS PROJECT HEREBY AGREES AND CONSENTS THAT THE AUTHORITY AND ANY INDIVIDUAL WHO MEETS THE INCOME LIMITATION APPLICABLE UNDER SECTION 42 OF THE CODE (WHETHER PROSPECTIVE, PRESENT OR FORMER OCCUPANT) WILL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREOF, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO ENFORCE SPECIFIC PERFORMANCE BY THE OWNER OF ITS OBLIGATIONS UNDER THIS AGREEMENT IN A COURT OF COMPETENT JURISDICTION. The Owner hereby further specifically acknowledges that the beneficiaries of the Owner's obligations

hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder.

(c) The Owner hereby agrees that the representations and covenants set forth herein may be relied upon by the Authority and all persons interested in Project compliance under Section 42 of the Code and Regulations.

(d) The Owner agrees that if at any point following execution of this Agreement, Section 42 of the Code or the Regulations require the Authority to monitor the Section 42 Occupancy Restrictions, or, alternatively, the Authority chooses to monitor Section 42 Occupancy Restrictions or the Occupancy Restrictions, the Owner will take any and all actions reasonably necessary and required by the Authority to substantiate the Owner's compliance with the Section 42 Occupancy Restrictions or Occupancy Restrictions and will pay the fee established by the Authority in its Allocation Plan for such monitoring activities performed by the Authority.

SECTION 8 - MISCELLANEOUS

(a) Severability. The invalidity of any clause, part or provision of this Agreement will not affect the validity of the remaining portion thereof.

(b) Notices. All notices to be given pursuant to this Agreement will be in writing and will be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing.

To the Authority

Puerto Rico Housing Finance Authority
P O Box 71361
San Juan, PR 00936-8461

ATTENTION: Low-income Housing
Tax Credit Program

To the Owner: [ ]

ATTENTION: [ ]

The Authority, and the Owner, may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications will be sent.

(c) Amendment. The Owner agrees that it will take all actions necessary to effect amendment of this Agreement as may be necessary to comply with the Code and the Regulations.

(d) Subordination of Agreement. This Agreement and the restrictions hereunder are subordinate to the loan and loan documents, if any, on the Project except for the

Vacancy Controls specified herein and insofar Section 42 of the Code and the Regulations require otherwise.

(e) Governing Law. This Agreement will be governed by the laws of the Commonwealth of Puerto Rico and, where applicable, the laws of the United States of America.

(f) Survival of Obligation. The obligations of the Owner as set forth herein and in the Application will survive the allocation of the Tax Credit and will not be deemed to terminate or merge with the awarding of the allocation.

IN WITNESS WHEREOF, the Owner has caused this Agreement to be signed by its duly authorized representatives, as of the day and year first written above.

[ ]

BY: [ ] , [General Partner or Managing Member]

BY: _____
[ ]
[Title]

PUERTO RICO HOUSING FINANCE AUTHORITY

BY: _____
[ ]
Executive Director

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance Authority

SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO

ANNEX L

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

ANNEX L: INDEPENDENT AUDITOR'S REPORT 10% PERCENT TEST CERTIFICATION

(To be submitted on Auditor Firm's letterhead)

Date:

To: PUERTO RICO HOUSING FINANCE AUTHORITY
P.O. Box 71361
San Juan, PR 00936-8461

and

Owner: _____
Address _____
_____
Owner Tax ID: _____

Re: Project: _____
Application Number _____

We have audited the accompanying Certification of Costs Incurred ("Exhibit A") of the Owner for **(The Project")** as of _____,20__. Exhibit A is the responsibility of the Owner and the Owner's management. Our responsibility is to express an opinion on Exhibit A based on our examination.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether Exhibit A is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in Exhibit A. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of Exhibit A. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Exhibit A was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service under the accrual method of accounting and by the Puerto Rico Housing Finance Authority **(PRHFA)**, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, Exhibit A referred to above presents fairly, in all material respects, costs incurred for the Project as of _____,20__, on the basis of accounting described above.

In addition to auditing Exhibit A, we have, at your request, performed certain agreed-upon procedures, as enumerated below, with respect to the Project. These procedures, which were agreed to by the Owner and PRHFA, were performed to assist you in determining whether the Project met the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6. These agreed-upon procedures were performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures below either for the purpose for which this report has been requested or for any other purpose.

We performed the following procedures:

1. We calculated, based on estimates of total development costs provided by the Owner, the Project's total reasonably expected basis, as defined in Treasury Regulation Section 1.42-6, to be $____$ as of _____,20__.

2. We calculated the reasonably expected basis incurred by the Owner as of _____, 20___ to be $____$.

3. We calculated the percentage of the development fee incurred by the Owner as of _____, 20___ to be ____% of the total development fee.

4. We compared the reasonably expected basis incurred as of _____, 20___ to the total reasonably expected basis of the Project and calculated that ____% had been incurred as of _____, 20___.

5. We determined that Owner uses the accrual method of accounting, and has not included any construction costs in carryover allocation basis that have not been properly accrued.

6. Based on the amount of total reasonably expected basis listed above, for the Owner to meet the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6, we calculated that the Project needed to incur at least $____$ of costs prior to December 31, 20___. As of 20___ costs of at least $____$ had been incurred, which is approximately ____% of the total reasonably expected basis of the Project.

We were not engaged to, and did not perform an audit of the Owner's financial statements or of the Project's total reasonably expected basis. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Owner and the Owner's management and for filing with PRHFA and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

/s/Independent Auditors

_____
City, State

_____
Date

ANNEX L

EXHIBIT A TO INDEPENDENT AUDITOR'S REPORT FOR CARRYOVER ALLOCATION
ITEMIZED EXPENDITURES AS OF _____

	TOTAL PROJECT COSTS	PROJECT'S EXPECTED BASIS	ELIGIBLE 10% TEST EXPENDITURE	EXPENDITURES AS % OF EXPECTED BASIS
LAND AND BUILDING*				
Land Costs	$	$	$	%
Existing Structures	$	$	$	%
On-site Work	$	$	$	%
Off-site Work	$			
Impact Fees	$	$	$	%
Other**	$	$	$	%
TOTAL	$	$	$	%
REHABILITATION OR CONSTRUCTION COSTS				
New Building	$	$	$	%
Rehabilitation	$	$	$	%
Accessory Buildings	$	$	$	%
Contractor Overhead	$	$	$	%
Contractor Profit	$	$	$	%
General Requirements	$	$	$	%
Construction Contingency	$	$	$	%
Other	$	$	$	%
TOTAL	$	$	$	%
PROFESSIONAL FEES				
Architect - Design	$	$	$	%
Architect – Supervision	$	$	$	%
Engineer/Surveyor	$	$	$	%
Construction Manager	$	$	$	%
Other	$	$	$	%
TOTAL	$	$	$	%
CONSTRUCTION PERIOD COSTS				
Insurance	$	$	$	%
Title Insurance-Constr. Loan	$	$	$	%
Construction Loan Interest	$	$	$	%
Title & Recording	$	$	$	%
Constr. Loan Origination Fee	$	$	$	%
Legal Fees-Construction Loan	$	$	$	%
Taxes and Fees	$	$	$	%
Other	$	$	$	%
TOTAL	$	$	$	%

PERMANENT FINANCING	
Perm. Loan Origination Fee	$
Perm. Loan Title and Recording	$
Perm. Loan Title Insurance	$
Legal Fees-Perm. Loan	$
Credit Enhancement	$
TOTAL	$

ANNEX L

	TOTAL PROJECT COSTS	PROJECT'S EXPECTED BASIS	ELIGIBLE 10% TEST EXPENDITURE	EXPENDITURES AS % OF EXPECTED BASIS
SOFT COSTS				
Market Study	$			
Environmental Study	$	$	$	%
Appraisal	$			
Tax Credit Fees	$			
Cost Certification	$	$	$	%
Accounting	$	$	$	%
Other	$	$	$	%
TOTAL	$	$	$	%
SYNDICATION COSTS**				
Organization	$			
Tax Opinion	$			
Other	$			
TOTAL	$			
DEVELOPER FEES * **				
Developer Overhead	$	$	$	%
Developer Profit	$	$	$	%
Consultant	$	$	$	%
Real Estate Attorney	$	$	$	%
Other	$	$	$	%
TOTAL	$	$	$	%
PROJECT RESERVES				
Rent-Up Reserve	$			
Operating Reserve	$			
Escrow Reserves	$			
Other Reserves	$			
TOTAL	$			
TOTAL DEVELOPMENT COSTS**	$	$	$	%
FEES PAID TO RELATED ENTITIES***				
Related Entity	$	$	$	%
Related Entity	$	$	$	%
Related Entity	$	$	$	%
TOTAL	$	$	$	%

* Legal fees and interest expense related to the land must be broken out and entered in this category.

** All Syndication costs must be separated from other project costs and included on this line.

*** If any portion of the developer fee is deferred, supporting documentation must be submitted (e.g. promissory note).

**** **All fees, including the developer fees, which are paid to the developer or to any entity with an identity of interest with the developer, must be clearly identified in the section, entitled Fees Paid to Related Entities.**

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance Authority

SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO

ANNEX M

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

ANNEX M: FINAL COST CERTIFICATION

Independent Auditor's Report
(Must be submitted with Final Cost Certification)
(To be submitted under Accounting's Firm Letterhead)

Date: _____

To: Puerto Rico Housing Finance Authority
P.O. Box 71361
San Juan, PR 00936-8461

Re: **Name of Project**
Address of Project
Project Owner
Project Building Identification Number (BIN)

We have audited the costs included in the accompanying Puerto Rico Housing Finance Authority (PRHFA) Final Cost Certification of **insert Owner's name** (the "Owner") for **(insert Project's Name)** (Project) as of _____, 20___. The Final Cost Certification is responsibility of the Owner and the Owner's management. Our responsibility is to express an opinion on the Final Cost Certification based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Final Cost Certification is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Final Cost Certification. An audit includes assessing the accounting principles used and significant estimates made my management, as well as evaluating the overall Final Cost Certification presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Final Cost Certification was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service, under the accrual method of accounting, and in conformity with the format and qualified allocation plan rules set by PRHFA, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion the Final Cost Certification presents fairly, in all material respects, the actual costs of _$____ and eligible basis of _$____ of the Owner for the Project as of _____, 20___, on the basis of accounting described above.

This report is intended solely for the information and use of Project Owner and Owner's management and for filing with PRHFA and should not be used for any other purpose.

We have no financial interest in the Project other than in the practice of our profession.

/s/Independent Auditors

_____
City, State

_____
Date

INDEPENDENT AUDITOR'S REPORT
FINAL COST CERTIFICATION

SCHEDULE A: ITEMIZED COSTS & ELIGIBLE BASIS

ITEMIZED COSTS	Final Costs	Eligible Basis by Credit Type	
LAND AND BUILDING *		4% Credit	9% Credit
1 Land Costs	$	$	$
2 Existing Structures	$	$	$
3 Acquisition Fees	$	$	$
4 Other: _____	$	$	$
5 TOTAL	$	$	$
SITE WORK			
6 On-site Work	$	$	$
7 Off-site Work	$	$	$
8 Other: _____	$	$	$
9 TOTAL	$	$	$
REHABILITATION OR CONSTRUCTION COSTS			
10 New Building	$	$	$
11 Rehabilitation	$	$	$
12 Accessory Buildings	$	$	$
13 Contractor Overhead	$	$	$
14 Contractor Profit	$	$	$
15 General Requirements	$	$	$
16 Construction Contingency	$	$	$
17 Fees	$	$	$
18 Other: _____	$	$	$
19 TOTAL	$	$	$
PROFESSIONAL FEES			
20 Design	$	$	$
21 Supervision	$	$	$
22 Engineer/Surveyor	$	$	$
23 Real Estate Attorney	$	$	$
24 Consultant Fees	$	$	$
25 Other: _____	$	$	$
26 TOTAL	$	$	$
INTERIM COSTS			
27 Insurance	$	$	$
28 Bond Premium	$	$	$
29 Construction Loan Interest	$	$	$
30 Loan Origination Fee	$	$	$
31 Taxes and Fees	$	$	$
32 Title and Recording	$	$	$
33 Other: _____	$	$	$
34 TOTAL	$	$	$
PERMANENT FINANCING			

ITEMIZED COSTS	Final Costs	Eligible Basis by Credit Type	
35 Bond Premium	$	$	$
36 Credit Report	$	$	$
37 Loan Origination Fee	$	$	$
38 Legal Fees	$	$	$
39 Title and Recording	$	$	$
40 Other: _____	$	$	$
41 TOTAL	$	$	$

SOFT COSTS			
42 Market Study	$	$	$
43 Environmental Study	$	$	$
44 Appraisal	$	$	$
45 Tax Credit Fees	$	$	$
46 Cost Certification	$	$	$
47 Rent Up	$	$	$
48 Other: _____	$	$	$
49 TOTAL	$	$	$

SYNDICATION COSTS **			
50 Organizational	$	$	$
51 Tax Opinion and Title Policy	$	$	$
52 Other: _____	$	$	$
53 TOTAL	$	$	$

DEVELOPER FEES			
54 Developer Fees	$	$	$
55 Consultant	$	$	$
56 Other: _____	$	$	$
57 TOTAL	$	$	$

PROJECT RESERVES			
58 Rent Up	$	$	$
59 Operating Reserve	$	$	$
60 Other: _____	$	$	$
61 TOTAL	$	$	$

OTHERS			
62 Working Capital	$	$	$
63 Bridge Loan	$	$	$
64 Other: _____	$	$	$
65 TOTAL	$	$	$

66	TOTAL DEVELOPMENT COSTS	$	$	$

* Legal fees and interest expense related to the land must be broken out and entered in this category.

** All Syndication costs must be separated from other project costs and included on this line.

SCHEDULE B: QUALIFIED BASIS TEST

1. **Total Development Costs** (Line 66 from Schedule A): $____
   Less Costs Ineligible for Tax Credit Basis (from Schedule A):
   - Land (Line 5) $____
   - Market Study (Line 42) $____
   - Permanent Financing Fees (Line 41) $____
   - Syndication Costs (Line 53) $____
   - Project Reserves (Line 61) $____
   - Other: _____ $____
   - Other: _____ $____

2. **Eligible Basis** $____

Total Number of Units _____
Total Number of Low Income Units _____

3. **Applicable Fraction** *** ____%

4. **Qualified Basis** (Applicable Fraction x Eligible Basis) $____

Difficult to Develop Area Adjustment, if applicable 130 %

5. **Total Eligible Basis** $____
   (Qualified Basis x 130%)

Tax Credit Rate (as stated in Carryover Allocation Agreement) ____%

6. **Annual Tax Credit – Qualified Basis Test** $____
   (Total Eligible Basis x Tax Credit Rate)

*** Use the smaller of the unit fraction (LI units/residential units) or the floor space fraction (LI unit floor space/residential unit floor space)

SCHEDULE C: EQUITY GAP TEST

1.	Total Development Costs (Line 66 from Schedule A)		$ ____
2.	Permanent Financing Sources*		
	First Mortgage:	$ ____	
	Second Mortgage	_____	
	Grants	_____	
	Owner Equity	_____	
	Other: _____	_____	
	TOTAL		$ ____
3.	**Equity Gap** (Line 1 less Line 2 Total)		$ ____
4.	Syndication Rate (net cent per credit $)		_____
5.	Investor Ownership Percentage		_____
6.	10 year Credit Allocation [Line 3/(Line 4 multiplied by Line 5)]		$ ____
7.	**Annual Credit - Equity Gap Test** (Line 6 divided by 10)		$ ____

* In general these funding sources should include only permanent financing sources of cash funding expected to be repaid out of project operations. Do not include deferred fees, such as deferred developer fees or imputed capital for which cash is not received.

Schedule D: ANNUAL TAX CREDIT DETERMINATION

A. **Tax Credit Allocation** $____
(From Carryover Allocation Agreement)

B. Annual Tax Credit – **Qualified Basis Test** $____
(Schedule B – Line 6)

C. Annual Tax Credit – **Equity Gap Test** $____
(Schedule C - Line 7)

D. **Final Tax Credit Determination** ** $____
(the lowest amount between lines A, B or C)

E. Returned Credits (Line A less Line D) $____
(If zero or less, enter 0)

** The actual allocation may be less than this amount.

Exhibit A
Schedule E: Qualified Basis on a Building by Building Basis:

Address (must be complete)		30%PV				70% PV				Place in Service Date
		Eligible Basis	Square Feet	Applicable Fraction	Qualified Basis	Eligible Basis	Square Feet	Applicable Fraction	Qualified Basis	
1)		$			$	$			$	
2)		$			$	$			$	
3)		$			$	$			$	
4)		$			$	$			$	
5)		$			$	$			$	
6)		$			$	$			$	
7)		$			$	$			$	
8)		$			$	$			$	
9)		$			$	$			$	
10)		$			$	$			$	
	TOTALS	$			$	$			$	

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance
Authority

SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK
FOR PUERTO RICO

ANNEX N

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

ANNEX N: Designer's Certification of Completion of Construction

[This Form Must Be Included With the Final Cost Certification]
[This Opinion Must Be Submitted Under Designer Firm's Letterhead]

Date: _____

TO: Puerto Rico Housing Finance Authority
P.O. Box 71361
San Juan, Puerto Rico 00936-8461

RE: Low Income Housing Tax Credit Program
Project: _____
Owner: _____

Gentlemen:

The undersigned, an architect/engineer duly licensed and registered in Puerto Rico, has provided full design services, including without limitation, preparing for [project's owner], final plans and specifications, pursuant to certain agreement between the undersigned and the owner dated _____ in connection with the construction/rehabilitation of a **(insert number of units in project)** units project on certain real property known as **[insert project's name]** (the Premises).

The undersigned hereby certifies that:

1. The plans and specifications comply with and conform in all respects to the requirements of law, have been duly filed with and have been approved by Regulations & Permits Administration (ARPE by its Spanish acronym); or the Autonomous Municipality of _____ (as the case may be).

2. Upon examination of the Premises, the Project, the plans and specifications after completion of the construction/rehabilitation we have concluded that the construction is in compliance with:
   a. all government and municipal authorities having jurisdiction there over;
   b. all applicable zoning, building, fire and other federal, state, local laws, ordinances, rules, regulations, restrictions;
   c. other requirements, including without limitations:
      i. the Fair Housing Act,
      ii. the American with Disabilities Act;
      iii. other local and/or state access codes; and
      iv. standards of professional practice

Respectfully,

_____
Firm Name

By: _____ **(SEAL)**
Its: _____
(Title)

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance Authority

SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO

ANNEX O

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

COMMONWEALTH OF
PUERTO RICO
Puerto Rico Housing Finance Authority
SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO

COMPLIANCE MONITORING PLAN

LOW INCOME HOUSING TAX CREDIT PROGRAM

Audit & Compliance Department
Barbosa Ave. 606 – Juan C. Cordero Dávila Bldg. – Rio Piedras, PR 00919
Phone 787-765-7577 Fax 787-300-3171

NOVEMBER 2013

Compliance Monitoring Plan
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PRHFA-02a Tenant Income Certification Instructions
PRHFA-03 Employment Verification Form
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PRHFA-13 Properties contact information Form

Introduction

This manual is a reference guide for the administration of the Low-Income Housing Tax Credit Program (LIHTC). It is intended to answer questions regarding the procedures, rules, and regulations that govern Housing Credit developments. The manual should be used in conjunction with, and as a supplement to, Section 42 of the Internal Revenue Code. If a determination is made that any provision of this manual is in conflict with Section 42 of the Internal Revenue Code, the Internal Revenue Code will govern. This manual has not been reviewed or approved by the Internal Revenue Service (IRS) and should not be relied upon for interpretation of federal income tax legislation or regulations.

Included in the manual are a number of forms for your use. The use of some of the forms is mandatory while the use of other forms is optional. Please pay particular attention to language within the manual that states which are required forms. If management uses forms other than those provided, care should be taken to assure that the forms use sufficient information to meet Tax Credit program requirements.

The Tax Reform Act of 1986 established the LIHTC Program under Section 42 of the Internal Revenue Code (the "Code").

The LIHTC Program is an incentive for taxpayers to provide housing for lower income tenants in exchange for a credit against federal income taxes. It is a dollar-for-dollar reduction in tax liability to the owner in exchange for the construction or rehabilitation of rental housing units for lower income households. The amount of credit allocated is directly based on the cost of the development and on the number of qualified Housing Credit units that meet federal rent and income targeting requirements.

The Omnibus Budget Reconciliation Act of 1990 amended the Code to require that state tax credit-allocating agencies provide a procedure for monitoring developments for compliance with the occupancy requirements of the tax credit program.

Under Section 42(m)(1)(B)(iii) of the Code, an allocating agency must have a procedure for monitoring compliance with the provisions of the Code and notifying the Internal Revenue Service (IRS) of any noncompliance. The monitoring requirements became effective January 1, 1992, and apply to all buildings that received a tax credit at any time.

On December 15, 2000 both houses passed the credit reform bill which included changes to Section 42. The effective date of those provisions was January 1, 2001. The bill requires regular site inspections by the Housing Credit Agencies to monitor compliance with habitability standards applicable to the project. IRS regulations, effective January 2001, mandate site visits at least once every three years.

As the State Credit Agency, Puerto Rico Housing Finance Authority (PRHFA) is responsible for monitoring the LIHTC projects. The PRHFA has administered the LIHTC Program for the Commonwealth of Puerto Rico since December 30, 1987. As of September 30, 2013 the PRHFA monitors the compliance of Section 42 requirements for 177 projects with 15,627 LIHTC units segregated for low-income families throughout the island.

Note: Virtually every tax credit rule has a variation or exception for specific circumstances. The following overview by necessity oversimplifies some aspects; otherwise, no overview would be possible. It is the responsibility of the property owner and management company to be aware of applicable rules and regulations affecting the property and to ensure compliance with tax credit regulations and any additional compliance agreements that may be required by other programs.

I. Program Summary

A. Minimum Set-Aside Requirements

When applying for an allocation of tax credits, the developer must choose one of two minimum set-aside requirements that must be followed during the compliance period. Set-asides obligate the property owner to rent a certain percentage of the dwelling units to households of a specified income level. Once the developer chooses which of the Internal Revenue Code set-asides to use, his choice is irrevocable. The minimum set-asides are as follows:

20/50 - No less than 20 percent or more of the residential units in such developments are both rent-restricted and occupied by individuals whose income is 50 percent or less of area median gross income, or;

40/60 - No less than 40 percent or more of the residential units in such developments are both rent-restricted and occupied by individuals whose income is 60 percent or less of area median gross income.

Each building is considered a separate project under IRC Section 42(g)(3)(D), and the minimum set-aside applies separately to each building, unless the owner elects to treat buildings as a multiple-building project, in which case the minimum set-aside applies on a project-wide basis. Owner identifies the building(s) in a multiple-building project by attaching a statement to the owner's first-year tax return. See instruction for Form 8609, line 8b for details.

Management Company or manager should confirm the set-aside that was established by the building owner at the time the set-aside option was made (the election is made on Form 8609 for the first year of the credit period), to ensure continued compliance. Once selected, the option cannot be changed. Note that this is only the minimum set-aside income and rent election. For example, for 20/50 minimum set-aside, if building applicable fraction is 100%, all tax credit units must have an income and rent restriction of 50% AMGI.

To earn more ranking points in the competitive process of applying for tax credits, owners may select additional set-asides that are more stringent than the 40/60 and 20/50 set-asides. If chosen, these optional set-asides will be described in the project's Agreement as to Restrictive Covenants.

If a property is financed using HOME funds which:

- Have not been subtracted from the basis calculation or
- Have an interest rate below the Applicable Federal Rate and the owner receives tax credits at the 70% present value rate

Then the owner must rent 40% of the units **in each building** to households whose income is 50% less of area median income.

There is not a corresponding rent restriction with this HOME income limit set-aside. Rent limits are set according to the elected tax credit set-aside and/or any additional rent restrictions under which the allocation was made.

Note: Buildings placed in service after July 30, 2008 are not subject to this provision.

1. *Deep Rent Skewed Election*

In addition to the basic minimum set-aside, a developer can also choose to follow a set-aside for "deep rent skewed" developments. This set-aside provides that, in addition to the 40/60 or 20/50 set-aside, the owner will also reserve 15 percent or more of the residential units as rent-restricted and occupied by individuals whose income is 40 percent or less of area median gross income. In exchange for making this election, tenant household incomes can increase to 170% of the limit before they become over-income tenants.

2. *Deadline for Meeting Set-Asides*

The selected set-aside must be met by the end of the first year of the credit period (the end of the first tax year for which the owner chooses to claim tax credits). In the event that noncompliance results in the failure to meet the minimum set-aside for the first year of the credit period, the taxpayer is prohibited from ever claiming the LIHTC; the date of noncompliance is the last day of the taxable year of the first year of the credit period.

If the minimum set-aside violation occurs *after* the first taxable year of the compliance period, the project is back in compliance for the taxable year in the compliance period in which the minimum set-aside is met, determined as of the close of that taxable year.

A unit must be rented to a low-income household before it can be considered a low-income unit and counted toward meeting the minimum set-aside. Units that are vacant and have never been rented to a low-income household have "no character" and do not count toward the set-aside.

Management should not attempt to move existing low-income residents to previously unrented units in order to make those units count toward the minimum set-aside. This "unit swapping" practice is monitored and will not benefit the development because first year credits are calculated based on monthly occupancy rates.

B. Income Limits & Calculations

Every year, the Department of Housing & Urban Development (HUD) publishes median income of the metropolitan and non metropolitan area in which the project resides, adjusted to family size. HUD's Low Income level is 80% of the median income based on family size.

Do not use the Low Income (80%) numbers for tax credit purposes. The Very Low Income figures are 50% of the median income based on family size. These figures may be used as tax credit income limits for properties using the 20/50 set-aside. Multiply the very low income figures by 1.2 to compute the 60% income limits for properties using the 40/60 set-aside.

The PRHFA will provide annually an update of Tax Credit Income and Rent limits to development sponsors and managers. However, it is the owner's responsibility to obtain these limits when they are published by HUD and to implement the new limits within 45 days of the effective date.

C. Maximum Rent Requirements

Under Section 42, a unit qualifies as a LIHTC unit when the rent charged to the household does not exceed the gross rent limitations on a monthly basis.

IRC §42(g)(2)(B) defines gross rent and excludes the following amounts:

1. Payments under Section 8 or a comparable rental assistance program;
2. Fees paid to the owner by any governmental program of assistance for supportive services, and;
3. Rental payments to the owner to the ~~extent the owner~~ makes equivalent payments to the Rural Housing Service under the section 515 program.

IRC §42(g)(2)(B) also requires that the gross rent include any utility allowance "determined by the Secretary after taking into account such determinations under section 8 of the United State Housing Act of 1937." For Section 8, tenant rent is the portion of the Total Tenant Payment the tenant pays *each month* to the owner for rent. Tenant rent is calculated by subtracting the utility allowance from the Total Tenant Payment. Because HUD determines a tenant's rent on a monthly basis, state agencies must determine whether the owner is in compliance with the gross rent limits each month of the owner's current tax year.

Gross rent does not include any fees for a supportive service which is paid to the owner of the unit (on the basis of the low-income status of the tenant of the unit) by any governmental program of assistance (or by an organization described in Section 501 (c)(3) of the Internal Revenue Code and exempt from tax under Section 501 (a) of the Internal Revenue Code) if such program (or organization) provides assistance for rent

and the amount of assistance provided for rent is not separable from the amount of assistance provided for supportive services. All other fees for supportive services must be included in the gross rent.

Any charges to low-income tenants for services that are not optional generally must be included in gross rent (Treas. Reg. §1.42-11). A service is optional when the service is not a condition of occupancy and there is a reasonable alternative. Charges for non-optional services such as a washer and/or dryer hookup fee and built-in/on storage sheds (paid month-to-month or a single payment) would always be included within gross rent. No separate fees should be charged for tenant facilities (i.e., pools, parking, recreational facilities) if the costs of the facilities are included in eligible basis. *Assuming they are optional*, charges such as pet fees, laundry room fees, garage and storage fees may be charged in addition to the rent; i.e., they are not included in the rent computation. Under Treas. Reg. §1.42-11(a)(3), the cost of services that are required as a condition of occupancy must be included in gross rent even if federal or state law required that the services be offered to tenants by building owners.

A unit is out of compliance if the rent exceeds the limit on a tax year basis or on a monthly basis. A unit is also considered out of compliance if an owner charges impermissible fees. Once a unit is determined to be out of compliance with the rent limits, the unit ceases to be a low-income unit for the remainder of the owner's tax year. A unit is back in compliance on the first day of the owner's next tax year if the rent charged on a monthly basis does not exceed the limit. An owner cannot avoid the disallowance of the LIHTC by rebating excess rent or fees to the affected tenants.

Noncompliance with the rent restrictions will be reported to the IRS through the issuance of Form 8823 Report of Noncompliance or Building Disposition under category 11g, Gross Rent(s) Exceed Tax Credit Limits. If the noncompliance is the result of noncompliance with the utility allowance requirements, the error should be noted under category 11m, Owner did not Properly Calculate Utility Allowance.

D. Establishing Maximum Rent

1. *Family Size Rent Calculations (1987-1989)*

Properties which received tax credit allocations between January 1, 1987 and December 31, 1989 whose owners did NOT elect to use the "number of bedrooms" method of calculating maximum rent may charge tenants a maximum gross rent of thirty percent (30%) of the annual median income limit adjusted for family size for the county in which the development is located.

2. *Bedroom Size Rent Calculations (1990 - Forward)*

For developments receiving an allocation of LIHTC from January 1, 1990 forward, the maximum gross rents are computed based on the number of bedrooms in the unit.

Units with no separate bedroom are treated as being occupied by one (1) person; larger units are treated as being occupied by 1.5 persons per each separate bedroom (see chart below).

Between 1987 through 1989 LIHTC owners who DID ELECT to use the "number of bedrooms formula and filed a Notice of Election form (NOE-1) with the IRS and the PRHFA by February 7, 1994 calculate their maximum rent this way also.

0 Bedroom Unit = 1.0 person income
1 Bedroom Unit = 1.5 person income
2 Bedroom Unit = 3.0 person income
3 Bedroom Unit = 4.5 person income
4 Bedroom Unit = 6.0 person income

Example:

To calculate the Maximum Gross Rent by bedroom size for projects that received an allocation from January 1, 1990 forward the following steps must be performed:

	Income Limits by Household Size						
% AMGI	1	2	3	4	5	6	7
60%	12,720	14,520	16,380	18,180	19,620	21,060	22,560

- Select the unit factor that applied based on the bedroom size. For a 1 bedroom unit the factor is 1.5 person incomes.
- To obtain the 1.5 person income an average must be calculated between the Income Limit for a Household size of one person and two persons; the result must be divided by 2.

$$\frac{12,720 + 14,520}{2} = \frac{27,240}{2} = \$13,620$$

- The income limit for 1.5 persons must be multiplied by 30% to calculate the annual rent. To obtain the monthly rent divide the annual rent by 12. The result is the Maximum Gross Rent by bedroom size.

13,620 X 30% = $4,086 Annual Rent

4,086 / 12 = $340 Maximum Gross Rent (Monthly)

3. *Establishing LIHTC Rents in Subsequent Years*

Each year, the owner must re-compute the maximum allowable rent and the utility allowances for each project using the latest publication by HUD. If a LIHTC restricted unit is rented to an unqualified tenant or the owner charges rents in excess of the maximum allowable rent, the unit could be subject to recapture. The project should never fall below the minimum set-aside.

E. Applicable Fraction

The applicable fraction is the lesser of:

- The unit fraction, which is the number of low-income units in a building divided by the total number of residential rental units; or
- The floor space fraction, which is the total floor space of the low-income units in the building divided by the total floor space of the residential rental units in the building.

When determining the units to be included in the numerator (low-income units), and in the denominator (total units) of the applicable fraction, the following aspects should be taking into consideration:

- Units that have never been occupied or are occupied by a nonqualified household cannot be included in the numerator, but must be included in the denominator;
- Vacant units that were last occupied by a nonqualified household cannot be included in the numerator, but must be included in the denominator.
- Units not suitable for occupancy, including tax credit units being rehabilitated in the first year of the credit period, cannot be included in the numerator, but must be included in the denominator.
- Common space units (units for FT manager, FT maintenance or security -see par. F, below), are not included in either the numerator or denominator.

F. Full Time Resident Manager's Unit

The Full time resident or on-site manager's unit may or may not be included in determining the applicable fraction depending on the circumstances. According to IRS Revenue Ruling 92-61, the ways in which the on-site manager's unit may be considered are:

- For buildings that have been placed in service after September 9, 1992, the full time manager's unit must be treated as common space (i.e., it would not be included in either the numerator or denominator of the applicable fraction).

- For buildings that were place in service prior to September 9, 1992, the full time manager's unit may be treated as follows:

  a. The full time manager's unit is considered a qualified low-income unit (the rent is restricted to a qualifying amount and the resident manager is a certified low-income tenant); or
  b. The full time manager's unit is considered common space. As common space, the unit would not be included in either the numerator or the denominator of the applicable fraction.

Example:

A building contains 24 units and the applicable fraction is 100%. Credits were allocated on 23 units. This means that the manager's unit was treated as common space when credit was allocated. The applicable fraction would be 23/23 or 100%.

A full time manager or maintenance person must occupy a resident manager's unit. The number of hours worked does not define full-time; rather it is defined that the manager's presence on site is reasonably required for the development. Some things to consider are: what is warranted by the type, size and/or location of the development, as well as what is needed in terms of the resident population. Some developments may not need to employ a resident manager for what is normally considered full-time and other developments may need to employ more than one on-site manager or maintenance person. Full-time is considered to be whatever is reasonably required to make operations run smoothly at the development. As a general guide, a manager who performs management functions such as leasing units, preparing certification paperwork, cleaning, general maintenance, preparing turnover, collecting rent, etc., and is available to the site on an on-call basis to respond to emergencies may be considered a full-time manager under this ruling. According to Revenue Ruling 2004-82, dated August 30, 2004, a unit may also be occupied by a full-time security officer and be treated as common space, if reasonably required.

All developments, especially those that are new allocations, need to notify PRHFA of the status of common space unit(s) and which method is being used. When notifying PRHFA, it is necessary to include the project name and LIHTC number, the building address and BIN number, the unit number, the number of bedrooms in the unit, the square footage, the current resident manager, maintenance person, or security personnel's name and a description of duties and time involved. If not previously considered as part of the allocation process, PRHFA will issue a letter acknowledging such common space unit. For the most part, PRHFA will rely on the owner's determination of whether a full time unit is reasonably required by the development. However, if PRHFA becomes aware that the unit is not occupied by a full time manager, maintenance, or security personnel, as represented by the owner, it may become a noncompliance issue.

Note: If the owner is charging rent for the unit, the Internal Revenue Service may determine that the unit is not reasonably required by the project because the owner is not requiring the manager, maintenance or security personnel to occupy the unit as a condition of employment.

G. Calculating the First Year Applicable Fraction

The applicable fraction for the first year is calculated as follows:

- Find the low-income portion as of the end of each full month that the building was in service during the year.
- Add these percentages together and divide by 12 (per instructions on IRS Form 8609 and Schedule A). Note that the applicable fraction must be calculated for both the unit and floor space fraction (See table below).

Example:

Assume that a low-income building of 50 units was placed in service on March 1, 2008, and has the following lease-up schedule during the first year of the credit period:

Month	Low-Income Units	Total Units	Monthly Unit Fraction	Low Income Sq Ft	Total Square Feet	Monthly Square Foot Fraction
January	3	50	*0%	2,400	50,000	*0.00%
February	10	50	*0%	8,000	50,000	*0.00%
March	15	50	30%	12,000	50,000	24%
April	30	50	60%	24,000	50,000	48%
May	40	50	80%	32,000	50,000	64%
June	50	50	100%	50,000	50,000	100%
July	50	50	100%	50,000	50,000	100%
August	50	50	100%	50,000	50,000	100%
September	50	50	100%	50,000	50,000	100%
October	50	50	100%	50,000	50,000	100%
November	50	50	100%	50,000	50,000	100%
December	50	50	100%	50,000	50,000	100%
Totals	**Sum of monthly Unit Fraction/12**		72.50%	**Sum of monthly Sq Ft Fraction/12**		69.67%

"The owner must **not** count the unit occupied in January and February towards the first-year applicable fraction since the building was not placed in service for a full month. For all other months, even if a resident moved in to a unit on the last day of the month, that unit is considered occupied at the end of the month. The first year applicable fraction for this building would be 69.67% based on this lease-up schedule.

H. Qualified Basis

Qualified basis is the portion of the eligible basis applicable to Housing Tax Credit units in a building. Qualified Basis is the product of a project's Eligible Basis multiplied by the Applicable Fraction. The original qualified basis is determined as of the last day of the first year of the credit period and is reported to the IRS on Part II of Form 8609.

I. Claiming Credits

The credits may be taken annually for 10 years and are based on a percentage of the qualified costs of the building. For 1987, the applicable rates were 9 percent for new construction and substantial rehabilitation and 4 percent for buildings with federal subsidies and for acquisition and rehabilitation of existing buildings. In order for an existing building to qualify for the credit in connection with substantial rehabilitation, there must be a period of at least 10 years between the date of acquisition and the date the building was last placed in service.

After 1987, the credit percentage is based on the Applicable Federal Rate (AFR) for the month the project is placed in service, or, at the owner's election, the month in which a carryover/commitment is entered into by the owner and PRHFA.

Owners of qualified residential rental projects must satisfy the minimum set aside and gross rent requirements for a minimum 15-year period, and in many cases, a 30-year period, depending on the deed restrictions. Developments with allocations in 1990 and each year thereafter are required to comply with these requirements for a minimum of 30 years.

J. Compliance Period

1. *All LIHTC Developments*

   In order to receive the credit, all developments receiving a credit allocation since 1987 must comply with eligibility requirements for a period of 15 years beginning with the first taxable year of a building's credit period. The credit period for a building begins in either the year it is placed in service or the first year after, as declared in Part II of the IRS for 8609. This 15 year period is referred to in the Code as the "Compliance Period" [Section 42(i) (1)].

2. *Developments that received allocations from 1987 through 1989*

   These developments are only subject to a fifteen- (15) year compliance period. However, any building in such a development that received an additional allocation of credit after December 31, 1989, must comply with eligibility requirements in effect beginning January 1, 1990, and will also be bound by the Declaration of Land Use Restrictive Covenants.

3. *Developments which received LIHTC allocations after December 31, 1989*

   These developments must comply with eligibility requirements for a minimum compliance period of fifteen (15) years and an extended use period of an additional fifteen (15) year period stipulated by a recorded agreement as to restrictive covenants.

K. Summary of Federal Requirements for the LIHTC Program

1. To qualify for tax credits, a property must meet either the 20/50 or 40/60 test (see Program Summary for an explanation of the 20/50 – 40/60 test).
2. All affordable unit Households must have their anticipated income for the next 12 months certified at time of initial occupancy.
3. Individuals in a Household don't have to be related.
4. All affordable units must be rent and income-restricted.
5. Rent charged is determined after subtracting a utility allowance for any Resident-paid utilities.
6. Rules specify which utility allowance to use, depending on whether buildings received HUD or Rural Development assistance, or whether a Resident receives Section 8 assistance.
7. Affordable units must be suitable for occupancy and be rented to the general public on a non-Transient basis.
8. A unit is not "qualified" until it is initially occupied by a qualified Household.
9. If an affordable unit becomes vacant, and the last occupant was a qualified Household, the vacant unit continues to be considered an affordable unit, as long as the next available unit of comparable size or smaller is rented to a qualified Household (Vacant Unit Rule).

10. If an affordable Household's income increases above 140% of the elected applicable maximum income limit (50% or 60%), the next available unit of comparable size must be rented to a qualified affordable Household (Available Unit Rule).

11. Certain Households are not qualified for tax credit housing, e.g., if all the occupants of a unit are fulltime Students, the unit is generally not eligible for tax credits.

12. Properties must comply with all Fair Housing regulations.

13. After January 1, 1990, all tax credit properties must have a Regulatory Agreement (extended use agreement) recorded as a restrictive covenant against the subject property.

14. Owners must make annual certifications regarding compliance and must maintain records verifying Household qualification.

15. Noncompliance is reportable to the IRS and may result in recapture of credit claimed.

II. Owner's Responsibilities

Each property owner or developer has decided to participate in the LIHTC program to take advantage of the tax benefits it provides. In exchange for these tax benefits, the owner must meet requirements designed to make sure the housing development will benefit a particular class of low-income tenants. A description of these program requirements follows:

A. Source of Program Requirements

Section 42 of Internal Revenue Service, IRS Regulations found in 26 CFR Section 1.42, IRS Revenue Rulings and Revenue Procedures, additional program rules prescribed by the PRHFA, representations in a development's application, and provisions included in the Agreement as to Restrictive Covenants, all regulate how low-income housing properties are to be operated. For the entire compliance period, owners are obligated to provide the PRHFA with required reporting documents and any other information requested in relation to the property, the tenants and units in the property, and documentation filed with the IRS for the purpose of claiming the tax credits.

B. Proper Administration

The owner or developer is responsible to the PRHFA to insure that the project is properly administered and maintained. The owner must make certain that the on-site management team understands and complies with all appropriate rules, regulations and policies that govern LIHTC developments and he must keep the development well maintained so that units are suitable for occupancy.

If the Management Company or owner determines that a development is not in compliance with LIHTC requirements, they should notify the PRHFA immediately. Most noncompliance are correctable issues and the PRHFA will work with owners and managers to remedy them within a reasonable amount of time.

Because the owner is ultimately responsible for a development's compliance with program rules, the PRHFA will direct any correspondence about noncompliance and corrections to the owner, as well as to the management company.

C. Progress Report, Notice of Project Changes and Semi-Annual Reports

It is the responsibility of the owner or developer to keep the PRHFA informed throughout all phases of development, rent-up and operation. This includes the construction phase during which owners are responsible for sending the PRHFA progress reports, notice of the scheduled placed-in-service date, and notice of any major changes in the development's costs, financing, syndication, unit types, and completion schedule.

After all the buildings in a development are placed-in-service, the owner or company in charge of the management of a LIHTC project must submit to the PRHFA, via electronically, the following information on a semi-annual basis:

1. Tenant Income Information of each new move-in and annual re-certifications of income for each existing tenant.

This information must be submitted to the PRHFA by the 15th day after the end of each semester during the compliance period. The PRHFA will provide the Tax Credit Certifications Online Reporting Software (COL) for the electronic submission of this information.

The COL System is an internet based reporting system. It enables management companies to enter and submit the following information:

1. Tenant Income Information of each new move-in and annual re-certifications of income for each existing tenant.
2. Annual Owner Certifications

Each management company is responsible for the data input through COL, the accuracy of all information on COL, and associated Tenant Income Certification forms generated by the program. The PRHFA is not responsible for computer input discrepancies. The management company/project sponsor should review all computer generated forms for completeness and accuracy prior to the electronic submission of the data to the PRHFA.

If any noncompliance results and is identified in the data submitted through COL, PRHFA will notify the owner and/or manager to request the necessary documentation to explain the situation. The owner or manager must provide the documentation requested to PRHFA. If a unit is determined to be out of compliance, PRHFA will give the owner 90 days to correct the issue. The Noncompliance will be reported to the IRS through the issuance of Form 8823 Report of Noncompliance or Building Disposition.

D. Recordkeeping Provisions

Under the record keeping provision of Reg. 1.42-5, the owner of a LIHTC project must keep records for each building for each year in the compliance period showing the following information:

- The total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);
- The number of occupants in each Tax Credit unit and the student resident status.
- The number and percentage of residential rental units in the building that are Tax Credit units, models, offices, and management units;

- The rent charged on each residential rental unit in the building (including utility allowance) as well as any additional charges to tenants. Documentation must include rent rolls, leases, and utility allowances as required by Internal Revenue Service;
- The Tax Credit unit vacancies in the building, marketing information, and information which shows when and to whom each of the next available units were rented;
- The annual income certification of each Tax Credit tenant;
- Documentation to support each Tax Credit tenant's income certification. Anticipated income of all adult persons expecting to occupy the unit must be verified and included on a Tenant Income Certification prior to occupancy and **annually** re-certified for continued eligibility (i.e. Written third party verification is always preferred. Income verifications are sent directly to and returned by the source to management, not through the applicant).
- The character and use of the nonresidential portion of the building included in the building's eligible basis under Section 42(d) (e.g. tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities, or facilities reasonably required by the project);
- The eligible basis and qualified basis of the building at the end of the first year of the credit period.
- Records demonstrating that any state established set-aside elected by the owner has been complied with for each year of the compliance period.

E. Record Retention

Owner must retain the records described above for at least six years after the due date (with extensions) for filing the federal income tax return for that year. The records for the first year of the credit period, however, must be retained for at least six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building.

The Revenue Ruling 2004-82, published on August 30, 2004 clarified that owners may comply with the record retention provisions under IRC Section 1.42-5(b) by using an electronic storage system instead of maintaining hardcopy (paper) books and records, provided that electronic storage system satisfies the requirements of Revenue Procedure 97-22. Be advice that the owner must satisfy any additional recordkeeping and record retention requirements of the monitoring procedures adopted by our agency.

Owners must maintain applicant and tenant information in a way to ensure confidentiality. Any applicant or tenant affected by negligent disclosure or improper use of information may bring civil action for damages and seek other relief, as appropriate. Owners must dispose of records in a manner that will prevent any unauthorized access to personal information, e.g. burn, pulverize, shred, etc.

F. Certification and Review Provision

The PRHFA requires the owner to certify, under penalty of perjury, at least annually during the compliance period that, for the preceding 12 months, the development met the requirements of Section 42 of the IRS. This requirement is satisfied by completing an Annual Owner's Certification (see PRHFA-01). This certification must be made under oath and subject to the penalties of perjury.

The Owner certifies that:

1. The project meets the minimum requirements of the 20-50 test or the 40-60 test, as applicable:

   - at least 20% or more of the residential units in the Project are both rent-restricted and occupied by individuals whose income is 50% or less of area median income; or

   - at least 40% or more of the residential units in the Project are both rent-restricted and occupied by individuals whose income is 60% or less of area median income.

2. There has been no change in the applicable fraction for any building in the project (as defined in Section 42(c)(1)(B) of the Code);

3. The owner has received an annual Tenant Income Certification from each low-income resident and documentation to support that certification, or the owner has a re-certification waiver letter from the IRS in good standing, has received an annual Tenant Income Certification from each low-income resident, and documentation to support the certification at their initial occupancy;

4. Each low-income unit in the project is rent-restricted as defined in Section 42(g)(2) of the Code;

5. All units in the project are and have been for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under Section 42(i)(3)(B)(iii) of the Code);

6. No finding of discrimination under the Fair Housing Act, 42 U.S.C 3601-3619, has occurred for this project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or

local fair housing agency, 42 U.S.C 3616a(a)(1), or an adverse judgment from a federal court;

7. Each building in the project is and has been suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low income unit in the project;

8. There has been no change in the eligible basis (as defined in Section 42(d) of the Code) of any building in the project since last certification submission;

9. All tenant facilities included in the eligible basis under the Section 42(d) of the Code of any building in the project, such as swimming pools, other recreational facilities, and parking areas, washer/dryer hookups, and appliances were provided on a comparable basis without a charge to all tenants in the buildings;

10. If a low-income unit in the project has been vacant during the year, reasonable attempts were made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income;

11. If the income of tenants of low-income unit in any building increased above the limit allowed in Section 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income;

12. An extended low-income housing commitment as described in Section 42(h) (6) was in effect, including the requirement under Section 42(h) (6) (B) (iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher and the project otherwise meets the provisions, including any special provisions, as outlined in the extended low-income housing commitment (not applicable to buildings with tax credits from years 1987-1989);

13. The owner received its credit allocation from the portion of the state ceiling set-aside for a project involving "qualified non-profit organizations" under Section 42(h)(5) of the code and its non-profit entity materially participated in the operation of the development within the meaning to Section 469(h) of the Code (if applicable).

14. The owner has complied with Section 42(h) (6) (E) (ii) (I) and not evicted or terminated the tenancy of an existing tenant of any low-income unit other than for good cause.

15. The owner has complied with Section 42(h)(6)(E)(ii)(II) and not increased the gross rent above the maximum allowed under Section 42 with respect to any low-income unit.

16. There has been no change in the ownership or management of the project.

Filling Instructions: The Annual Owner Certification must be prepared and submitted to the PRHFA using the COL System. Also, this document must be printed, notarized and sent to the PRHFA by January 31 of each calendar year. Non-receipt of this notarized form by the due date will automatically trigger the submission of a notice of noncompliance to the owner.

If the project is not yet in the first year of the credit period, submit:

- Annual Owner Certification with appropriate designation of not yet placed in service, or placed in service but elect to begin credit period in the following year. Sign, date and notarize.

If the project is in the first year of the credit period and later, submit:

- A completed, signed, dated and notarized Annual Owner Certification (PRHFA-1);
- compliance monitoring fees;
- IRS Forms 8609 for each building, with Part II completed, dated and signed;
- Completed Schedule A for each building; and Form 8586, as filed with the IRS.

The PRHFA will review the certifications submitted for compliance with the requirements of Section 42.

G. Compliance Monitoring Fees

As Puerto Rico's housing credit agency, PRHFA is required by law to conduct compliance monitoring on all projects that have ben placed in service for which the Credit is or has been allowable at any time since the inception of the Program in 1987. Fees are charged to cover staff, technology, and other associated costs necessary to conduct compliance monitoring.

1. **Annual Monitoring Fees** – Property owners must pay PRHFA an annual compliance monitoring fee of $25.00 for each LIHTC unit contained in each building. The annual monitoring fees must be submitted with the Annual Owner's Certification by January 31st of each year.

2. **Late Fees** – PRHFA will assess a five percent (5%) late fee of the total outstanding balance for payments received after thirty (30) days from the date due. The minimum late fee assessed will be $50. A fee of $15 will be assessed for any checks that are returned to the Authority for any reason.

3. **Other considerations** - Owners and developers should take note that participation in PRHFA programs requires a certification of good standing with the PRHFA. Failing to pay fees will bar any further participation in the programs administered by the PRHFA.

The PRHFA reserves the right to make adjustments in the amount of the annual compliance monitoring fee as it deems necessary to defray the cost of compliance monitoring.

H. Noncompliance

If the management agent and/or the owner determines that a building or entire project is not in compliance with program requirements, PRHFA must be notified immediately. The management agent and/or the owner must formulate a plan to bring the project back into compliance, and advise PRHFA in writing of such a plan. If the owner does not follow the formulated plan or does not comply with PRHFA's expectations, the noncompliance will be reported to the IRS.

I. Notification of Change in Management

Owners are required to inform PRHFA if any changes occur in the project administrator, management entity or management contact information. The owner must notify PRHFA using Form PRHFA-13 Property Contact Information.

J. Notification of Transfer of Ownership

It is the owner's responsibility to notify the Authority of any transfer of ownership. If the ownership of any building (or any interest therein) which has received an allocation of tax credits is transferred by the owner, a bond must be posted in accordance with Internal Revenue Code Section 42(j)(6). Owners are advised to seek legal counsel regarding this requirement prior to transferring ownership (or any interest therein). PRHFA is required to notify the Internal Revenue Service of any transfer of ownership of any building (or any interest therein), which has received an allocation of tax credits.

III. PRHFA Responsibilities

Once a final allocation is awarded to a project, the PRHFA has the responsibility of monitoring the project to guarantee compliance with Section 42 of the Internal Revenue Code and its regulations.

This Section briefly describes the PRHFA's monitoring activity. These compliance monitoring procedures may be changed as the PRHFA deems necessary or as required by the Internal Revenue Code, IRS Regulations, Revenue Rulings, and Revenue Procedures.

A. Conducting Compliance Monitoring Seminars

Owners, managers, and any other personnel who are directly involved in the management of a housing development and do not have previous experience with the LIHTC program may be required to attend a basic, educational Monitoring Seminar before the PRHFA releases Forms 8609 allocating the placed-in-service tax credits. The PRHFA also reserves the right to require management personnel to attend seminars at any time during the compliance period if the property's compliance efforts are deficient or if staff changes occur. The PRHFA will offer continuing education to the owner or developer, the Management Company and on-site personnel to guarantee compliance with federal regulations and PRHFA's rules.

The purpose of the seminar is to provide instruction on the following:

- Federal regulations for determining eligibility of low-income tenants;
- PRHFA procedures for determining eligibility of low-income tenants;
- Specific information which must be obtained from a prospective tenant through the rental application;
- Income and Rent Limits;
- Income Verifications;
- Annual Income and Asset Verification ; and
- PRHFA Required Forms and or Documentation

Such other topics which the PRHFA or the representatives of the development may deem necessary to the proper management of the development as a successful LIHTC participant.

B. Compliance Inspections

The PRHFA will conduct an on-site inspections, at least once every three (3) years, of all buildings in each low income housing project and, for each tenant in at least 20% of the project's low-income units selected. The review will consider the low-income certification, the documentation supporting such certification, and the rent records. The Tax Credit projects to be inspected or reviewed must be chosen in a manner that will not give owners of Tax Credit projects advance notice that their records for a particular

year will or will not be inspected. The first inspection for new projects will occur no later than the end of the second year of the credit period. In the event that extensive noncompliance is identified, PRHFA could consider expanding the number of units inspected/files reviewed beyond the 20 percent sample required under Treas. Reg. 1.42-5(c)(2)(ii).

The PRHFA may give an owner reasonable notice that an inspection will occur so that the owner may assemble records. This notification letter is considered the agency's announcement of an upcoming compliance review. Noncompliance that is identified and corrected by the owner *prior to notification* of an upcoming compliance review or inspection need not be reported to IRS.

During the inspection, the PRHFA will inspect the units and review the initial rent record and, at minimum, verify the following from the tenant's files for at least 20 percent of each building's low-income units:

- Rental application completed, including certification of assets and disposal of assets, if applicable;
- Tenant income certification completed for move-in and current year, including all required signatures and dates;
- Calculation of move-in income eligibility
- Income verification(s) completed and documented;
- Assets documented, and verified if total assets are more than $5,000 in value;
- Student eligibility documented;
- Lease and lease addendum completed at move-in; and
- Current year utility allowance on file.

On-site building inspections involve physically checking building and dwelling units for compliance with applicable housing quality standards. The Compliance Monitoring Regulations published January 14, 2000, require housing credit agencies to conduct physical inspections consistent with standards governed by the Department of Housing and Urban Development's Uniform Physical Conditions Standards. These standards require properties to be in "decent, safe and sanitary condition and in good repair" and require agencies to inspect the following five major areas:

1. *Site:* The site includes components such as fencing and retaining walls, grounds, lighting, mailboxes, signs (such as those identifying the development or areas of the development), parking lots/driveways, play areas and equipment, refuse disposal, roads, storm drainage and walkways. The site must be free of health and safety hazards and be in good repair.

2. *Building exterior:* Each building on the site must be structurally sound, secure, habitable, and in good repair. The building's exterior components such as doors, fire escapes, foundations, lighting, roofs, walls and windows, where applicable, must be free of health and safety hazards, operable, and in good repair.

3. *Building systems:* The building's systems include components such as domestic water, electrical system, elevators, emergency power, fire protection, HVAC, and sanitary system. Each building's systems must be free of health and safety hazards, functionally adequate, operable, and in good repair.

4. *Dwelling units*:
(i) Each dwelling unit within a building must be structurally sound, habitable, and in good repair. All areas and aspects of the dwelling unit (for example the unit's bathroom, call-for-aid, ceiling, doors, electrical systems, floors, hot water heater, HVAC (where individual units are provided), kitchen, lighting, outlets/switches, patio/porch/balcony, smoke detectors, stairs, walls and windows) must be free of health and safety hazards, functionally adequate, operable, and in good repair.

(ii) Where applicable, the dwelling unit must have hot and cold running water, including an adequate source of potable water.

(iii) If the dwelling unit includes its own sanitary facility, it must be in proper operating condition, usable in privacy, and adequate for personal hygiene and the disposal of human waste.

(iv) The dwelling unit must include at least one battery-operated or hard-wired smoke detector in proper working condition on each level of the unit.

5. *Common areas* – The common areas must be structurally sound, secure and functionally adequate for the purposes intended. The common areas include components such as basement/garage/carport, restrooms, and closets, utility, mechanical, community rooms, day care, halls/corridors, stairs, kitchens, laundry rooms, office, porch, patio, balcony, and trash collection areas, if applicable. The common areas must be free of health and safety hazards, operable, and in good repair. All common area ceilings, doors, floors, HVAC, lighting, outlets/switches, smoke detectors, stairs, walls, and windows, to the extent applicable, must be free of health and safety hazards, operable, and in good repair.

All areas and components of the housing must be free of health and safety hazards. These areas include, but are not limited to: air quality, electrical hazards, elevators, emergency/fire exits, flammable materials, garbage and debris, handrail hazards, infestation, and lead based paint. For example, the buildings must have fire exits that are not blocked and have handrails that are undamaged and have no other observable deficiencies. The housing must have no evidence of infestation by rats, mice, or other vermin, or of garbage and debris. The housing must have no evidence of electrical hazards, natural hazards, or fire hazards. The dwelling units and common areas must have proper ventilation and be free of mold, odor (e.g., propane, natural gas, methane gas), or other observable deficiencies. The housing must comply with all regulations and requirements related to the ownership of pets, and the evaluation and reduction of lead-based paint hazards and have available proper certifications of such.

Notwithstanding the above inspection requirements, a low-income housing project under Section 42 must continue to satisfy local health, safety, and building codes.

The PRHFA will report on its findings and the owner and/or the management company must respond in writing within thirty (30) days to the PRHFA. The response must indicate the manner in which corrective actions have been taken. For new buildings, the final regulations, published on January 14, 2000, extended the time limit for inspection to the end of the second calendar year of the credit period.

The PRHFA reserves the right, under the provisions of Section 42 of the Internal Revenue Code and Regulation 1.42-5, to perform on-site inspections and/or unit inspections of LIHTC developments at any time during the compliance period as it may deem necessary. The owner refusal to allow a site visitation or access to tenants' records constitutes a noncompliance reportable to the IRS.

C. Notification to the Owner

The PRHFA will provide prompt written notice to the owner of a Tax Credit project if the PRHFA does not receive the required certification, semi-annual reports and other forms, or does not receive or is not permitted to inspect the tenant income certifications, supporting documentation, and rent records, or discovers by inspection, review, or in some other manner, that the project is not in compliance with the provisions of Section 42 or its Declaration of Land Use Restrictive Covenants.

The owner will have ninety (90) days from the date of notice to supply the missing certification, or to correct the noncompliance. However, if the PRHFA determines that there is good cause to extend the correction period, it may extend the initial ninety (90) days period up to one hundred eighty (180) days.

The PRHFA will review the owner's response and supporting documentation, if any, to determine whether the noncompliance has been corrected.

D. Notification to IRS of Noncompliance

The PRHFA will file Form 8823, "Low Income Housing Credit Agencies Report of Non-Compliance or Building Disposition," with the IRS no later than 45 days after the end of the correction period (as described below, including extensions permitted under that paragraph) and no earlier than the end of the correction period. The PRHFA will check the appropriate box on Form 8823 indicating the nature of the non-compliance or failure to certify and indicate whether the owner has corrected the non-compliance or failure to certify. If the non-compliance or failure to certify is corrected, the PRHFA will provide a date on which the noncompliance was corrected. If the PRHFA cannot determine that an owner's actions have corrected the noncompliance, no correction date will be provided.

The final regulations adopt a limit to a three year period after the end of the correction period, at which time the PRHFA must file form 8823 "Low Income Housing Credit Agencies Report of Noncompliance" with the IRS reporting the correction of previously reported noncompliance (back in compliance).

Any change in either the applicable fraction or eligible basis under paragraph (c) (1) (ii) and (vii) of Reg. 1.42-5, respectively, that results in a decrease in the qualified basis of the project under Section 42 (c) (1) (A) is non-compliance that must be reported to the IRS. Changes in ownership must be reported by the PRHFA to the IRS on Form 8823. The correction period described below will not apply to notification of changes in ownership.

If the PRHFA reports on Form 8823 that a building is entirely out of compliance and will not be in compliance at any time in the future, the PRHFA need not file Form 8823 in subsequent years to report that building's non-compliance. The PRHFA will send the owner a copy of the form 8823 after it has been filed with the IRS.

PRHFA will no longer report issues of noncompliance that have been identified and corrected prior to notification of an upcoming compliance review or inspection by PRHFA. IRS considers the date of the notification letter a "bright line" date.

E. PRHFA Records Retention

PRHFA will retain records of non-compliance or failure to certify for six years beyond the filing date of the respective Form 8823. In all other cases, PRHFA will retain the certifications and records described in Reg. 1.42-5(c) for three years from the end of the calendar year (the) that PRHFA receives the certifications and records.

F. PRHFA Circular Letters

The PRHFA will establish, from time to time through circular letters, changes or clarification concerning IRS Section 42 requirements and guidelines. The objective is to maintain the Compliance Monitoring Plan current to solve any conflict with the standards required.

G. Liability

Compliance with the requirements of Section 42 is the responsibility of the owner of the building for which the credit is allowable. PRHFA's obligation to monitor for compliance with the requirements of Section 42 does not make the PRHFA liable for an owner's non-compliance.

IV. Project Rental Requirements

A. Initial Interview

On-site managers of a LIHTC development should tell applicants early in their initial visit that there are maximum income limits which determine who may live in these dwelling units. Managers should explain to prospective tenants that the total anticipated income of everyone who will occupy the unit must be disclosed on a Tenant Income Certification form (PRHFA-02) and will be verified before they can move in. Applicants should be told that this income-disclosing and verifying process will be repeated at least annually for as long as they live in the development. It may be useful to explain to applicants that all information they provide is considered confidential and will be handled accordingly. Applicants should also be told that all information provided is under oath and the disclosure of false information or the omission of information constitutes fraud and could affect their qualification under the LIHTC program.

B. Residency Application

Before allowing anyone to move into low-income units, the management must obtain from prospective tenants an application for residency that discloses enough information to determine whether or not the applicant household qualifies under the program rules. The application for residency should include, at minimum:

- The name and age of each person who will occupy the unit (legal name should be given just as it will appear on the lease and Tenant Income Certifications);
- All sources and amounts of current and anticipated annual income expected to be derived during the twelve (12) month certification period (including total assets and asset income);
- The head of household's signature and that of all occupants over age 18 and the date the application was completed.
- The student status of each applicant.

C. Minimum Lease Requirement

All tenants occupying set-aside units are required to be certified and to execute at least an initial six-month lease. (Exceptions for housing for the homeless and single room occupancy are listed below). Succeeding leases are not subject to a minimum lease period.

The lease must reflect the correct date of move-in, or the date the tenant takes possession of the unit. At a minimum, the lease should include:

1. the legal name of parties to the agreement and all other occupants,
2. a description of the unit to be rented, (unit number, number of bedrooms)
3. the tenant move in date or date the tenant takes possession of the unit.

4. the date the lease becomes effective,
5. the term of the lease,
6. the amount of rent,
7. the amount of subsidy , (if applicable)
8. the use of the premises,
9. the rights and obligations of the parties, including the obligation of the household to annually recertify its income,
10. the signatures of all household members 18 years of age or older,
11. the signature of the owner's representative,
12. a statement explaining that the development is participating in the Tax Credit Program, and that tax credit units are under certain program regulations including income eligibility of the household.
13. a statement requiring that each tenant immediately notifies management of any change in student status or household composition.

Single Room Occupancy (SRO) housing must have a minimum lease term of one month. SRO housing is allowed to have tenants share bathrooms, cooking facilities, and dining areas. Federal rules allow for month-by-month leases for the following types of SRO housing for homeless individuals:

1. SRO units in projects receiving McKinney Act and Section 8 Moderate Rehabilitation assistance;
2. SRO units intended as permanent housing and not receiving McKinney Act assistance;
3. SRO units intended as transitional housing operated by a governmental or nonprofit entity and providing certain supportive services.

D. Household Size

The number of household members is needed in order to determine the maximum allowable income for the household composition. It is also necessary to calculate the rent for units in pre-1990 developments, which must determine rent based on household size and not on the number of bedrooms in the unit.

When determining family size for income limits, the owner must include the following individuals who are not living in the unit:

- Children temporarily absent due to placement in a foster home;
- Children in joint custody arrangements who are present in the household 50% or more of the time;
- Children who are away at school but who live with the family during school recesses;
- An unborn child of pregnant women; when a pregnant woman is an applicant, the unborn child is included in the size of the household, and may be included for purposes of determining the maximum allowable income. The rental application should ask the following question: "Will there be any changes in household composition within the next 12 month period?" If an applicant answers that a child is expected, the manager should explain to the tenant that in order to count the child as an additional household member and use the corresponding income limit, a self-certification of pregnancy must be provided.
- Children who are in the process of being adopted;
- Temporarily absent family members who are still considered family members. For example, the owner may consider a family member who is working in another State on assignment to be temporarily absent. Persons on active military duty are considered temporarily absent (except if the person is not the head, co-head or spouse or has no dependents living in the unit). If the person on active military duty is the head, co-head, or spouse, or if the spouse or dependents of the person on active military duty resides in the unit, that person's income must be counted in full;
- Family members in the hospital or a rehabilitation facility for periods of limited or fixed duration. These persons are temporarily absent as defined above; and
- Persons permanently confined to a hospital or nursing home. The family decides if such persons are included when determining family size for income limits. If such persons are included, they must be listed on the Tenant Income Certification as "other adult family member". This is true even when the confined person is the spouse of the person who is or will become the head. If the family chooses to include the permanently confined person as a member of the household, the owner must include income received by these persons in calculating family income.

When determining family size for establishing income eligibility, the owner must include all persons living in the unit except the following:

1. A live-in aide/attendant is a person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities, and who:
    a) Is determined to be essential to the care and well-being of the person(s);
    b) Is not obligated to support the person(s); and
    c) Would not be living in the unit except to provide the necessary supportive services.

While a relative may be considered to be a live-in aide/attendant, they must meet the above requirements, especially the last. The live-in aide qualifies for occupancy only as long as the individual needing supportive services requires the aide's services and remains a tenant, and may not qualify for continued occupancy as a remaining family member. Managers must obtain verification of the need for a live-in care attendant and should not add the attendant to the lease.

Foster adults and foster children should be included in the size of the household and included for the purpose of determining the maximum allowable income.

E. Utility Allowance

A utility allowance is an estimate of the monthly cost of a tenant's utilities, other than telephone, internet and cable, which are not included in the rent and are paid directly to the service provider by the tenant. To calculate the maximum amount of rent an LIHTC property may charge tenants, the utility allowance is subtracted from the maximum rent limit applicable to the particular household. The Internal Revenue Service requires that utility allowances be set according to 26 C.F.R.1.42-10 (April 24, 1994), effective May 2, 1994, and amended on July 29, 2008. Please read these regulations carefully.

1. Where to Obtain Utility Allowances

   a. USDA Rural Housing Service (RHS) financed projects, or units with tenants receiving RHS assistance, must use the RHS utility allowance.
   b. HUD regulated buildings must use the HUD utility allowance (project based HUD financing).
   c. Any individual apartments occupied by residents who receive HUD assistance (Section 8 Existing, etc.), must use the HUD utility allowance from the Public Housing Authority (PHA) administering the assistance. As of May 2, 1994, the PHA utility allowance would only need to be used for the specific apartment the PHA resident occupied. Check to find out who administers the local Section 8 Existing Housing Program; it may be the city or county HRA/PHA.
   d. For Section 42 buildings without RHS or HUD assistance, the following options may be used:
      1. A PHA utility allowance from the local housing authority administering section 8 vouchers.
      2. A utility company estimate. Any interested party (including a low-income tenant, a building owner, or an agency) may request the utility company estimation of utility consumption in the building's geographic area. The estimate is obtained when the interested party receives, in writing, information from a local utility company providing the estimated cost of that utility for a unit of similar size and construction for that geographic area. Costs incurred in obtaining the estimate are borne by the initiating party. The party that obtains the local utility company estimate must retain the original of the utility company estimate and must furnish a copy to the owner and the monitoring agency. The owner of the building must make copies available to all tenants in the building. In the case of deregulated utility services, the interested party is required to obtain an estimate only from one utility company even if multiple companies can provide the same utility service to a unit. However, the utility company must offer utility services to the building in order for that company's rates to be used. The estimate should include all component deregulated charges for providing the utility service.

      3. An "Agency Estimate" based on actual utility usage data and rates for the building. See Sec. 2, Owner's Average of Actual Consumption Utility Allowance Procedures for instructions.
      4. A HUD Utility Schedule Model. This model can be found on HUD's website at www.huduser.org/datasets/lihtc.html, or successor URL. Utility rates using the HUD utility model must be no older than the rates in place 60 days prior to the effective date of the utility allowance.
      5. An Energy Consumption Model using an energy and water and sewage consumption and analysis model. The model must at a minimum take into account specific factors including, but not limited to, unit size, building orientation, design and materials, mechanical systems, appliances, and characteristics of the building location. The utility consumption estimates must be calculated by a properly licensed engineer. The engineer and building owner must not be related within the meaning of IRC section 267(b) or 707(b), to which the engineer and building owner must certify. The owner and engineer must also certify that the model complies with the minimum requirements described above. Use of the energy consumption model is limited to a building's consumption data and local rates for the 12 month period ending no earlier than 60 days prior to the effective date of the utility allowance. In the case of new buildings with less than 12 months of consumption data, 12 months of data can be used for units of similar size and construction in the geographic area.

      With the exception of HUD and RD-regulated properties, owners may combine any methodology for each utility service type (electric, water gas etc.) For example, if residents are responsible for electricity and water, an owner may use the appropriate PHA allowance to determine the water portion of the allowance and use the Owner's Average of Actual Consumption to determine the electric portion of the allowance. Be advised, however, that the effective date of the PHA allowance will likely be different than the Owner's Average of Actual Consumption resulting in adjustments to utility allowances and, potentially, rents multiple times during the year.

      Failure to maintain or provide the Utility Allowance and supporting documentation annually is considered noncompliance; without proof of the amount of the allowance, there is no way to correctly compute the rent. In addition, an incorrect utility allowance calculation may result in noncompliance for rents that exceed the tax credit rent limits.

      It is the owner's responsibility to contact the appropriate organization to request current utility allowance information. PRHFA does not collect or maintain the various utility allowances. Unless otherwise provided for

above, any costs incurred in obtaining a utility allowance are the responsibility of the owner.

Utility allowances and supporting documentation for option d above must be submitted to PRHFA at the beginning of the 90-day period before utility allowances can be used in determining the gross rent. This includes the Utility Allowance Information form PRHFA-12, which shows the totals for each building and unit size, all source documentation used to calculate the allowances, and the signed and dated Utility Allowance Certification PRHFA-12A. The effective date of the utility allowance shown on PRHFA-12 must be no later than 60 days after the rates used in the supporting documentation.

The owner must maintain and make the data upon which the utility allowance schedule is calculated available for inspection by the tenants. Records shall be made available at the resident manager's office during reasonable business hours or, if there is no resident manager, at the dwelling unit of the tenant at the convenience of both the apartment owner and tenant. If utility company estimates, the HUD Utility Schedule Model, or an energy consumption model are used at a project, the proposed utility allowance must be made available to tenants no later than 90 days before the effective date.

Rents may need to be adjusted twice in a year because the release of median income figures and utility estimates may occur at different times. Any increase in the utility allowance may cause gross rent to exceed the limit. For example, assume the rent charged on an apartment is at the maximum allowable rent; if the $50 utility allowance is increased to $60, the rent paid by the tenant must be lowered by $10 in order to remain below the rent limit. The new utility allowance must be implemented within 90 days of the effective date and is valid for one year. Any change to resident paid rent must be in conformance with respective resident leases.

2. Owner's Average of Actual Consumption Utility Allowance Procedures

- Allowances must be based on the most recent 12-month period available (most recent month must be no older than 60 days from the effective date).
- Sampling must include a twelve month history of occupied low-income units. Units that were vacant for 2 weeks or more in any given month may not be included in the calculation.
- Sampling must be representative of all buildings of similar type (i.e., separate allowances are required for apartments vs. townhouses and/or single family dwellings) and of each bedroom size. Sampling must not contain a disproportionate number of small households vs. larger and to the extent possible must represent a variety of household sizes.

- Properties with less than 50 low-income units must use sampling by respective bedroom size as follows:
  - If 16 units or more, include 50% of the units. Sampling does not need to include more than 16 total units;
  - If less than 16 units but more than 6, include 75% of the units. Sampling does not need to include more than 8 total units;
  - If 6 or less units, include all of the units.

Example – less than 50 low-income units (always round up to a whole unit):

Bedroom Size	1BR	Sample	2BR	Sample	3 BR	Sample
# of units	20	10	15	8	6	6

- Properties with 50 or more low-income units must use sampling by respective bedroom size as follows:
  - If 30 units or more, include 50% of the units. Sampling does not need to include more than 30 total units;
  - If less than 30 units but more than 10, include 75% of the units. Sampling does not need to include more than 15 total units;
  - If 10 units or less, include all of the units.

Example – more than 50 low-income units (always round up to a whole unit):

Bedroom Size	1BR	Sample	2BR	Sample	3 BR	Sample
# of units	90	30	29	15	10	10

- The local utility provider may provide actual consumption records; however the print out must include the name of the provider. It may be necessary to obtain the resident's permission when requesting consumption records from local utility providers. A form of release can be found in the UA Sample Average of Actual Consumption excel file.
- Monthly utility billings received by tenants are acceptable. When copies of actual utility bills are used, the provider's name, unit number and resident's name must be visible on the billing.
- Monthly actual usage must be categorized by utility type (gas, oil, LP, electric, water, etc.), by unit size (1BR, 2BR, etc., regardless of differences in amenities such as additional bath or den, or square footage) and itemized by unit number in a spreadsheet which calculates an average utility allowance per unit size and includes all taxes and fees for which residents are responsible. This calculation must be consistent with the PRHFA UA Sample Average of Actual Consumption excel file.
- Averages ending in cents must be rounded up to the next whole dollar.

- The average for each unit size and each type of utility must be entered onto form PRHFA-12, Utility Allowance Information. Separate forms PRHFA-12 must be completed for different buildings if they contain different unit types or utility types (i.e., heat source in one building is gas and in another building is electric, and/or property contains both apartments and townhomes).
- The completed documentation must be submitted to PRHFA for review and approval prior to implementation. PRHFA will base its review and decision for approval or non-approval on a random sampling of information provided. Approval of the utility allowance does not constitute a guarantee that the utility allowance is absolutely correct. If at any time it is determined that a utility allowance has been understated and, therefore, some or all of the units are not rent restricted under section 42(g)(2), then PRHFA must report the noncompliance to the IRS on form 8823.

Owners must collect actual consumption records and conduct the analysis using the methodology above and determine a new utility allowance annually. The Utility Allowance Certification, spreadsheet and PRHFA-12 must be updated no later than the anniversary of the effective date. Changes must be implemented no later than 90 days after the effective date. Any adjustment to rent must be in accordance with the respective lease agreement.

Owners using this methodology to calculate the utility allowance should be aware of the risk with any variation from section 1.42-10. This methodology to calculate allowances has not been approved by the IRS.

Note: Pursuant to Treas. Reg. 1.42-10, units occupied by households with Section 8 Housing Choice Voucher or PRHFA rental assistance must use the utility allowance required by the applicable rental assistance program.

3. Updating Utility Allowances

Utility allowances *must* be updated *at least annually* to ensure that the tenant's gross monthly rent does not exceed the LIHTC gross rent limits. The utility allowance regulations require that new utility allowances be used to compute rents that are due 90 days after the effective dates of the new allowance. The property owner or manager may choose to verify utility allowances with each initial move-in or re-certification.

4. Noncompliance

Noncompliance with the utility allowance requirements will be reported to the IRS through the issuance of Form 8823 Report of Noncompliance or Building Disposition under category 11m, Owner did not properly calculate utility allowance.

F. Income Certification

Tenant eligibility is determined at the time of move-in certification. Before a household takes occupancy, the owner shall verify all income, household characteristics, and any circumstances that may affect eligibility and compliance with the LIHTC requirements. The detailed procedures are included in Appendix A "Income Verification Requirements and Procedures" and Appendix D "Element of Annual Income".

G. Tenant Income Certification

After all the income and asset information has been obtained and computed, the management personnel must prepare a Tenant Income Certification (PRHFA-02). The form is a legal document which, when fully executed, satisfies the income certification requirement of the Code. The completed form and lease agreement must be executed by all adult household members before they move in. A unit may not be counted as a set-aside unit unless the household has been properly certified. The following guidelines for certifying household income apply:

1. Management should instruct all adult household members (18 years or older) to sign the TIC exactly as the name appears on the form.
2. The Tenant Income Certification should be executed on or before the date of move-in.
3. No one may live in a designated unit in the development unless he/she is income certified and under lease. **THERE ARE NO PERMISSIBLE EXCEPTIONS TO THIS RULE.**
4. Tenant Income Certification forms must also be executed (signed and dated) by the Owner or Owner's representative.

When properly executed, the RHS 1944-8 form (Tenant Income Certification) may also be used to document projected income for tax credit certifications; an executed Tenant Income Certification is not required. Management must be aware that various low-income housing programs define income differently so, if the RHS 1944-8 certification form is used, it should contain all information necessary to calculate household income as defined under the LIHTC rules.

H. Tenant's File Minimum Requirements

Each initial certification and first annual recertification must include the following supporting documentation for each adult (18 years or older) in the family composition in order to validate the household qualification with the LIHTC Program:

1. Residency Application signed by the tenant,
2. Applicable income evidence as described in Appendix A,
3. ASUME certification or negative certification,

4. Unemployment benefit certification or negative certification,
5. Nutritional assistance certification or negative certification,
6. Economic assistance certification or negative certification,
7. CRIM Certification or Negative CRIM Certification,
8. Asset certification signed by the tenants,
9. Student certification or negative certification,
10. Lease contract signed by the tenants and the owner's representative
11. Household Questionaire (PRHFA-09)

Note: Electronic certifications obtained from the web page of the government of Puerto Rico to comply with items 3 to 7 above must include the electronic validation form attached to the respective certifications.

I. Corrections to Documents

At times it is necessary to make corrections or changes to documents used for the Tax Credit Program. A document with correction liquid ("white-out") and with crossed out information will not be acepted by PRHFA. In order to make a correction PRHFA will now require that the owner/administrator must prepare a worksheet or statement that includes an explanation of the error or changes and the proposed correction. This worksheet or statement must be signed and dated by the administrator and included in the tenant's file.

Examples of Program documentation include, but not limited to, tenant leases, tenant certifications and/or any other required form.

J. Income Certifications Where Owner Acquires or Rehabilitates Existing Building

For households occupying a unit at the time of acquisition by the owner, the initial tenant income certification is completed within 120 days from the date of acquisition using the income limits in effect on the day of acquisition. The effective date of the tenant income certification is the date of acquisition since there is no move-in date.

In the event that the household occupies a unit at the time of acquisition, but the tenant income certification is completed more than 120 days after the date of acquisition, the household is treated as a new move-in. Owners use the income limits in effect at the time of the tenant income certification and the effective date is the date the last adult member of the household signed the certification (this is an exception to the general rule for effective dates because there is no move-in date). In addition, the owner or manager must complete a new initial lease contract that meets the criteria of the LIHTC Program (refer to item C. Minimum Lease Requirements above).

When the household moves into a unit after the building is acquired but before the beginning of the first year of the compliance period, the tenant income certification is completed using the income limits in effect at the time of the certification and the effective date is the date the household moves into the unit.

K. Available Unit Rule

Following initial certification, an eligible household's income can increase to 140% of the maximum income level. A household whose income exceeds the maximum income level by more than 140% (an "over-income" household) will remain in compliance as long as the unit continues to be rent restricted and the next available unit or any available unit of comparable or smaller size in the same building is rented to an eligible household at the qualifying rent. The owner must continue to rent any available comparable unit to a qualified household until the percentage of low-income units in a building (excluding the over-income units) is equal to the percentage of low-income units on which the credit is based. At that point, failure to maintain the over-income units as low-income units has no immediate significance.

If any comparable unit that is available or that subsequently becomes available is rented to a nonqualified household, all over-income units for which the available unit was a comparable unit within the same building lose their status as LIHTC units; thus, comparably sized or larger over-income units would lose their status as LIHTC units. A comparable unit must be measured by the same method the taxpayer used to determine qualified basis for the credit year in which the comparable unit became available (i.e., floor space fraction or unit fraction). A unit that is no longer available for rent due to a reservation that is binding under local law is not an "available unit" for purposes of this rule.

L. Vacant Unit Rule

As part of the requirements for the annual certification, Treas. Reg. §1.42-5(c)(1)(ix) states, "If a low-income unit in the project became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income."

As long as reasonable attempts are being made to rent to qualified low income households, vacant LIHTC units will continue to be included as qualified low-income units for purposes of determining the minimum set-aside (IRC §42(g)(1)) and calculating the applicable fraction (IRC §42(c)(1)(B)).
If the vacant unit rule is violated, all vacant units previously occupied by qualified households lose their low-income status and are not considered qualified units.

M. Physical Requirements of Qualified Units, Suitable for Occupancy

Qualified units rented to, or reserved for, eligible tenants:

- Must have substantially the same equipment and amenities (excluding luxury amenities) as other units in the Project;
- Must be substantially the same size as other units in the Project; and
- Cannot be geographically segregated from other units in the Project.

The low-income units must be suitable for occupancy under Uniform Physical Conditions Standards and local health, safety and building codes. Units that are not suitable for occupancy, including previously qualified low-income units being rehabilitated in the first year of the credit period, are considered "out of compliance". The noncompliance is corrected when the unit is again suitable for occupancy, and the unit's character will be determined based on the household that occupied the unit immediately preceding the rehabilitation. This reduction in eligible basis need not occur if an election is made to exclude such excess costs pursuant to Section 42(d)(3) of the Code.

N. Discrimination Prohibited in Project

The Tax Credit developments are subject to Title VIII of the Civil Rights Act of 1968, also known as the Fair Housing Act. The Fair Housing Act (42 U.S.C. sections 3601 through 3619) prohibits discrimination in the sale, rental and financing of dwellings based on race, color, religion, sex, national origin, familial status, and disability.

It also mandates specific design and construction requirements for multifamily housing built for first occupancy after March 13, 1991, in order to provide accessible housing for individuals with disabilities. The failure of Tax Credit properties to comply with the requirements of the Fair Housing Act will result in the denial of the Tax Credit on a per unit basis.

The IRS, HUD and the Department of Justice entered into a Memorandum of Understanding (MOU) in a cooperative effort to promote enhanced compliance with the Fair Housing Act for the benefit of residents of LIHTC properties and the general public. Key points of the MOU include coordinated procedures for notifying the state agencies and IRS of charges, lawsuits or other actions under the Fair Housing Act involving an LIHTC property.

PRHFA is responsible for reporting their receipt of notification of administrative and legal action by HUD and the Department of Justice as outlined in the MOU. PRHFA will file a Form 8823 with the IRS noting the potential Fair Housing violation. PRHFA will also report potential Fair Housing Act violations discovered during compliance monitoring activities to the applicable HUD Regional Office or other fair housing enforcement agencies, as appropriate.

O. General Public Use

The tax credit properties are otherwise available to the general public. Under Treas. Reg. 1.42-9(b) if a residential unit is provided only for a member of a social organization or provided by an employer for its employees, the unit is not for use by the general public and is not eligible for credit under Section 42. Residential rental units either designated for a single occupational group, or through a preference for an occupational group, also violate the general public use requirements.

Note that the General Public Use Rule was clarified on July 30, 2008 to allow occupancy restrictions or preferences that favor tenants 1) with special needs, 2) who are members of a specified group under a federal or state program or policy that supports housing for such specified group, or 3) who are involved in artistic or literary activities.

P. Students

Owners should verify student status (Form PRHFA-10) at the time households initially move into low income units. As with the initial income certification, the verification can be completed within 120 days before, and is effective as of, the day the household actually moves into the unit.
The owner should also complete student status verifications for each low-income household within 120 days before the anniversary of the effective date of the original student verification. For mixed-used projects, the student status verification can be combined with the tenant income recertification.

Acceptable methods of verification include third party verifications, oral statements, or review of documents submitted by the student. A household comprised entirely of students, whether full or part-time, must complete the Verificaion of Student Status Form PRHFA-04, upon application/certification or re-certification.

Full-time student is defined as: "an individual who during each of 5 calendar months during the calendar year in which the taxable year of the taxpayer begins

a. is a full-time student at an educational organization described in Section 170(b)(1)(A)(ii) of the IRS Code; or
b. is pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of the educational organization described in Section 170(b)(1)(A)(ii) of the IRS Code or of a State or political subdivision of a State." (Reg. 1.151-3(b)).

Part-time students are not "students" for this section and their eligibility is not subject to special restrictions. Under Section 42 Regulations, most households where all of the members are full-time students are not eligible tenants and units occupied by these households may not be counted as LIHTC units. (See IRS Code Section 151(c)(4) for student definition).

There are five exceptions to the limitation on households where all members are full-time students. Full-time student households that are income eligible and satisfy one or more of the following conditions can be considered to be eligible. Third party verifications must be obtained to support the student status and the applicable exception (s).

1. Students are married and entitled to file a joint tax return;
2. The household consists of a single parent with child(ren) and the parent is not a dependent of someone else, and the child(ren) is/are not dependent(s) of someone other than a parent;

3. At least one member of the household receives assistance under Title IV of the Social Security Act (formerly Aid to Families with Dependent Children -AFDC), now known as Temporary Assistance for Needy Families (TANF),
4. At least one member of the household participates in a program receiving assistance under the Job Training Partnership Act (JTPA) or other similar federal, state, or local laws**; or
5. At least one member of the household was previously in foster care***.

**The JTPA program was repealed in 1998, and replaced with the Workforce Investment Act (WIA). WIA, and JTPA when it existed, funds programs such as adult literacy, English as a second language, General Education Diploma (GED) courses, vocational services for the blind, employment and training programs for Native Americans and migrant and seasonal farmworkers, job corps, veterans employment programs, summer youth employment and training, employment and training for dislocated workers and displaced homemakers, etc. Students in those programs are eligible for the JTPA exemption provided the school or community education dept., verifies that the applicant/resident is a participant in a program similar to those funded under JTPA or WIA.

An applicant claiming any of the exceptions must provide documentation to prove that status. The required documentation to support each of the full-time student rule exceptions are detailed in Appendix C.

If any applicant (in a household consisting entirely of full-time students) **cannot** claim one of the exceptions, housing in a Section 42 apartment must be denied.

Q. Loss of Eligibility Upon Becoming a Full-Time Student

If a previously qualified Tax Credit resident becomes a full-time student and intends to continue living in a Section 42 apartment, he/she must meet at least one of the above criteria and be able to prove such status. Under current legal interpretations of federal LIHTC regulations and requirements, the "next available unit" rule that applies to LIHTC units with tenants that are no longer income eligible does not apply to student households that qualify under one of the exceptions above and later ceases to qualify. Unlike changes in income, it appears that a unit occupied by a student household that no longer meets one of the above exceptions ceases to count as a LIHTC unit immediately.

If a building owner or rental agent has questions as to the occupancy of students, they should seek legal assistance since the IRS has not published guidance on the interpretation of this part of the LIHTC rules.

R. Section 8 and Rural Development Rents

Section 8 - Subsidy payments to an owner under various HUD Section 8 programs or any other comparable program are excluded and not considered in determining gross rent. Only the tenant's portion of the rent payment is considered in determining if the rent exceeds the gross rent maximum for the county. Sec. 42(0)(2)(B)(i).

Example 1: Household Portion of Rent is Below Limit

A Section 8 household moved into a unit on February 1, 2005; the maximum LIHTC gross rent is $450 and market rate is $650. Household pays $200 and the assistance pays $450; the total rent is $650. There is no noncompliance since the household portion of rent is below the maximum LIHTC rent allowed.

The portion of the rent paid by Section 8 tenants can exceed the LIHTC rent ceiling as long as the owner receives a Section 8 assistance payment on behalf of the resident. If no subsidy is provided, the tenant may not pay more than the LIHTC rent ceiling.

Example 2: Tenant's Portion of Rent Exceeds Rent Limit

A Section 8 household with an annual income of $18,000 applies for an LIHTC unit for which the rent is restricted to $500 and for which the market rate rent is $750. Assistance will pay a maximum of $500, and the applicant's portion is $600 (40 percent of income). Since the applicant is required to pay $600, Section 8 will pay $150. There is no noncompliance.

This example reflects HUD's requirement under the Section 8 housing choice program. The family share may not exceed 40 percent of the family's share monthly adjusted income when the family initially moves into the unit or signs the first assisted lease for a unit.

With the passage of the Omnibus Budget Reconciliation Act of 1993, owners are prohibited from refusing to lease to a prospective tenant based solely on the fact that the applicant holds a Section 8 rental voucher or certificate.

Rural Development - Originally, the rent restrictions for projects with Rural Development assistance were computed using the general rules for LIHTC housing. Beginning in 1991, however, gross rent does not include any rental payment to the owner of the unit to the extent such owner pays an equivalent amount to the USDA Rural Housing Service under Section 515 of the Housing Act of 1949. See IRC §42 (g)(2)(B)(iv).

In other words, as long as the owner pays Rural Development the rent amount over the limit (all of the overage) that unit is in compliance.

Example 1: Rent Above Limit (Owner Pays Rural Development, formerly known as FMHA)

Assume a 1991 credit allocation to a property with Rural Development assistance. The maximum gross LIHTC rent is $500 and the household's calculated rent under Rural Development regulations is $650, which the owner charges. The owner provides documentation that the $150 above the tax credit maximum has been remitted directly to Rural Development. There is no noncompliance.

S. Annual Recertification

The annual re-certification shall be complied with a procedure detailed in Appendix B. The PRHFA requires an annual re-certification of tenant income in 100 percent Tax Credit projects. An Annual Re-certification Waiver is not an option at this time.

*Note: For tax years ending after July 30, 2008, if all the low-income buildings in the *project* are 100% low income buildings, owners are not required to complete annual tenant income re-certifications.

T. Tenant Transfers

Same Building - When a current LIHTC household moves to a different unit within the same building, the newly occupied unit adopts the status of the vacated unit. Thus, if a current household, whose income exceeds the applicable income limitation moves from an over-income unit to a vacant unit in the same building, the newly occupied unit is treated as an over-income unit. The vacated unit assumes the status the newly occupied unit had immediately before it was occupied by the current resident.

The owner or manager must prepare or print from the system a Unit Transfer Form to be included in the tenant file as evidence of the transfer from one unit to another.

Different Building - When a household whose income is no greater than 140% of the income limit moves to a low income unit in a different building within the project during any year of the 15-year credit period, the vacated unit assumes the status the newly occupied unit had immediately before it was occupied by the current resident. If a household whose income exceeds 140% of the applicable income limit wishes to move to a different building, the newly occupied unit will be treated as a non-qualifying unit. Mixed income properties can rely on the most recent income certification. Properties that are exempt from income recertification requirements must perform an income recertification prior to the unit transfer to assess whether household income exceeds 140% of the income limit.

Note that IRS considers buildings that are not part of a multiple building project as separate projects. Therefore, transfers between buildings that are not part of a multiple building project will be considered a move-out and in order to treat the

newly occupied unit as a qualified tax credit unit the household must meet initial eligibility requirements. Owners make the election for multiple building projects on Part II, line 8b of IRS form 8609. Until PRHFA becomes aware of an owner's election, for purposes of unit transfers, PRHFA will treat the property as if all buildings are not part of a multiple building project.

U. Office in the Home

A low-income tenant may use a portion of a low-income unit exclusively and on a regular basis as a principal place of business, and claim the associated expenses as tax deductions, as long as the unit is the tenant's primary residence. If the tenant is providing daycare services, the tenant must have applied for (and not have been rejected), be granted (and still have in effect), or be exempt from having a license, certification, registration, or approval as a daycare facility or home under state law.

A tax return must be filed for all self-employed individuals who operate sole proprietorship business, regardless of whether the taxpayer is reporting a profit or a loss.

V. Common Area/Space

Eligible basis may include the cost of facilities for tenant use and other amenities that are considered common areas. Tenant facilities, such as swimming pools, parking areas, and other recreational facilities may be included in basis. Common areas can only be counted for tax credits if they are available to all residents on a nondiscriminatory basis. Therefore, no separate fees can be charged (to any tenant whether tax credit or market rate) for these amenities if they were included in basis. Changes in common area uses may be a violation of the Declaration of Land Use Restrictive Covenants.

W. Supportive Services

Mandatory fees for supportive services (transportation, housekeeping, etc.) must be included in the gross rent calculation. However, if the fee is optional or paid by an outside agency, it should not be included in gross rent. Owners cannot prevent a household from contracting privately for services including medical nor can an owner require "capacity for independent living". This is a violation of Fair Housing.

X. Allowable Fees and Charges

Application fees may be charged to cover the actual cost of checking a prospective tenant's income, credit history, and landlord references. The fee is limited to recover of the actual out-of-pocket costs of checking applicants qualifications of the property. Customary fees, normally charged, such as damage deposits and pet deposits are permissible. However, an eligible applicant or tenant cannot be charged a fee for the work involved in completing the additional forms or documentation required, such as the TIC.

Please note, as stated above, resident facilities (i.e. parking, garages, swimming pools, etc.), where included in eligible basis, they must be made available to all residents on a comparable basis and a separate fee cannot be charged for their use. Charges for non-optional services such as a washer and/or dryer hookup and built in storage sheds or lockers (paid month to month or in a single payment) must always be included within the gross rent. In addition, IRS clarified that month-to-month lease fees and mandatory renter's insurance are considered rent. The fees are allowable, but the gross rent must include these amounts and must be below the applicable tax credit limit. When completing the TIC, this amount must be included with tenant paid rent.

Decorating fees or fees for preparing for occupancy must not be charged; owners are responsible for physically maintaining units in a manner suitable for occupancy.

V. Combining LIHTC with Other Programs

A. Multifamily Tax-Exempt Bonds Projects

PRHFA will monitor developments that received an allocation through the issuance of tax-exempt bonds. Tax-exempt bond developments must comply with the same IRS requirements and LIHTC compliance monitoring procedures as non-tax exempt bond developments.

The property must then maintain compliance with both the tax-exempt bond rules and the tax credit program. While certain rules overlap, such as the property meeting either the 40/60 or 20/50 test, the rules do not exactly match, and the Owner is responsible for being aware of and complying with both sets of requirements. Usually, there will be two separate Regulatory Agreements filed against the property, one for the bond requirements and one for the tax credit requirements.

Properties financed with tax-exempt bonds may obtain an allocation of tax credits without going through the competitive tax credit allocation process. Owners must still submit a tax credit application to PRHFA and meet threshold criteria and score the minimum points prior to an allocation of credits. The property owner will also be required to record the Declaration of Land Use Restrictive Covenants or extended use agreement on the property.

Tax-exempt bond financed residential properties must meet the same 40/60 or 20/50 income requirement as is required for tax credit properties. However, the bond financing does not require rent restrictions – it only requires that the affordable Households be income-certified. However, rents must be restricted for all units on which tax credits are claimed. The rules for determining income are the same for both programs. The primary difference is that compliance with tax-exempt bond requirements is determined property-wide, while federal tax credit requirements are determined building by-building. Owners must comply with both sets of requirements, which may result in maintaining more affordable units than originally planned in order to maintain compliance with both programs. In addition, the Available Unit Rule is applied property-wide for bond compliance whereas it is applied on a building-by-building basis for tax credit compliance. Bond-financed properties with tax credits must maintain compliance with both Available Unit Rules.

Many bond-financed properties are mixed income and many of the more complicated tax credit rules will apply to these properties. It is strongly recommended that a management plan, including detailed strategies for lease-up, filling vacancies and addressing over-income units on recertification, be developed with the advice of qualified tax credit advisors. Properties with tax-exempt bond financing have additional requirements that must be met.

Some of the minimum requirements are:

1. Meet the selected federal set-aside (20/50 or 40/60) at bond closing on acquisition/rehabilitation properties.
2. For new construction, report monthly beginning at 10% occupancy. Continue to report monthly during lease-up to the bond holder until the later of all buildings is placed in service or the property is 90%leased/rented.
3. At 90% rent-up, report annually to the bond issuer or trustee.
4. Follow same tax credit reporting requirements after buildings are placed in service.
5. Property must meet all selected bond set-asides. Bond set-asides are income restricted only, tax credit set-asides are income and rent restricted.
6. The most restricted set-aside (either federal or state) should always be used.
7. Issues of non-compliance for bond requirements are reported to the bond trustee rather than the IRS.
8. Bond documents and bond regulatory agreements should be obtained for the management agent for all requirements.
9. Owners will provide reporting requirements to the bond issuer and/or bond trustee.

B. Compliance Requirements for TCAP and TCEP Projects

The American Recovery and Reinvestment Act (Recovery Act), which was signed by President Obama in 2009, was designated to assist troubled LIHTC projects struggling to find a tax credit investor; these funds were distributed through the Tax Credit Assistance Program (TCAP) and Tax Credit Exchange Program (TCEP). The Recovery Act requires state housing credit agencies to perform asset management functions to ensure compliance with Section 42 of the Internal Revenue Code and the long term viability of such projects. To ensure the long term viability of these projects, financial evaluation is critical; PRHFA is a LIHTC allocating agency, HOME Participating Jurisdiction (PJ) and TCEP/TCAP grantee, which needs to make sure that awarded projects, will be financially viable throughout the project restriction periods.

1. Asset Management Plan

The Asset Management Plan was submitted to and approved by the US Department of Housing and Urban Development (HUD). This plan has been incorporated for TCEP projects, which funds were received through the US Department of Treasury, in accordance with their respective agreements and the Recovery Act. Project owners and administrators must comply with the Plan and act in accordance with these arrangements. To enable its compliance, PRHFA is currently undergoing the development of an integrated system called Asset Management System (AMS). It will serve as the vehicle for project owners to submit the required information in accordance with such Plan.

Properties which received Recovery Act funds are required to comply with all requirements of Section 42. Owners/managers should reference to the aforementioned LIHTC Compliance Monitoring Manual for guidance on requirements not contained in this section. Likewise, projects which also received HOME funds must ensure compliance with the applicable rules and regulations as explained in the former section.

2. Compliance Period

Properties using Recovery Act funds are subject to the terms of the Compliance Period as defined in this manual. To enforce the Recovery Act requirements throughout the Compliance Period, a restrictive covenant (Land Use Restriction Agreement ("LURA") and/or Regulatory Agreement) is filed with the Recorder of Deeds in the county in which the property is located.

3. Reserve and Escrow Accounts

a. Asset Management Fee

PRHFA is required to ensure the long-term viability of properties developed using Recovery Act funds. PRHFA is authorized to collect a reasonable fee from fund recipients to cover expenses associated with the performance of its asset management duties.

Property owners must pay to PRHFA an annual Asset Management Fee of $90.00 for each unit contained in each building. The annual Asset Management Fee must be submitted by June 30th of each year.

The PRHFA reserves the right to make adjustments in the amount of the annual compliance monitoring fee as it deems necessary to defray the cost of compliance monitoring.

b. Operating Reserve

Operating Reserve accounts are used to cover operational expenses that cannot be paid for by the property. Properties must be able to show need (i.e., operating shortfall) before operating reserves can be used.

PRHFA will monitor all operating reserve release requests.

c. Replacement Reserve

Replacement Reserve account is used to help ensure that the physical life of the buildings and structures will extend through the economic life of the property. Properties must be able to show need before replacement reserves can be used. PRHFA will monitor all replacement reserve release requests.

4. **On-site Physical Inspections and Resident File Reviews**

PRHFA will conduct the first year physical inspection and compliance review in accordance with Section 42 requirements for all Recovery Act projects. Likewise, the Authority will conduct a file review (similar to Management Occupancy Reviews (MORs)) each year for the first three years beginning after the initial review. The guidelines PRHFA will follow when performing such inspections/reviews on Recovery Act properties are similar to those inspection/review guidelines set forth in the LIHTC Compliance Manual.

5. **Reporting**

PRHFA requires all TCAP/TCEP properties to submit quarterly occupancy reports through our Certification Online System (COL). Properties will have 15 days after the end of each quarter to submit that quarter occupancy statistics (e.g., December occupancy reports should be received no later than January 15). Each management company is responsible for the data input through COL and the accuracy of all information on COL. The PRHFA is not responsible for computer input discrepancies. Failure to submit occupancy information will result in PRHFA automatically placing the property in noncompliance status.

6. **Budgets**

PRHFA requires all properties to submit annual budget information. PRHFA requires all budgets to include the following information: "Statement of Profit/Loss" from the previous year audit; "Current Fiscal Year Expenses to Date"; and "Budget for the Next Fiscal Year". Significant variances will be analyzed and will require the property to provide appropriate explanation. All explanations are analyzed by PRHFA for reasonableness. Properties have until November 15th of each year to submit the budget. Failure to submit financial information will result in PRHFA placing the property in noncompliance status.

7. **Financial Statements**

a. Quarterly

PRHFA requires all properties to submit quarterly financial statement information. Information is analyzed by PRHFA on a quarterly basis. Variance analysis is performed to isolate quarterly discrepancies from the property's approved budget. Properties have until the 25th day of each quarter to submit the previous period's financial information.

b. Annually

At year-end, PRHFA requires audited financial statements. Properties have until March 31st of each year to submit audited financial statements. Annual financial statements must be prepared according to Government Auditing

Standards. Government Auditing Standards require the auditor to report on internal control, submit a schedule of question costs and report on prior year findings. Failure to submit financial statement information will result in PRHFA placing the property in noncompliance status.

8. **Other Reporting Requirements**

In addition to the reporting requirements set forth above, owners must also comply with all reporting requirements set forth in the LIHTC Compliance Manual.

C. **HOME Investment Partnerships Program**

On November 28, 1990, the Cranston-Gonzalez National Affordable Housing Act enacted into law the HOME Investment Partnerships (HOME) program. The HOME program is a formula-based housing block grant program, which provides states and local governments the flexibility to fund a wide range of affordable housing activities. HOME addresses diverse local housing needs through moderate and substantial rehabilitation, new construction, tenant-based rental assistance and other related activities.

All HOME funds must benefit persons below 80 percent of area median income. In the case of rental projects, at least 90 percent of HOME funds must serve households with incomes below 60 percent of the median income limit. To use HOME funds, states and local governments are required to match federal HOME amounts using state and local resources. There is a 25 percent local match for all projects. HOME also attempts to promote and expand nonprofit housing activities by setting aside, at a minimum, 15 percent of each community's HOME allocation for investment in housing that is owned, sponsored or developed by nonprofit entities called Community Housing Development Organizations or what are referred to as CHDO's. In many cases for LIHTC properties, HOME is now being used for GAP financing, part of an already complicated layering of funding sources.

Basically, the HOME program and the LIHTC program work hand in hand. As with the LIHTC program, the determination of income should be consistent with Section 8 of the United States Housing Act of 1937. This includes the definition of income, verification and documentation procedures, and certification requirements. However, there are two important requirements when mixing LIHTC and HOME funds that must be considered: income and rent.

- Income Requirements

HOME rules are very specific about who can occupy HOME-assisted units. Two constraints restrict occupancy:

The **program fund rule** requires that not less than 90 percent of the HOME funds invested in rental projects in a fiscal year must be invested in units occupied by

families whose income does not exceed 60 percent of the area median income limit at the time of occupancy. The remaining portion must benefit families below 80 percent of median. When LIHTC projects are 100 percent low-income, the program fund rule is automatically met. However, for mixed-income projects, when HOME funds are invested in the property, would require at least 90 percent of the units rented to households at 60 percent of median or below.
The project rule requires that for rental housing, upon initial occupancy: at least 40% of the units must be occupied by households at or below 50% of the median income limit per building.

NOTE: BUILDINGS PLACED IN SERVICE AFTER 07/30/09 ARE NOT SUBJECT TO THIS PROVISION.

The HOME income requirements only apply at the time of initial occupancy. However, tenant incomes must be re-verified every six (6) years from the tenant's move-in date. This rule would apply for 100 percent LIHTC projects that have received HOME funds.

- Rent Requirements

Generally, HOME rents cannot be greater than the lesser of the Section 8 Fair Market Rent or 30 percent of 65 percent of the area median income. If a low-income household income increases beyond 80 percent of median, the tenant must pay no less than 30 percent of the family's adjusted monthly income.

However, when combining Tax Credits with HOME funds, in 100 percent low-income projects, rents are set by the income set-aside chosen by the owner (40 percent at 50 percent of median income with the remaining balance of the units at 60 percent of median income). In addition, the LIHTC's rent provision overrides the rent re-certification requirement. Therefore, the household's income may rise up to 140 percent of the median income before the tenant no longer qualifies as low-income. If the project is 100 percent low-income the unit remains qualified as long as the unit stays rent restricted. In mixed-income projects, the tenant may be required to pay the higher rent.

1. Home Certifications

The income of each resident in a HOME unit must be determined initially in accordance with § 92.203(a)(1)(i) and PRHFA's LIHTC Compliance and Monitoring Manual. PRHFA is allowing an owner of LIHTC multifamily project with HOME funds with an affordability period of 10 years or more to re-examine tenant's annual income through a statement and certification in accordance with § 92.203(a)(1)(ii). The one page Annual Self-Certification and an Asset Certification will suffice the annual HOME certification requirement. However the owner must third party verify the income of each tenant, in accordance with § 92.203(a)(1)(i), every sixth (6) year of the affordability period (on the date of the resident's move-in anniversary date).

NOTE: In accordance with 92.504(c)(2) of the HOME regulations, when HOME-assisted units do not meet the affordability requirements (i.e.; rent restrictions, income requirements, and other HOME requirements) of the HOME regulations, the owner is required to repay the HOME funds. Therefore, it is very important to comply with the HOME program as well as the LIHTC program.

2. Other HOME Requirements

- An Environmental Review Record must be completed by the State or local government funding source, notices published and obtain a release of funds from HUD prior to the commencement of the project. HOME funds, however, may not be used to reimburse land costs incurred prior to the release of funds.
- Projects with 12 or more HOME-assisted units must pay federal Davis-Bacon wage rates for construction labor.
- Section 504 Rehabilitation Act standards apply to HOME projects with 15 or more units regardless of the number of HOME-Assisted units. Five percent of the units must be physically accessible and two percent of the units must be made accessible to persons with hearing or vision impairments.
- The period of affordability for new construction properties is 20 years. This will be enforced by the Declaration of Land Use Restrictive Use Agreement used with the LIHTC program. For rehabilitation and acquisition properties, the LIHTC use period applies.
- Properties must meet HUD's Housing Quality Standards (HQS) for the period of affordability. New Construction properties must meet local building codes and the Model Energy Code.
- Fair Housing, equal opportunity, affirmative marketing, non-discrimination on basis of race, handicap or familial status must be followed. PRHFA or the local government will review these policies to assure compliance with the regulations. All advertisements, brochures, posters, etc., must contain the Equal Housing Opportunity logo or slogan. Copies of all advertisements and such should be maintained at the property.
- An owner may not refuse to rent a HOME-assisted unit to a tenant with a Section 8 Certificate or voucher solely due to that assistance.
- Written Tenant Selection policies and screening criteria is a requirement and must be approved by PRHFA or the local government agency.
- There are prohibited lease terms and limitations on lease termination for the HOME-assisted units.

- A waiting list must be maintained at the property. The waiting list should be in conformance with the HUD 4350.3 Handbook requirements.

- A fiscal review of the property is required by PRHFA or the local government. Proper insurance (i.e., flood insurance, general liability) adequate fidelity bond coverage, payment of taxes, approved operating budget, adequate reserve requirement, security deposits, HQS requirements, and lead base paint certificates (if rehabilitation) will be reviewed for compliance with the HOME Program requirements.

3. **Differences in LIHTC and HOME Rules for Property Management**

In general, when a property has both HOME and LIHTC assistance, both sets of program rules apply, so the stricter requirements of each program must be met. Key property management issues that vary between programs include:

- **Income Targeting and Occupancy Requirements.** The owner/manager must rely on its use agreements and the rules for each program to determine the number of HOME and LIHTC units in the property, and the required household income at move-in for each unit. When a household's income meets both sets of requirements and the rent is below the maximum for both programs, the unit that household occupies can be counted toward the requirements of both programs. Otherwise, if a household meets only one set of requirements, the unit can be counted for that program only.

- **Maximum Allowable Rent Determinations.** The owner/manager must determine the maximum allowable rents for both programs and use the lower rents as the rent limit for the unit. Maximum rent limits include utilities for both programs, so if the tenant pays for utilities, the owner/manager must deduct the appropriate utility allowance to determine the rent limit.

    - **Utility Allowances.** LIHTC and HOME may use different utility allowances. The owner/ manager must deduct the LIHTC utility allowance from the LIHTC rent limit to determine the maximum allowable LIHTC rent. The owner/ manager must deduct the Participating Jurisdiction (PJ's) utility allowance from the HOME rent limits to determine the maximum allowable High HOME Rent and Low HOME Rent. The maximum rent the owner/ manager can charge is the lesser amount.

- **Initial Tenant Income Eligibility.** Both LIHTC and HOME require owners/managers to determine a tenant household's income eligibility prior to leasing a unit, and both programs require owners/managers to use source documentation to do so.

    - **Definition of Income.** LIHTC requires the use of the Section 8 (part 5 Program definition of income; the HOME program permits the PJ to choose the definition of income from three options, including the part 5 definition. The PJ has chosen the Section 8 (Part 5) definition of income to ensure consistency within the programs.

    - **Asset Income.** Although LIHTC permits tenants to certify asset amounts and asset income that are less than $5,000, the HOME Program requires *all* asset income to be verified with source documentation. Therefore, all asset income must be verified for any unit that will count as both a tax credit and HOME unit.

- **Recertifying Tenant Income.** Both the HOME and LIHTC programs require assisted units to remain occupied by income eligible persons throughout the affordability (compliance) period. For both programs, property owners/ managers must certify tenants' income annually to ensure they continue to be income eligible in accordance with applicable income limits. Both programs use income limits that are updated and issued by HUD annually, although each program may impose different income targeting requirements. For a unit to continue to count as both a HOME and LIHTC unit, the tenant's income must continue to qualify under each program.

    - **Source Documentation.** The HOME Program permits some flexibility in methods of recertifying annual income. For projects with both LIHTC-assisted and non-assisted units, the LIHTC program requires a review of source documentation every year to verify income eligibility; for projects with 100 percent LIHTC units, income recertification is not required. Therefore, property owners/managers of HOME/LIHTC properties with both LIHTC-assisted and non-assisted units must verify tenant income using source documentation annually (i.e.; cannot use the recertification methodology permitted by the HOME regulations). For projects with 100 percent LIHTC units, the PJ can adopt one of HOME's alternative recertification methods.

- **Over Income Tenants.** During recertification, owners/managers may find that some tenants have become over income. This means that the income of the household increases to a level above the income limit for each program for that year. For HOME/LIHTC properties, the HOME Program has adopted the LIHTC guidelines for establishing rent for over income households. Generally, a tenant household is considered over income when its income increases to 140 percent or more of the qualifying income for that unit. Until the household's income reaches this threshold, the tenant must pay no more than the lesser of the HOME rent limit or the tax credit rent. Once the tenant household's income increases to over 140 percent of the qualifying income, the household is over income. The steps the owner/manager must take to restore compliance to the property for HOME and LIHTC will vary, depending on whether the property has fixed or floating HOME units, whether or not 100 percent of the units are either HOME assisted or LIHTC units, and what percentage of units are assisted and non-assisted.

- **Affordability (Compliance) Period.** HOME affordability periods are specified in the written agreement between the owner and the PJ. LIHTC compliance periods are specified in the property's allocation agreement with the state, and are specific to each property. The property must comply with HOME rules for the duration of the HOME affordability period, and must comply with LIHTC rules for the duration of the LIHTC compliance period.

- **Property Inspections.** Both programs require the funding agency to inspect the property on a periodic basis. HOME/LIHTC units must comply with the most restrictive applicable property standard throughout the affordability period. PJs will notify owners of the property inspection schedule.

- **Student Eligibility:**
  LIHTC – In general, households made up of full-time students of any age do not qualify.

  HOME – No student eligibility requirements.

- **Income Limits:**
  LIHTC – Uses HUD Multifamily Tax Subsidy Program (MTSP) income limits. 50% or 60% MTSP limits apply, depending on the minimum set-aside. Income limits are county specific. Households must qualify based on gross annual income.

  HOME – The program uses HUD HOME income limits based on area median income (AMI). Income limits are county or Metropolitan Statistical Area (MSA) specific. Households must qualify based on gross annual income.

- **Verification of Household Income:**
  LIHTC – Regulation requires the gathering of documentation. Informal IRS Guidance, however indicates that 3rd party verification of all income and all assets (when assets are over $5,000) and student status is required; gathered documentation, then self-affidavit are second and third choice options. Verifications are valid if received up to 120 days prior to the effective date. The IRS permits use of sworn statements declaring the households assets when the total combined assets do not exceed $5,000. HUD's Enterprise Income Verification (EIV) data gathered for re-certifications cannot be used for LIHTC purposes.

  HOME – "Source documents" prepared by a 3rd-party for all income and assets are required to determine initial eligibility and every 6th year of the projects affordability period. Self-affidavit and program assistance verification (such as from a rental assistance voucher provider) are not allowed for these years. The certification, supported by source documents, is valid for 6 months (180 days) from the date it is completed. For other years, self-affidavit or other program assistance verification may be used. HUD's EIV data gathered for re-certifications cannot be used for HOME purposes.

- **Employment Income Calculations (range of hours):**
  LIHTC - HUD instructs that we are to gather "average hours" when determining income (i.e. 38 for 36-40 hours). By regulation we count LIHTC income as does the Section 8 program. However, it has generally been accepted as best practice that the LIHTC program should use the more conservative approach of using the HIGHEST in a range (i.e. 40 for the 36-40 hours). PRHFA will required the use of the highest in a range.

HOME – HUD consistently refers to "average hours" in its technical guidance for the HOME Program. (i.e. if verification list 30-40 hours, use 35).

- **Verifying Assets:**
  LIHTC – Assets may be verified via self-affidavit if total assets do not exceed $5,000. If they exceed $5,000 they must be verified.

  HOME – Assets must be verified using 3rd party "source documents" for initial eligibility and every 6th year of the affordability period. Income may be self-certified or program assistance verification (such as from a rental assistance voucher provider) may be used for other years.

- **Section 8 Voucher Household Certification in Lieu of Individually Verifying Each Income/Asset Source:**
  HOME – Not permitted for initial certification. May be used for re-certifications that do not require full 3rd party verification.

- **Change in Income/Household Size:**
  LIHTC – There are no interim certifications in the LIHTC program. Individuals added to households during a certification year are income certified individually and their income is added to the most recent Tenant Income Certification (TIC). The total income is then tested to determine if the available unit rule has been triggered (see increases in income). The household is considered the same household as long as one original member remains. Increases in income do not require a household to move out.

  HOME – the HOME program does not require interim certification. Increases in income may result in changes to a unit's HIGH or LOW HOME status. Increases in income do not require a household to move out.

- **Certification Form:**
  LIHTC – Tenant Income Certification. "TIC" is an informal but commonly used description.

  HOME – Program has no specifically mandated certification form. Owners/managers will adopt the TIC as requirement from the PJ.

- **Effective Dates:**

  LIHTC –
  - **Move In:** Effective date is the date the tenant actually moves into the unit.
  - **Initial Certification for In-place Residents at Acquisition/Rehabilitation Properties:** The effective date is the date of acquisition for households that were certified within 120 days of the acquisition date. After that time, the effective date is the date of last signature.
  - **Recertification Date:** Effective date is the anniversary of the effective date of the original tenant income certification (for less than 100% LIHTC projects where recertification is required).

  HOME – The HOME program does not mandate effective dates. Income certifications must be completed within 180 days prior to move-in. Re-certifications must be completed annually but not necessarily on the anniversary of move-in.

- **Recertification:**

  LIHTC – Projects that are less than 100% LIHTC must recertify each household's income and student status annually. 100% projects must recertify student status annually. IRS guidance is that the re-certifications should be conducted using as effective date the annrversary of the initial certification.

  HOME – HOME households must be certified at move in and annually. The HOME program does not mandate dates for the annual cycle, allowing all re-certifications to be conducted once a year. Interim certifications are not required.

- **Eligibility and Increases in Income:**

  LIHTC- For less than 100% LIHTC properties, household's income that is over 140% of the current income limit at re-certification is "over-income". Over-income households continue to qualify as LIHTC households as long as the next available unit of the same or smaller size in the same building (if not a multiple building project) is rented to LIHTC households until the applicable fraction is restored not counting the over-income households. Once the applicable fraction is restored, the

household may be raised to market rent, but cannot be required to vacate the unit. The IRS refers to this rule as the "Available Unit Rule" or "Next Available Unit Rule".

HOME – Increases in income at re-certification may result in re-classification from Low to High HOME rents. Rents switch to 30% of adjusted income (not to exceed market rents in the area) once household income exceeds the 80% limit. LOW HOME households that exceed the HOME 50% limits and HIGH HOME households that exceed the HOME 80% limits are "over-income". Specific actions are then mandated by the program that differs depending on whether the project is "fixed" or "floating" HOME as determined in the HOME Agreement. For HOME/LIHTC projects, the HOME program adopts the LIHTC 140% threshold.

- **Deductions / Allowances:**

  LIHTC – The LIHTC program does not use deductions to income. Rent is not directly based on family income.

  HOME – For households where rent is based on income, the HOME program uses HUD's 5 types of deductions used to determine adjusted income and rent.

- **Transferring Households:**

  LIHTC – Tenants who have gone above the 140% limit at properties that are less than 100% LIHTC are only allowed to transfer between units within the same "building"(BIN). Residents who are below the 140% limits at these projects, and all tenants at a 100% project, may transfer between buildings (as defined by form 8609s) without having to qualify at current income limits. When tenants transfer between units the units switch status.

  HOME – HUD guidance does not discuss unit transfers. Units never change designation in a "fixed" HOME property.

- **Subsidy and Rent Limits:**

  LIHTC – Subsidy from Section 8 and similar programs is not included in rent when determining compliance with gross rent requirements. Tenant rent may exceed the LIHTC max rents for tenants who are receiving assistance and whose income has increased. Tenant rents may also

exceed the LIHTC limit for households receiving RD assistance for which RD "overage" is paid.

HOME – Subsidy is included in rent when determining compliance with HOME rent requirements. There is an exception for project-based subsidy in LOW HOME units where tenants pay 30% of their income toward rent. For these units the full subsidy program rents may be collected (contract rent).

- **Utility Allowances:**

  LIHTC – Projects with Rural Housing Service (RHS) or HUD funding use the utility allowance for those programs. There are 5 additional choices for other properties. The utility allowance for voucher holding households is the utility allowance their rent calculation is based on.

  HOME – The PJ establishes the utility allowance. (HUD is currently calculating utility allowances for its HOME projects; these will be made available in the future).

- **Rent Limits:**

  LIHTC – Rent limits are calculated based on income limits. As income limits never go down for a specific property from year to year, neither do rent limits. They assume an imputed 1.5 persons per bedroom.

  HOME – HUD publishes the HOME HIGH and LOW rent limits.

- **Handbook Guidance and Hierarchy:**
  LIHTC - Legal authority and formal guidance (hierarchy):
    - Internal Revenue Code §42
    - Treasury Regulation (Treas. Reg. 1.42-(1-17)
    - Revenue Rulings
    - Revenue Procedures
    - IRS Notices and others.
    - HUD Handbook 4350.3 Change 4

  HOME – Formal Guidance
    - 24 CFR Part 92
    - HUD, "Compliance in HOME Rental Projects: A Guide for Property Owners".
    - HUD, "Technical Guide for Determining Income and Allowances for the HOME Program 3rd Edition"

- **Vacancies:**
  LIHTC – Vacant units may be counted as LIHTC units as long as:
    - The last resident was LIHTC qualified
    - The unit is made ready in a reasonable time
    - The owner can demonstrate that the vacant LIHTC units were marketed before any units of the same size or smaller in the project were rented to non-LIHTC households (for projects that are not 100% LIHTC).

  HOME – Vacancies that are not excessive in number or duration have no direct impact on program compliance.

- **Residency Application Fees:**

  LIHTC - Application fees may be charged to cover the actual cost of checking a prospective tenant's income, credit history, and landlord references. The fee is limited to recovery of the actual out-of-pocket costs.

  HOME- All mandatory fees, if allowed, must be approved by the PJ

- **Affirmative Marketing:**
  LIHTC – Affirmative marketing is not addressed in the federal LIHTC code or guidance.

  HOME – HOME does not require a specific affirmative-marketing plan, but a PJ must establish affirmative marketing procedures and ensure that an owner has an affirmative marketing plan in place, and that it is followed.

- **Inspection Cycle and Percentages Inspected:**
  LIHTC – Inspections will be conducted at least every 3rd year; 20% of the LIHTC units in each buildings are inspected.

  HOME – At a minimum; properties with 1-4 units will be inspected every three years, 5-25 units every two years and 26 or more units every year. This is total units in a project, not just HOME-assisted units. The inspector must select a "reasonable sample".

VI. Compliance and Monitoring During the Extended Use Period

After the 15-year Compliance Period has expired, there may be no tax impact in the event of noncompliance. IRC Section 1.42-5 contains the regulations for agencies' compliance monitoring during the Compliance Period; however, the regulations do not require agencies to monitor according to these regulations in the Extended Use Period. IRS officials and other experts have indicated verbally that agencies may not report noncompliance to IRS after the Compliance Period is over. The tax benefit to the owner is exhausted and IRS can no longer recapture or disallow credits. Therefore, PRHFA must establish policy regarding how properties are to be monitored and consequences for noncompliance during the Extended Use Period.

In addition, based on the requirements of the Extended Use Period specified in IRC Section 42 regulations and in Declaration of Land Use Restrictive Covenants referenced below, the agency has the authority to establish different criteria for eligible/ineligible student households, available unit rule, unit transfers, and the process for performing annual recertifications during the Extended Use Period, as long as income and rent restrictions, general use requirements (fair housing), Section 8 acceptance, minimum set-aside, applicable fraction, and initial and annual recertifications are required.

A. Extended Use Period

IRC Section 42(h)(6) establishes that buildings are eligible for the credit only if there is a minimum long-term commitment to low-income housing. Specifically, in order to receive a credit allocation in 1990 and later, the owner must record an extended low-income housing commitment. The document that evidences this commitment is called the Declaration of Land Use Restrictive Covenants for Housing Tax Credits (Declaration). The Declaration is recorded with the respective County Recorder and/or Registrar of Titles and "runs with the land", regardless of subsequent changes in ownership.

1. For purposes of this section, the term "Extended Use Period" means the period:
   a. beginning on the last day in the Compliance Period on which such building is part of a qualified low-income housing project, and
   b. ending on the later of–
      i. the date specified by the agency in the Declaration, or
      ii. the date which is 15 years after the close of the Compliance Period.

   IRC Section 42(h)(6)(E) provides exceptions to the Extended Use Period in the case of a legitimate foreclosure or deed in lieu or, for projects that have not waived this right, if the agency is unable to present a qualified contract pursuant to IRC Section 42(h)(6)(F). This Compliance Plan does not contain guidance for the provisions of IRC 42(h)(6)(F) regarding the qualified contract referenced in IRC Section 42(h)(6)(E)(i)(II).

2. Under IRC Section 42(h)(6)(E)(ii) the termination of an Extended Use Period due to foreclosure or deed in lieu, or for failure to present a qualified contract shall not be construed to permit before the close of the 3-year period following such termination:
   a. the eviction or the termination of tenancy (other than for good cause) of an existing tenant of any low-income unit, or
   b. any increase in the gross rent with respect to such unit not otherwise permitted by the applicable rent limits.

3. Under the PRHFA Declaration of Land Use Restrictive Covenants for Housing Tax Credits the owner agrees to comply with the following for the term of the agreement:

   a. it will maintain the applicable fraction by leasing units to individuals or families whose income is 50% or 60%, as irrevocably elected by the owner at the time of allocation, or less of the area median gross income (including adjustments for family size) as determined in accordance with IRC Section 42;
   b. it will maintain the Section 42 rent and income restrictions;
   c. all units subject to the credit shall be leased and rented or made available to members of the general public who qualify as low-income tenants (or otherwise qualify for occupancy of the low-income units) under the applicable election specified in IRC Section 42(g) (Section 42(g) pertains to the minimum set-aside election);
   d. the owner agrees to comply fully with the requirements of the Fair Housing Act as it may from time to time be amended;
   e. the owner will not refuse to lease a unit to the holder of a Section 8 voucher because of the status of the prospective tenant as such a holder;
   f. each low income unit will remain suitable for occupancy;
   g. the determination of whether a tenant meets the low-income requirement shall be made by the owner at least annually on the basis of the current income of such low-income tenant; and
   h. other restrictions as required under the specific year's Qualified Allocation Plan (QAP) and related points the owner received in order to obtain a credit allocation.

These restrictions are property-specific within the respective Declarations and to the extent they are not otherwise time-limited, the additional restrictions remain in force and effect during the Extended Use Period.

Note that the Declarations have changed from year-to-year according to the respective Qualified Allocation Plans. However, the basic language pertaining to the Extended Use Period required by IRC has not materially changed.

B. Tenant Eligibility Criteria During the Extended Use Period

During the Extended Use Period, PRHFA requires tenant eligibility and certification of income, as follows:

1. **Tenant Income Certification**

   The initial income certification is required (calculated in a manner consistent with the determination of annual income under section 8 of the United States Housing Act of 1937 ("Section 8"). However, owners are no longer required to verify income and income from assets at annual recertification. Any household that experiences a change in composition within the first six (6) months of occupancy (not including birth or death) must meet the initial eligibility requirements and a new initial tenant income certification must be performed.

2. **Rent Restriction**

   Rent limits as elected by the owner at the time of allocation continue to be in force during the Extended Use Period. Owners of properties that were awarded selection points for additional rent restrictions should refer to the respective Qualified Allocation Plan or Declaration to determine whether those additional rent restrictions are time-limited or if they are in effect for the full term of the Extended Use Period.

3. **Student Status**

   Since student status is not one of the defined requirements of the Declaration, the student rules under IRC Section 42 are no longer applicable.

4. **Unit Transfers**

   Unit transfers from building to building are allowed without triggering noncompliance regardless of whether a household's income is over the applicable limit at the time of transfer.

5. **Available Unit Rule**

   The available unit rule is revised to provide that if a household's income goes over 140% of the applicable income limit, a currently vacant unit or the next unit in the same building must be rented to a qualifying household (the "comparable or smaller" requirement no longer applies). This is essentially a one-for-one unit replacement.

6. **Applicable Fraction**

   Only the unit fraction will be examined to determine a building's applicable fraction.

7. **Utility Allowances**

Utility Allowances must continue to be updated annually. Revised utility allowances must be implemented within 90 days of their published effective date. The Housing Tax Credit Program income and rent limits based on the Section 8 income limits published by HUD annually will continue to be updated by the PRHFA.

C. **Monitoring Compliance During the Extended Use Period**

PRHFA will perform the following monitoring procedure during the Extended Use Period:

1. **Annual Certification**

PRHFA will require all owners to submit an annual certification of compliance by January 31. The PRHFA will provide the Owner's Certification of Compliance During the Extended Use Period Form, which will contain agency-defined certification language pursuant to the terms of the Declaration.

2. **Annual Reporting**

LIHTC projects must submit to the PRHFA, via electronically, the Tenant Income information of each new Moving, Annual Re-certifications of income and rent changes for each existing tenant.

This information must be submitted to the PRHFA by January 15th of each year during the extended use period. The PRHFA will provide the Tax Credit Certifications Online Reporting Software for the electronic submission of this information.

3. **Inspections**

Every five years, PRHFA will perform a physical inspection of the property and review of tenant files and other pertinent documentation. The first review in the Extended Use Period will be five years from the last inspection conducted during the Compliance Period.

A minimum of 3 low-income units chosen at random or maximum of 10% of the low-income units in any development will be inspected. Different units may be chosen for the file review than those receiving a physical inspection.

PRHFA compliance staff will continue to work with other inspection entities such as local inspection officials, other government agencies, PRHFA staff etc., to share inspection information. Also, we will accept Age HQS Staff inspections done in the same year as our review. If inspected by PRHFA Tax Credit Compliance staff, inspection will be pursuant to Uniform Physical Conditions Standards.

PRHFA reserves the right to conduct a review of any building after serving appropriate notice and to examine all records pertaining to rental of tax credit units. PRHFA may perform a review at least through the end of the Extended Use Period of the buildings in the project.

4. **Annual Compliance Fees**

The amount of annual compliance monitoring fees will be $20 per unit since inspections are less frequent and are done on a smaller number of units. The agency reserves the right to adjust the fee due to changing circumstances. Fees are due at the same time as the Annual Certification.

5. **Transfer of Ownership or Ownership Interest**

A transfer agreement is required in the event of a transfer of ownership or ownership interest. Such transfer agreement will put the new owner or partner on notice that it is subject to the terms of the Declaration including all compliance restrictions and annual compliance monitoring. Documentation of signatory authorization for the new owner or partner may be requested. Owners contemplating transfers of ownership or ownership interest should notify PRHFA and request a copy of the appropriate transfer agreement.

6. **Expiration or Termination of Extended Use Period**

During the 3-year period after the Declaration has expired or terminated pursuant to IRC Section 42(h)(6)(E)(ii), owners are required to annually submit a list of all low-income households that occupied a unit at the end of the term of the Declaration, the respective tenant-paid rent, utility allowance, and move-out date, if applicable, along with a certification that no low-income residents have been evicted or displaced for other than good cause. This report and certification will be due on January 31. No monitoring fees will be due during this 3-year period and PRHFA is not required to perform inspections.

The Declaration of Land Use Restrictive Covenants allows for an amendment by written agreement between PRHFA and the owner. An amendment to the Declaration may be negotiated in the event a property suffers from a decline in market conditions that is not expected to improve and subsequent vacancies compromise the economic viability of the property. Owner must demonstrate that reasonable efforts have been made to meet all compliance requirements. A change in applicable fraction, rent limits or other terms may be negotiated with PRHFA in order to preserve as many low-income units as possible, but still protect the economic viability of a property.

D. Consequences of Noncompliance During the Extended Use Period

The following are the procedures for and consequence(s) of noncompliance:

1. All properties whose Compliance Period has expired and are subject to the requirements of the Extended Use Period will be listed or categorized in either "Good Standing" or "Not in Good Standing".

2. If an owner fails to comply with the monitoring requirements and/or terms of the Declaration, PRHFA will issue a Notice of Noncompliance and recommendations for correction similar to what is issued during the Compliance Period. All owners will be given a period of time not to exceed 90 days with which to clarify or correct noncompliance and report to PRHFA that all corrections have been made. An extension of an additional 90 days may be granted, with good cause. If a property has one or more compliance violations, but the owner is making a good faith effort to correct within a reasonable time then the property can be considered in Good Standing. If the violation(s) cannot be corrected within the 90-day correction period (or within the 90-day extension, if granted) PRHFA may request that the owner and/or management agent formulate a plan and reasonable timeline to bring the violation(s) back into compliance and advise PRHFA in writing of such a plan.

   Owners will have demonstrated good faith efforts by carrying out the plan within the referenced timeline and the property will remain in Good Standing.

3. If an owner repeatedly delays requests for monitoring reviews, fails to submit annual certifications, reports and compliance monitoring fees, does not correct violations timely or according to the agreed-upon plan, where applicable, or otherwise chooses to ignore the compliance and monitoring requirements (serious and/or flagrant noncompliance) the following are consequences:

   a. The owner & management company are considered to be Not in Good Standing;

   b. A Report of Development Not in Good Standing will be issued for such serious and/or flagrant noncompliance. This report will be sent to the owner and filed with the PRHFA Development team. No further PRHFA funds or tax credits will be awarded to the owner, its partners and/or proposed developments to be managed by the management company until the property is back in Good Standing. Once good faith efforts are demonstrated to the agency's satisfaction, the agency will reinstate the property, owner and management company in Good Standing.

   c. The agency and any interested party have the right to enforce specific performance of the Declaration through the court system.

Important: Owners and management agents must keep careful track of when a development, and in some cases certain buildings within a development, transition from the Compliance Period into the Extended Use Period. Premature implementation of the Extended Use Period compliance and monitoring guidelines may result in noncompliance with IRC Section 42 for which PRHFA would be required to file IRS form 8823.

PRHFA reserves the right to modify this Compliance Manual Plan including but not limited to the foregoing policy and procedure for compliance and monitoring during the Extended Use Period, as needed.

APPENDIXES

Appendix A – Income Verification Requirements and Procedures

A. General Requirements

1. Owners shall verify all income, household characteristics, and any circumstances that may affect eligibility and compliance under the LIHTC guidelines.
2. When determining annual income, owners must include all anticipated known sources of income. If a household is accepted as low-income and subsequently becomes over income, the owner should be prepared to prove due diligence.
3. Whenever possible, written verification of income is required from the income sources.
4. Owners are advised to maintain documentation of all verification efforts for at least three years after the effective date of the tenant's certification or recertification.
5. For units receiving Section 8 rental assistance, the verification requirement is satisfied if the Public Housing Authority ("PHA") provides the building owner with a statement that "the gross annual income of the tenants in the unit does not exceed the applicable income limit under Section 42(g) of the Internal Revenue Code." The Section 8 Tenant Income Verification Form may be used to satisfy this requirement. Owners may have the PHA contact the Compliance staff of the Agency if more information is needed. Income of Section 8 assistance recipients can also be verified in the usual way (by contacting employers, etc.) and requesting that they complete Income Verification forms. When the tenant household has no income, Certification of Zero Income (PRHFA-05) will be the only verification document.

B. Acceptable Methods for Verifying Information

1. Written verification by a third party is preferred, as follows:
   a. The owner's request for verification should state why the information is being requested and include a statement signed by the applicant/tenant authorizing the release of the information;
   b. Owners must send the verification forms directly to the source, not through the applicant.
   c. When written verification is not possible, as a last resort, the Agency accepts a direct contact with the source. The owner must document the conversation for the applicant's file and include all information that would have been provided in a written verification plus the date, time and the person's name providing the information and his qualification to provide it.
   d. When third party verification is not available, owners must include written documentation in the file of efforts made to obtain the required verification and the reason the verification was not obtained, including the dates the owner/management agent attempted to obtain the third party verifications.

The owner must include the following documents in the applicant's or resident's file:

1. A written note to the file explaining why third party verification is not possible; or
2. A copy of the date-stamped original request which was sent to the third party, and a written description of the efforts to reach the third party to obtain verification, including the dates on which management attempted to obtain the third party verification(s). If no response was received, a note must be placed in the file indicating that the request has been outstanding without a response from the third party.

If third party documentation cannot be obtained or a fee is charged by the source for providing the information or for completing the form, then it is permissible for the owner/management agent to use an alternative method of documenting tenant eligibility, such as oral verifications or a review of documents supplied by the tenant.

2. Review of Applicant Supplied Documents

Owners may use documents submitted by the applicant when information does not require third party verification (i.e. birth certificate) or third party verification is impossible or delayed.

3. Applicant's Affidavit

Owners may accept an applicant's notarized statement or signed affidavit only if other preferred forms of verification cannot be obtained.

4. Faxed Verification

Recipients may reply to a request for income or asset verification by fax. The Agency accepts faxes as written verification if they are completely legible, date-stamped, and include the signature, name, job title, and phone number of the person making the verification and the date the form was signed.

5. E-mail Verifications

Similar to faxed information, information verified by email is more reliable when preceded by a telephone conversation and when the document includes the e-mail address, firm name, and name of an appropriate individual who completed the form.

C. **Effective Term of Verification**

Third-party Verifications of income are valid for 120 days from the date of receipt by the owner. If verifications are more than 120 days old from the date of receipt by the owner, the owner must obtain new verifications.

D. **Expediting the Verification Procedure**

1. In order to expedite the verification process, owners should maintain a checklist for each tenant to document the verification process.
2. Develop standard forms for all information that must be verified (see forms included in this plan).
3. Ask applicants/tenants to sign the copies of each verification form retaining one original in the applicant's file.
4. Make personal contacts with large employers and public assistance agencies from which a large number of tenants receive income or benefits.
5. Give the applicant an opportunity to explain any significant differences between the amounts reported by the applicant and the amounts reported on third party verifications in order to extract the correct information. Re-examine if necessary.

E. **Calculation Methodologies to use in determining Annual Income**

1. To annualized full-time employment, multiply:
   a. Hourly wages by 2,080 hours for full-time employment with no overtime;
   b. Weekly wages by 52;
   c. Biweekly amounts by 26;
   d. Semimonthly amounts by 24;
   e. Monthly amounts by 12.
2. To annualize income from other than full-time employment, multiply periodic amounts (hourly, biweekly, monthly, etc.) by the number of periods (hours, weeks, and months) the household member expects to work.
3. Use current circumstances to project income, unless verification forms indicate that an imminent change will occur.
4. When an employer gives a range of hours as the number of hours worked, **PRHFA will require that a conservative approach must be taken and that the highest number in the range be used for income calculations.** It is not recommended to use an average.
5. Year-To-Date income is annualized by dividing the YTD amount by the number of weeks included in the figure multiplied by 52 weeks. **PRHFA will require that the owner compare the "hourly rate" calculation with the YTD calculation and use the higher of the two calculations.** Include any anticipated raises and additional compensation that was excluded from the YTD figure (bonus, tips, etc.) in the YTD calculation.

F. **Acceptable Forms of Verification**

Sources of verification given under each type of income are listed in order of preference.

1. **Employment Income**
   a. Employment Verification Form (PRHFA-08) completed by the employer or a statement from the employer on company letterhead; or
   b. Four to six consecutive check stubs or earning statements showing employee's gross pay per pay period and frequency of pay;
   c. W-2 forms if applicant has had the same job for at least two years and pay increases can be accurately projected. This form of verification alone may not be acceptable as income certification.
   d. a copy of the most recent income tax returns signed by the applicant providing the amount of income, including income from tips and other gratuities. This form of verification alone may not be acceptable as income certification.

2. **Self-Employment Income**

The tenant must provide a projection or estimate of income and expenses to be realized by the business during the next 12 months. The owner may use the previous years' financial information to substantiate the reasonableness of the tenant's projection. The following documentation should be used in the verification process.

   a. Accountant's or bookkeeper's statement of net income; or
   b. Financial statement(s) of the business along with an affidavit or notarized statement from the applicant forecasting the anticipated income for the twelve (12) months following certification; or
   c. The applicant's most recent income tax return along with a notarized statement. This form of income verification alone may not be acceptable as income certification. Year-to-date income verification can be used to supplement other methods of certification.
   d. Applicant's notarized statement or affidavit as to net income realized from the business during previous year. This form of verification alone may not be acceptable as income certification.

3. **Social Security, Pensions, Disability Income**
   a. A benefit verification form completed by the agency providing the benefits; or
   b. An award or benefit notification letter prepared and signed by the authorizing agency. Since checks or bank deposit slips show only net amount remaining after deducting SSI, Medicare or state health insurance, they may be used only when award letters cannot be obtained. Any withholdings must be verified and included in annual income.

4. **Unemployment Compensation**
   a. A verification form completed by the unemployment compensation agency; or
   b. Records from unemployment office stating payment dates and amount.

5. **Alimony or Child Support Payments**
   a. A copy of a separation or divorce agreement, or support order stating type of support, amount and payment schedule. If the document is not dated within the 120-day time frame, obtain a notarized statement from the applicant stating that the amount of child support currently received is the same as stated in the agreement or order; or
   b. a letter from the person paying support; or
   c. a copy of the latest check and documentation of how often the check is received; or
   d. as a last alternative, the applicant's notarized statement of the amount of child support being received, including a written explanation detailing why *a* and *b* above cannot be provided.

6. **Recurring Contributions and Gifts**
   a. Notarized statement or affidavit signed by the person providing the assistance. The statement should define the purpose, dates, and value of gifts. Copies of canceled checks or receipts can be used to verify tuition, fees, books, and equipment, and other such net income and expenses not expected to change during the next 12 months.
   b. As a last alternative, the applicant's notarized affidavit giving the same information, including a written explanation detailing why the above cannot be provided.

7. **Unemployed Applicants**
   a. The income of unemployed applicants with regular income from any source, such as Social Security, pension, recurring gifts, etc., must be verified as described previously; or
   b. If any applicant of the household composition is currently unemployed and claiming $0 income, he/she must provide evidence of anticipated income for the certification year by executing a Zero Income Certification (PRHCA-05 Form) and providing a signed copy of the prior year's income tax return.
   c. If the applicant is unemployed with no regular verifiable income from any source and intends to live from assets only, an Asset Addendum to the Tenant Income Certification must be submitted along with the application. The applicant may not be certified as qualified by use of this form alone. An asset analysis must be included with the application to determine the applicant's actual income.

8. Household Assets Now Held

a. Verification forms, letters, or documents from a financial institution, broker, etc.

Note: When financial institutions charge a fee to the applicant or tenant for providing verifications, the forms of verification in paragraph b. below would be the preferred method.

b. Account statements, passbooks, broker's quarterly statements showing value of stocks or bonds, etc., and showing the earnings credited to the applicant's account, or financial statements completed by a financial institution or broker.

Note: The owner must adjust the information provided by the financial institution to project earnings expected for the next 12 months.

c. Quotes from a stock broker or realty agent as to the net amount the applicant/tenant would receive if he or she liquidated securities or real estate.

d. Real estate tax statement(s) if tax authority uses approximate market value.

e. Copies of closing documents showing the selling price, the distribution of the sales proceeds and the net amount to the individual.

f. Appraisals of personal property held as an investment.

g. Applicant's notarized statement or signed affidavit describing assets or verifying cash held at the applicant's home or in safe deposit boxes.

9. **Assets disposed of for less than fair market value during the two years preceding the effective date of the certification or recertification.**

a. Applicant's certification as to whether he or she has disposed of assets for less than fair market value during the two years preceding the effective date of the certification or recertification.

b. If the applicant certifies that he or she did dispose of assets for less than fair market value, then the certification must show:

1. All assets disposed of for less than fair market value;
2. The date the assets were disposed;
3. The amount received; and
4. The asset's market value at the time of disposition.

Note: Evidence of the information mentioned above must be included in tenant's files.

10. **Income from the sale of real property pursuant to a purchase money mortgage, installment sales contract, or similar arrangement.**

a. A letter from an accountant, attorney, real estate broker, the buyer, or a financial institution stating interest due for the next twelve months. (A copy of the check paid by the buyer to the applicant is not sufficient since appropriate breakdowns of interest and principal are not included.)

b. An amortization schedule showing the interest for the twelve months following the effective date of the certification or recertification.

Appendix B – Annual Recertifications

Effective July 30, 2008, 100 percent (100%) tax credit property owners no longer need to annually recertify resident household incomes. That is, residents must continue to be income qualified upon initial residency, but need not be recertified thereafter. Property files will still need to contain thorough third-party verifications of income upon initial occupancy.

For Semi Annual reporting purposes through COL system the PRHFA will not require anymore the submission of the tenant annual recertification information. However PRHFA will still require the following information:

- Information of all project Move-Ins
- Move-out transactions
- Transfers, and
- Changes in tenant rents (including changes in the Utility Allowances)

PRHFA will still require the preparation of the first annual recertification of all the units in the project. This certification process is identical to the initial certification. Owners must re-verify income of those tenants in set aside units who plan to remain in that unit for another lease term, or any portion thereof, and have a new Tenant Income Certification executed together with updated supporting documentation. The preparation of the Alternate Certification (PRHFA-08) is required for all the subsequent anniversary dates.

1. For Recertification purposes Management must:

   a. approximately 120 days before the lease expiration, notify the tenants in writing that re-certification is due and schedule an appointment for an interview;
   b. interview tenants to obtain current information on anticipated income, assets, and family composition for the ensuing certification year, and have tenants sign the necessary verification form(s) giving permission for release of the information requested;
   c. obtain third-party verification of the tenant's income;
   d. complete the Tenant Income Certification, have all adult household members sign and date where indicated; and
   e. sign and date the Tenant Income Certification where indicated.

2. Adding a New Tenant to a Resident Household

   The addition of new member(s) to an existing low-income household requires the income certification for the new member of the household, including third party verification. The new tenant's income is added to the income disclosed on the existing household's tenant income certification. If the total income combined exceeds 140% of the income limit, the Available Rule is applied.

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. Once all the 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.

3. Interim Re-Certifications

   Except when adding a new tenant to an existing household, the Authority does not require management to recertify a household due to a change in household composition or income before the annual recertification date in order to comply with LIHTC program rules. However, some LIHTC developments that also participate in other low income housing programs will have to recertify a household in order to comply with the other program's requirements.

4. Tax Credit Units Which Receive Federal Rental Assistance

   In the case of a unit which receives rental assistance payments from a Federal agency, a change in household composition or income may require an interim recertification by the agency that is providing the assistance. Owners of these units should recertify tenants simultaneously with the annual recertification completed by the provider of the rental assistance payments.

Appendix C – Full Time Student Rule – Requirements to validate exemptions

A full time student household can be Tax Credit Program qualified if it meets one of the special exemptions afforded by Congress and included in Section 42. These exemptions are based on whether a specific full-time student in the household meets one of the exemptions or the entire household as a whole meets an exemption.

In order to validate the student eligibility the owners are required to obtain from the prospective tenant/tenant the following documentation:

	EXEPTION	REQUIRED DOCUMENTATION
1	Students are married and entitled to file a joint tax return.	Copy of a marriage license or the most recent tax return indicating joint filing.
2	The household consists of a single parent with child(ren) and the parent is not a dependent of someone else, and the child(ren) is/are not dependent(s) of someone other than a parent.	Evidence of the verification that the single parent is not claimed on anyone else's tax return by obtaining a copy of the most recent tax return and if all of the children are not claimed on that return, obtain the return from the applicable absent parent or parents or other documentation such as a custody papers reflecting the absent parent was given the right to claim the dependent deduction.
3	At least one member of the household receives assistance under Title IV of the Social Security Act (formerly Aid to Families with Dependent Children - AFDC), now known as Temporary Assistance for Needy Families (TANF).	TANF Certification from the Department of Family.
4	At least one member of the household participates in a program receiving assistance under the Job Training Partnership Act (JTPA) or other similar federal, state, or local laws.	Evidence of the verification of the student's enrollment in the JTPA program and be sure the program has the same missions as JTPA which means it helps individuals with serious barriers to entry into the workforce.
5	At least one member of the household was previously in foster care.	Certification from the Child Welfare Services, a state foster care agency, or a state transitional independent living program.

If the household does not meet any of the above or is unable to provide proof of the documentation described above, the full time student household will have to be denied occupancy in a Tax Credit Unit.

Please be advised that the Tax Credit Program requires the owners to verify student status at the time households initially move into the units. Also, the student status of all tenants shall be verified annually thereafter to ensure that the tenant is eligible under the full time student rule. If the household is not eligible under this rule, they are not qualified for the Tax Credit Program.

Appendix D – Elements of Annual Income

For the purpose of determining eligibility for occupancy in a restricted unit, the incomes of individuals must be determined in a manner consistent with the determination of annual income under Section 8 of the U.S. Housing Act of 1937, as amended. **Chapter 5 of HUD Handbook 4350.3 "Occupancy Requirements of Subsidized Multi-family Housing Programs"** describes the calculation methodology for income and assets and income inclusions and exclusions. A copy of the Handbook can be obtained at www.hud.gov/offices/adm/hudclips (select "handbooks", then "housing handbooks" (or successor URL). Frequently used portions of the HUD 4350.3 are as follows:

- Chapter 5 – Determining Income and Calculation Rent
  - 5-6 Calculating Income – Elements of Annual Income
  - 5-6R Exclusions from Income
  - 5-7 Calculating Income from Assets
- Exhibit 5-1 Income Inclusions
- Exclusions & Exhibit 5-2 Assets

1. **Annual Income**

   Annual Income is the gross income the household anticipates it will receive in the 12-month period following the effective date of certification of income.

   There will be situations where it will be difficult to estimate income. For example, the tenant may work sporadically or seasonally. If the household's income cannot be determined based on current information because the household reports little to zero income, or income fluctuates, income may be determined based on actual income received or earned within the last twelve months before the certification of annual income. In such cases, owners are expected to make a reasonable judgment as to the most reliable approach to estimating what the tenant will receive in the coming year. Owners must use due diligence by asking follow-up questions when the income certification process reveals unusual circumstances suggesting additional sources of income."

A. Whose Income is Counted?

Household Members	Employment Income	Other Income (including income from assets)
Head	Yes	Yes
Spouse	Yes	Yes
Co-Head	Yes	Yes
Other adult (including foster adult)	Yes	Yes
Dependents		
-Child under 18	No	Yes
Full-time student over 18	See Note	Yes
Foster child under 18	No	Yes
Nonmember		
Live-in aide	No	No

For further details, see the HUD Handbook 4350.3 Rev.1 CHG-4.

B. Annual Income Includes

1. The gross amount (before any payroll deductions) of wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services of all adults in the household (including persons under the age of 18 who are the head, spouse or co-head). Includes salaries of adults received from a family-owned business.

2. The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.

3. Interest, dividends and other income of any kind from real or personal property (including income distributed from a nonrevocable trust). Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) above. Any withdrawal of cash or assets from an investment will be included in income, except to extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of $5,000, annual income shall include the greater of the actual income derived from all net family asset or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.

4. Gross amount (before deductions for Medicare, etc.) of periodic social security payments. Includes payments received by adults on behalf of individuals under the age of 18 or by individuals under the age of 18 for their own support. Note: If the Social Security Administration is reducing an applicant's/tenant's benefits to adjust for a prior overpayment, count the amount that is actually provided after the adjustment.

5. The full amount of annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (e.g. Black Lung Sick Benefits, Veterans Disability, Dependent Indemnity Compensation, payments to the surviving spouse of a service person killed in action).

   Count the total amount of such amounts received. Do not reduce the amount by any amounts the individual previously paid into the account in order to receive the pension, annuity or insurance policy.

6. Delayed periodic payments received because of delays in processing unemployment, welfare or other benefits. These are payments that would have been paid periodically, but were paid in lump sum because of circumstances such as processing delays.

   Note: Delayed periodic payments of supplemental security benefits and social security benefits that are received in a lump sum are excluded from annual income.

7. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay. Any payments that will begin during the next 12 months must be included.

8. Alimony and child support received by the household.

   a. For alimony or child support received by a member of the household count the amount specified by the court, in a divorce settlement or separation agreement unless the applicant:

      a. Certifies that the income is not being provided; and
      b. Has made reasonable efforts to collect the amounts due, including filing with courts or agencies responsible for enforcing payment.

   Note: Child support paid by a private source to the state child support enforcement agency can be passed on to the applicant/tenant in different ways. These amounts must be counted as annual income.

   Alimony or child support paid by a member of the household is not deducted from income, even if it is garnished from wages.

   Example: Mr. Smith pays $200 per month in child support. It is garnished from his monthly wages of $1,000. After the child support is deducted from his salary, he receives $800. Mr. Smith's income must be counted as $1,000 per month.

9. Recurring monetary contributions or gifts regularly received from persons not living in the unit.

   Exceptions:

   a. Exclude recurring monetary contributions that are paid directly to a child care provider by persons not living in the unit.
   b. Exclude gifts of groceries.

10. Relocation payments made pursuant to Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

11. Actual income distributed from trust funds that are not revocable by or under the control of any member of the tenant household.

12. All regular pay, special pay, and allowances of a member of the Armed Forces, except as provided under Annual Income Excludes.

13. Welfare Assistance

    a. Welfare assistance received by the family.
    b. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:
    c. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus
    b. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

14. Educational Scholarships or Grants

    All forms of student financial assistance (grants, scholarships, educational entitlements, work study programs, and financial aid packages) are excluded from annual income except for students receiving Section 8 assistance.** This is true whether the assistance is paid to the student or directly to the educational institution.

**For students receiving Section 8 assistance, all financial assistance a student receives (1) under the Higher Education Act of 1965, (2) from private sources, or (3) from an institution of higher education that is in excess of amounts received for tuition is included in annual income except if the student is over the age of 23 with dependent children or the student is living with his or her parents who are receiving Section 8 assistance.

C. Annual Income Excludes

1. Meals on wheels or other programs that provide food for the needy; groceries provided by persons not living in the household; amounts received under the School Lunch Act or the Child Nutrition Act of 1966 (including reduced lunches and food under Special Supplemental Food Program for Women, Infants and Children (WIC)).
2. Income from employment of children (including foster children) under the age of 18 years.
3. Amounts paid by a State agency to a household with a developmentally disabled family member living at home, to offset the cost of services and equipment needed to keep the developmentally disabled family member in the home.
4. Grants or other amounts received specifically for:
   a. Medical expenses (including Medicare premiums paid by an outside source).
   b. Set aside for use under a Plan to Attain Self Sufficiency (PASS) and excluded for purposes of Supplemental Security Income (SSI) eligibility.

      Note: A PASS permits a person with disabilities who is receiving Supplemental Social Security (SSI) and who is also receiving other income, to set aside a portion of the other income in order to achieve a work-related goal.

   c. Out-of-pocket expenses for participation in publicly assisted programs. Such amounts must be made solely to allow participation in these programs. These expenses include special equipment, clothing, transportation, childcare, etc.
5. Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household, co-head, and spouse).
6. Adoption assistance payments in excess of $480 per adopted child.
7. Loans (e.g., personal or student loans).
8. Temporary, nonrecurring or sporadic income (e.g., gifts, census taker income from the Federal Bureau of the Census).
9. Amounts received by the household in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.

10. The special pay to a household member serving in the Armed Forces who is exposed to hostile fire (e.g., in the past, special pay included Operation Desert Storm).
11. Amounts received under training programs funded by HUD (Comprehensive Improvement Assistance Program).
12. Compensation from State or local employment training programs and training of a household member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for a limited period as determined in advance under the program by the state or local government.
13. A resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the project, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to; fire patrol, hall monitoring, lawn maintenance, or resident initiative coordination. No resident may receive more than one such stipend during the same period of time.
14. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era. Examples include payments by the German and Japanese governments for atrocities committed during the Nazi era.
15. Deferred periodic payments of supplemental security income and social security benefits that are received in a lump sum payment.
16. Payments received for the care of foster children or foster adults. (Foster adults are usually adults with disabilities, who are unrelated to the household member(s), and who are unable to live alone.)
17. Income of a live-in aide, as defined in 24 CFR 5.403.
18. Amounts that are received on behalf of someone who does not reside with the household, as long as the amounts:
    a. Are not intermingled with the household member's funds; and
    b. Are used solely to benefit the person who does not reside with the tenant household.

       Note: For such amounts to be excluded, the individual must provide the owner with an affidavit stating that the amounts are received on behalf of someone who does not reside with the household and the amounts meet the conditions in paragraphs a. and b. above.
19. Recurring monetary contributions that are paid directly to a child care provider by persons not living in the unit. This exclusion is based on a handbook interpretation of reimbursed childcare expenses under the definition of adjusted income and its bearing on Annual Income. The regulations define childcare expenses to include "amounts to be paid by the family for child care to the extent they are not reimbursed." This handbook interprets the regulations to

mean that childcare expenses that are reimbursed are not included as annual income.

20. Income excluded by federal statute:

a. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977.

b. Payments received under Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions).

c. The following income:

1. Interests of individual Indians in trust or restricted lands, and the first $2,000 per year of income received by individual Indians that is derived from trust or restricted lands.

2. Payments received under Alaskan Native Claims Settlement Act received from a Native Corporation, including:

a. Cash (including cash dividends on stock received from a Native Corporation) to the extent that it does not, in the aggregate, exceed $2,000 per individual per annum;

b. A partnership interest;

c. Land or an interest in land (including land or an interest in land received from a Native Corporation as a dividend or distribution on stock); and

3. Payments from certain submarginal U.S. land held in trust for certain Indian tribes.

4. Payments from disposal of funds of Grand River Bank of Ottawa Indians.

5. The first $2,000 of per capita shares received from judgments awarded by the Indian Claims Commission or the Court of Claims or from funds the Secretary of Interior holds in trust for an Indian tribe.

d. Payments, rebates or credits received under Federal Low-Income Home Energy Assistance Programs. Includes any winter differentials given to elderly (e.g., Department of Health and Human Services Low-Income Home Energy Assistance Program).

e. Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veteran's employment programs, state job training programs, career intern programs, AmeriCorps).

f. Payments received under Title V of the Older Americans Act (Green Thumb, Senior Aides, Older American Community Service Employment Program).

g. Payments received after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.).

h. Payments received under the Maine Indian Claims Settlement Act of 1980 (Pub. L. 96-420, 9z Stat.1785).

i. Any earned income tax credit to the extent it exceeds income tax liability. (26 U.S.C. 32(j))

j. Payments by the Indian Claims commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433).

k. Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637[d])

l. Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spinal bifida who is the child of a Vietnam veteran (38 U.S.C. 1805).

m. Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act (42 U.S.C. 10602).

n. Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931).

o. The value of any childcare provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (CCDBGA) (42 U.S.C. 9858q). Participating families may either pay a reduced amount based on a sliding fee scale or they may receive a certificate for childcare services.

Note: This exclusion does not apply to amounts received by a childcare provider for services paid through the CCDBGA.

Examples:

The following is excluded from Annual Income. Ms. Gomez receives a certificate for childcare services under CCDBGA. The amount of the certificate is not included in Ms. Gomez' income.

The following is included in Annual Income. Ms. Anderson, a tenant who is receiving Section 8 assistance, is paid through the CCDBGA for childcare services she provides to Ms. Gomez. The income she receives for providing this childcare is included in annual income.

D. Assets

Assets are items of value, other than necessary personal items. Income from assets is taken into consideration when determining the eligibility of a household.

Asset information (asset value and income from the asset) must be obtained at the time of application. The applicant will affirm that this information is correct by executing the Tenant Income Certification.

Third party verification of assets is required when the household's combined value of assets exceeds $5,000. Owners of tax credit projects will not have to obtain third-party verification of income from assets if the tenant(s) submit Form PRHFA-06 stating that (under penalty of perjury) the value of their combined assets are less than $5,000. The tenant's income from net household assets that are less than $5,000 must still be included in the calculation of the annual income amount when initially qualifying a household and upon recertification.

1. Net Household Assets Include:

   a. Cash held in Savings and Checking Accounts, Safety Deposit Boxes, Homes, etc.

      1. For savings accounts, use the current balance.
      2. For checking accounts, use the average balance for the last six months. A six-month average balance is optimal, but other average balances can be used if the six-month average is unavailable.

   b. Revocable Trusts

      Include the cash value of any revocable trust available to the household.

   c. Equity in Real Estate or Other Capital Investments

      Include current fair market value less:

      a. any unpaid balance on any loans secured by the property; and

      b. reasonable costs that would be incurred in selling the asset (e.g., penalties or broker fees, etc.).

      c. When a household indicates they own real estate assets, it is important to determine disposition of the real estate as of the date of move-in, or in the case of a recertification, the effective date of the certification. This disposition includes:

      • If there is a pending offer to purchase or settlement date set.

      • If there is any income from the real estate from the rental of the property or land contract, including occupancy in exchange for the payment of taxes or mortgage payments.

Any income from the real estate or liquidation must be projected for the 12 month period of the certification.

Note: If the person's main business is real estate, then count any income as business income.

d. Stocks, Bonds, Treasury Bills, Certificates of Deposit, Mutual Funds, and Money Market Accounts

   1. Interest or dividends earned are counted as income from assets even when the earnings are reinvested. The value of stocks and other assets vary from one day to another.

e. Individual Retirement Accounts (IRAs) and Keogh Accounts

   These are included because participation in such retirement savings accounts is voluntary and the holder has access to the funds, even though a penalty may be assessed. If the individual is withdrawing from the account, determine the amount of the asset by using the average balance for the previous 6 months. (Do not count withdrawals as income.)

   Example: Mrs. Caldwell has an IRA account valued at $25,000. When she turns 70 years old, she begins withdrawing $1,500 per year. Continue to include this account as an asset using the guidance in valuing assets. Do not count the $1,500 she withdraws as income.

f. Retirement and Pension Funds

   1. While the person is employed:

      Include only amounts the household can withdraw without retiring or terminating employment. Count the whole amount less any penalties or transaction costs.

   2. At retirement or termination of employment:

      Periodic receipts from pension and retirement funds are counted as income. Lump sum receipts from pension and retirement funds are counted as assets. Count the amount as an asset or as income as provided below:

      a. If benefits will be received in a lump sum, include the lump sum receipt in Net Household Assets.

      b. If benefits will be received through periodic payments, include the benefits in annual income. Do not count any remaining amounts in the account as an asset.

      c. If the individual initially receives a lump sum benefit followed by periodic payments, count the lump sum benefit as an asset as provided

in the example below and treat the periodic payment as income. In subsequent years, count only the periodic payment as income. Do not count the remaining amount as an asset.

Example: Upon retirement, Mrs. Harvey receives a lump sum amount of $10,000 plus she will receive an annuity of $400 per month. Count the $400 as income and count only that portion of the $10,000 receipt that is placed into an asset.

g. Cash Value of Life Insurance Policies Available to the Individual Before Death (e.g., the surrender value of a whole life policy or a universal life policy). It would not include a value for term insurance, which has no cash value to the individual before death.

h. Personal Property Held as an Investment

Include such items as gems, jewelry, coin collections, or antique cars held as an investment. An applicant's wedding ring and other personal jewelry are not considered assets.

i. Lump Sum Receipts or One-Time Receipts

These include inheritances, capital gains, one-time lottery winnings, victim's restitution, settlements on insurance claims (including health and accident insurance, worker's compensation, and personal or property losses), and any other amounts that are not intended as periodic payments.

j. A Mortgage or Deed of Trust Held by an Applicant (Land Contract)

1. Payments on this type of asset are often received as one combined payment of principle and interest with the interest portion counted as income from the asset.

2. This combined figure needs to be separated into specific principle and interest portions of the payment. (This can be done by referring to an amortization schedule that relates to the specific term and interest rate of the mortgage.)

3. To count the actual income for this asset, use the interest portion paid on the amortization schedule for the 12-month period following the certification.

4. To count the imputed income for this asset, determine the asset value at the end of the 12-month period following the certification. Since this amount will continually be reduced by the principle portion paid during the previous year, the owner will have to determine this amount at each annual recertification.

Example: Computation of Imputed Income: An elderly tenant sells her home and holds the mortgage for the buyer. The cash value of the

mortgage is $60,000. The combined payment of principle and interest expected to be received for the upcoming year is $5,000. The amortization schedule breaks that payment into $2,000 in principle and $3,000 in interest. In completing the asset income calculation, the cash value of the asset is $60,000 and projected annual income from the asset is $3,000. In this example, to compute the imputed income, the mortgage would be reduced to $58,000 after the first year. The owner would multiply this amount by the current passbook savings rate provided by the HUD Field Office.

k. Assets Disposed of for less than Fair Market Value within Two Years of the Effective date of the Certification/Recertification, including assets put into nonrevocable trusts.

1. Applicants and tenants must declare whether an asset has been disposed of for less than fair market value at each certification and recertification.

2. Assets are considered to be disposed of for less than fair market value if the cash value of the disposed asset exceeds the gross amount the applicant/tenant received by more than $1,000.

3. In such cases, the whole difference between the cash value of the asset and the amounts received must be included. If the difference is less than $1,000, ignore it.

Note: Use cash value if there are costs incurred in disposing of the asset.

4. Do consider:

a. Assets disposed of for less than fair market value when they are placed into a nonrevocable trust (assuming that no consideration is received or the consideration which is received is less than cash value).

Note: Amounts received through settlements or judgments that are placed into nonrevocable trusts on behalf of a member of the household are not considered as assets disposed of for less than fair market value.

Example: Mr. and Mrs. Long's son, John, was injured in a car accident. He received a settlement of $300,000 to compensate him for injuries and future loss of income. The attorney handling the case set up a nonrevocable trust of $300,000 for the benefit of John. This trust is not under the control of any member of the tenant household. Count only the actual income distributed from the trust to John.

b. Business assets that are no longer part of active businesses that are disposed of for less than fair market value. (Business assets are excluded from net household assets only while they are part of an active business.)

5. Do not consider assets disposed of for less than fair market value as a result of:

   a. A foreclosure;

   b. Bankruptcy; or

   c. A divorce or separation agreement if the applicant or tenant receives important consideration not measurable in dollars.

2. **Net Household Assets Do Not Include:**

   Important: Do not compute income from any assets listed in this section.

   a. Necessary personal property (clothing, furniture, cars, wedding ring, vehicles specially equipped for persons with disabilities, etc.)

   b. Interest in Indian trust land

   c. Term Life insurance policies (i.e., where there is not cash value)

   d. Equity in the cooperative unit in which the household lives

   e. Assets that are part of an active business. Note: "business" does not include rental of properties that are held as an investment and not a main occupation

      Example: Mr. and Mrs. Truitt own a copier and courier service. None of the equipment that they use in their business is counted as an asset (e.g., the copier, the FAX machines, the bicycles, etc.)

      Example: Mrs. Lincoln rents out the home that she and her husband lived in for 35 years. This home is not an active business asset. Therefore, it is considered an asset and the owner must determine the annual income that Mrs. Lincoln receives from it.

   f. Assets That Are Not Effectively Owned By The Applicant

      Note: Nonrevocable trusts (irrevocable trusts) are not covered by this paragraph.

      When assets are held in an individual's name but:

      1. the assets and any income they earn accrue to the benefit of someone else who is not a member of the household; and

      2. that other person is responsible for income taxes incurred on income generated by the assets.

         Example: Assets held pursuant to a power of attorney because one party is not competent to manage the assets or assets held in a joint account solely to facilitate access to assets in the event of an emergency.

   Example: Mr. Green and his daughter, Ms. Green, have a bank account with both names on the account. Ms. Green's name is on that account for the convenience of her father in case an emergency arises that would result in Ms. Green's handling payments for her father. Ms. Green has not contributed to this asset, does not receive interest income from it, nor does she pay taxes on the interest earned. Therefore, Ms. Green does not own this account. If Ms. Green applies for assisted housing, the owner must not count this account as her asset. This asset belongs to Mr. Green and would be counted entirely as the father's asset must he apply for assisted housing.

   g. Assets that are not accessible to the applicant and provide no income to the applicant.

      Example: A battered spouse owns a house with her husband. Because of the domestic situation, she receives no income from the asset and cannot convert the asset to cash.

3. **Assets Owned Jointly**

   If assets are owned by more than one person, prorate the assets according to their percentage of ownership. If no percentage is specified or provided by statute or local law, prorate the assets evenly among all owners.

   Example: Mrs. Robertson is a tax credit tenant. She and her daughter, Mrs. Duncan, who lives 1,200 miles away, have a joint savings account. Assume that in this example, State law does not specify ownership. Even though either Mrs. Robertson or Mrs. Duncan could withdraw the entire asset for her own use, count Mrs. Robertson's ownership as 50% of the account.

4. **Determining the Value of Assets**

   In determining income from assets, owners must use the cash value of the assets (the amount the applicant/tenant would receive if the assets were converted to cash). Cash value is the market value of the asset minus reasonable costs that were or would be incurred in selling or converting the asset to cash.

   Expenses that may be deducted include:

   - Penalties for withdrawing funds before maturity;
   - Broker/legal fees assessed to sell or convert the asset to cash;
   - Settlement costs for real estate transactions; and/or
   - Loans on the asset (see exception in Net Income From a Business).

A. **Assets Converted to Trusts**

A trust is generally considered a legal arrangement regulated by state law in which one party holds property for the benefit of another. A trust can contain cash or other liquid assets or real or personal property that could be turned into cash. Trust assets are typically transferred to the beneficiary upon the death of the grantor. This manual recognizes two types of trusts, revocable and nonrevocable (irrevocable) trusts.

1. **Revocable Trusts**

   a. The grantor of a revocable trust can change this type of trust as often as he or she wishes and therefore has access to this asset at any time. Therefore you include the cash value of any revocable trust available to the household.

   Example of a Revocable Trust

   Mr. Porter establishes a trust of $30,000 in his daughter's name. (The daughter is not a member of the household.) Because it is revocable, he can modify this trust at any time and have access to it. For purposes of this example, the income is either reinvested into the trust or paid to his daughter. Treat this trust as a current asset. Even though Mr. Porter does not receive the income from this asset, he is required to report the cash value of the asset and the income the trust generates. Because it is still considered to be an asset owned by Mr. Porter, it is not considered an asset disposed of for less than fair market value.

2. **Nonrevocable Trusts (Irrevocable Trusts)**

   a. This is a trust agreement that allows an individual to permanently transfer assets during his or her lifetime to someone else.

   b. Trusts, which are not revocable by or under the control of any member of the household, are not considered assets.

   c. Instead, the regulation requires that the actual income distributed to the applicant/tenant from such a trust be counted when determining Annual Income. (As with all income, this is the gross amount received before taxes or other deductions.)

      - As long as the trust exists, any income distributed from the trust to the applicant/tenant must be counted as income.
      - If there is no income distributed from the trust, then do not count any income from the trust (e.g., income from the trust that is reinvested into the trust).

   d. If an asset is disposed of for less than fair market value by being converted to a nonrevocable trust, assuming that no consideration is received or the consideration which is received is less than fair market value, then the owner must count such an asset for a period of two years. (See Assets disposed of for less than fair market value.)

      - In addition, any actual income distributed from the nonrevocable trust must also be counted as income under paragraph c) above. Therefore, for a two-year period, the owner/agent will consider this asset for purpose of income computation and, in addition, count actual income distributed from the nonrevocable trust to the applicant/tenant.
      - Following the two-year period, the owner will count only the actual income distributed from the trust to the applicant/tenant.

5. **Imputed Income from Assets**

If the net household assets exceed $5,000, Annual Income must include the greater of:

   a. The actual income from the assets; or

   b. Imputed income from the assets. (Impute income by multiplying total net household assets by the passbook rate specified by HUD 2%.)

Example:

Type of Asset	Cash Value of Asset	Actual Income Per Year
Checking Account	$ 550.00	$ -
Savings Account	$ 3,000.00	$ 300.00
Certificate of Deposit	$ 12,000.00	$ 480.00
Property	$ 32,000.00	$ -
Totals:	$ 47,550.00	$ 780.00

Since the total assets in this example exceed $5,000, the imputed income must be calculated. In this example, the Net Household Assets of $47,550 would be multiplied by .02, totaling $951. The actual income from assets ($780) would be compared with the imputed income from assets ($951) and include the greater of the two as part of the household's gross annual income. In this case the imputed amount of $951 is included in the household's income.

FORMS & INSTRUCTIONS

OWNER'S CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

To: Puerto Rico Housing Finance Authority P.O. Box 71361, San Juan, PR 00936-8461

Certification Dates:	From: January 1, 20___	To: December 31, 20___	
Project Name:		Project No.:	
Project Address:		City:	Zip:
Tax ID # of Ownership Entity:			

☐ No buildings have been Placed in Service

☐ At least one building has been placed in service but owner elects to begin credit period in the following year.

If either of the above applies, please check the appropriate box, and proceed to page to sign and date this form.

The undersigned _____ on behalf of _____ (the "owner"), hereby certifies that:

1- The project meets the minimum requirements of: (check one)
- ☐ 20 - 50 test under Section 42(g)(1)A) of the Code
- ☐ 40 - 60 test under Section 42(g)(1)(B) of the Code
- ☐ 15 - 50 test for "deep rent-skewed" projects under Section 42(g)(4) and 142(d)(4)(B) of the Code

2- There has been no change in the applicable fraction (as defined in Section 42(C)(1)(B) of the Code) for any building in the project:
☐ NO CHANGE ☐ CHANGE
If "Change", the applicable fraction to be reported to the IRS for each building in the project for the certification year on page 3:

3- The owner has received an annual Tenant Income Certification from each low-income resident and documentation to support that certification, or the owner has a re-certification waiver letter from the IRS in good standing, has received an annual Tenant Income Certification from each low-income resident, and documentation to support the certification at their initial occupancy.
☐ YES ☐ NO

4- Each low-income unit in the project has been rent-restricted under Section 42(g)(2) of the Code:
☐ YES ☐ NO

5- All low-income units in the project has been for use by the general public and used on non-transient basis (except for transitional housing for the homeless provided under Section 42(I)(3)(B)(III) of the Code):
☐ NO ☐ HOMELESS
☐ YES

6- No finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, has occurred for this project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by equivalent state or local fair housing agency, 42U.S.C. 3616a(a)(1), or an adverse judgement from a federal court:
☐ NO FINDING ☐ FINDING

7- Each building in the project is and has been suitable for occupancy, taking into account local health, safety, and building codes(or other hability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low income unit in the project.
☐ YES ☐ NO
If "No", status nature of violation on page 3 and attach a copy of the violation report as required by 26 CFR 1.42-5 and any documentation of correction.

8- There has been no change in the eligible basis (as defined in section 42(d) of the Code) of any building in the project since last certification submission:
☐ NO CHANGE ☐ CHANGE
If " change", state nature of change (e.g. a common area has become commercial space, a fee is now charged for a tenant facility formerly provided without charge, or the project owner has received federal subsidies with respect to the project which had not been disclosed to the allocation authority in writing) on page 3:

9- All tenat facilities, included in the eligible basis under Section 42(d) of the Code of any building in the project, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances were provided on a comparable basis without charge to all tenants in the buildings:
☐ YES ☐ NO

10- If a low- income unit in the project has been vacant during the year, reasonable attemps were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented not having a qualifying income:
☐ YES ☐ NO

11- If the income of tenats of a low-income unit any building increased above the limit allowed in Section 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income:
☐ YES ☐ NO

12- An extended low-income housing commitment as described in Section 42(h)(6) was in effect, including the requirement under section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a vouchers or certificate of eligibility under Section 8 of the United State Housing Act of 1937, 42 U.S.C. 1437a. Owner has not refused to lease a unit to an applicant based solely o their status as a holder of a Section 8 voucher and the project otherwise meets the provisions, including any special provisions, as outlined in the extended low-income housing commitment (not applicable to building with tax credits from years 1987-1989):
☐ YES ☐ NO ☐ N/A

13- The owner received its credit allocation from the portion of the state ceiling set-aside for a project involving "qualified non-profit organization" under Section 42(h)(5) of the code and its non-profit entity materially participated in the operation of the development within the meaning of Setcion 469(h) of the Code.
☐ YES ☐ NO ☐ N/A

14- The owner has complied with Section 42 (h)(6)(E)(ii)(I) and not evicted or terminated the tenancy of an existing tenant of any low-income unit other than for good cause:
☐ YES ☐ NO ☐ N/A

15- The owner has complied with Section 42(h)(6)(E)(ii)(II) and not increased the gross rent above the maximum allowed under Section 42 with respect to any low-income unit:
☐ YES ☐ NO ☐ N/A

16- There has been no change in the ownership or management of the project:
☐ NO CHANGE ☐ CHANGE
If " change", complete page 3 detailing the changes in ownership or management of the project.

Note: Failure to complete this form in it sentirety will result in noncompliance with program requirements. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form, unless permitted by the state agency.

The project is otherwise in compliance with the Code, including any Treasury Regulation, the applicable State Allocation Plan, and all other laws, rules and regulations. This certification and any attachments are made UNDER PENALTY OF PERJURY.

_____
(Ownership Entity)

By: _____

Title: _____ Date: _____

STATE OF PUERTO RICO)
) SS.
County of _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20___ by _____

My Commission expires _____ _____
Notary Public

(SEAL)

PRHFA-01 (REV. 3/11)

PLEASE EXPLAIN ANY ITEMS THAT WERE ANSWERED "NO", "CHANGE" OR "FINDING" ON QUESTION 1-16

QUESTION #	EXPLANATION

CHANGE IN OWNERSHIP OR MANAGEMENT
(to be completed ONLY if "CHANGE" marked for question 16 above)

TRANSFER OF OWNERSHIP

Date of change:	
Taxpayer ID Number:	
Legal Owner Name:	
General Partnership:	
Status of Partnership (LLC, etc):	

CHANGE IN OWNER CONTACT

Date of change:	
Owner contact	
Owner contact Phone:	
Owner Contact Phone Fax:	
Owner Contact email:	

CHANGE IN MANAGEMENT CONTACT

Date of change:	
Management Co. Name	
Management Co. Address:	
Management city, state, zip:	
Management Contact:	
Management Contact Phone:	
Management Contact Fax:	
Management Contact email:	

PRHFA-01 (REV. 3/11)

OWNER'S CERTIFICATE OF COMPLIANCE DURING EXTENDED USE PERIOD

To: Puerto Rico Housing Finance Authority P.O. Box 71361, San Juan, PR 00936-8461

Certification Dates:	From: January 1, 20	To: December 31, 20	
Project Name:		Project No. :	
Project Address:		City:	Zip:
Tax ID # of Ownership Entity:			

The undersigned _____ on behalf of _____ (the "owner"), hereby certifies that:

1- The required applicable fraction has been met for each building by leasing units to individuals or families whose income 50% or 60%, as irrevocably elected by the owner at the time of allocation, or less of the area median gross income (including adjustments for family size) as determined in accordance with Section 42 of the Internal Revenue Code (Code).
☐ YES ☐ NO
If "No", list the applicable fraction for each building in the project for the certification year on page 3.

2- The owner has received an initial Tenant Income Certification from each low-income resident and documentation to support that certification, and if the property contains both low-income and market units, the owner has also received an annual Tenant Income Certification from each low-income resident:
☐ YES ☐ NO

3- Each low-income unit in the project has met the required rent restriction(s):
☐ YES ☐ NO

4- Each low-income units in the project are and have been for use bye the general public:
☐ YES ☐ NO

5- No tenants in low-income units were evicted or had their tenancies terminated other than for good cause and no tenants had an increase in the gross rent with respect to a low-income unit not otherwise permitted under Section 42.
☐ YES ☐ NO

6- No finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, has occurred for this project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by equivalent state or local fair housing agency, 42U.S.C. 3616a(a)(1), or an adverse judgement from a federal court:
☐ NO FINDING ☐ FINDING

7- Each building in the project is and has been suitable for occupancy, taking into account local health, safety, and building codes (or other hability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low income unit in the project.
☐ YES ☐ NO

If "No", status nature of violation on page 3 and attach a copy of the violation report and any documentation of correction.

8- All tenant facilities included in the eligible basis under Section 42(d) of the Code of any building in the project, suche as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances were provided on a comparable basis to all tenants in the buildings:
☐ YES ☐ NO

9- If a low- income unit in the project has been vacant during the year, reasonable attemps were or are being made to rent that unit to tenants having a qualifying income before any units were or will be rented not having a qualifying income:
☐ YES ☐ NO

10- If the income of tenats of a low-income unit any building increased above 140% of the applicable income limit, the next available unit in the building was or will be rented to residents having a qualifying income:
☐ YES ☐ NO

11- An extended low-income housing commitment as described in IRC Section 42(h)(6) was in effect, including the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a vouchers or certificate of eligibility under Section 8 of the United State Housing Act of 1937, 42 U.S.C. 1437a.
☐ YES ☐ NO

12- Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher and the project otherwise meets the provisions, including any special provisions, as outline in the extended low-income housing commitment:
☐ YES ☐ NO

13- The owner received its credit allocation from the portion of the state ceiling set-aside for a project involving "qualified non-profit organizations" under Section 42(h)(5) of the Code and its non-profit entity materially participated in the operation of the development within the meaning of Section 469(h) of the Code (Note: *answer N/A if allocation was NOT received from non-profit set-aside*).
☐ YES ☐ NO

14- There has been no change in the ownership or management of the project:
☐ NO CHANGE ☐ CHANGE
If " change", complete page 3 detailing the changes in ownership or management of the project.

Note: Failure to complete this form in its entirety will result in noncompliance with program requirements. An owner or general partner of the projects is required to sign this form.

The project is otherwise in compliance with the applicable State Allocation Plan, and all other applicable laws, rules and regulations. This Certification and any attachments are made UNDER PENALTY OF PERJURY.

_____

By: _____

Title: _____

Date: _____

PLEASE EXPLAIN ANY ITEMS THAT WERE ANSWERED "NO", "CHANGE" OR "PENDING" ON QUESTION 1-14

QUESTION #	EXPLANATION

CHANGE IN OWNERSHIP OR MANAGEMENT
(to be completed ONLY if "CHANGE" marked for question 15 above)

TRANSFER OF OWNERSHIP

Date of change:	
Taxpayer ID Number:	
Legal Owner Name:	
General Partnership:	
Status of Partnership. (LLC, etc):	

CHANGE IN OWNER CONTACT

Date of change:	
Owner contact:	
Owner contact Phone:	
Owner Contact Phone Fax:	
Owner Contact email:	

CHANGE IN MANAGEMENT CONTACT

Date of change:	
Management Co. Name	
Management Co. Address:	
Management city, state, zip:	
Management Contact:	
Management Contact Phone:	
Management Contact Fax:	
Management Contact email:	

PRHFA-01-a (REV. 3/11)

HUD LIHTC Tenant Data Collection Form

HUD LIHTC Tenant Data Collection Form
☐ Initial Certification. ☐ Recertification ☐ Other _____ Effective Date _____ Move-in Date MM/DD/YYYY _____

PART I- DEVELOPMENT DATA

Property Name: _____ County: _____ BIN#:
Address: _____ Unit Number: _____ # Bedrooms:

PART II- HOUSEHOLD COMPOSITION

HH Mbr #	First Name Middle Initial & Last Name	Relationship to Head of Household	Race	Ethnicity	Disabled?	Date of Birth MM/DD/YY	F/T Student (Y or N)	Digits Social Sec #
1								
2								
3								
4								
5								
6								
7								

PART III- GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH-Mbr #	(A) Employment or Wages	(B) Social Security/ Pensions	(C) Public Assistance	(D) Other Income
Total	$ -	$ -	$ -	$ -
Add totals from (A) through (D), above			TOTAL INCOME (E)	$ -

PART IV- INCOME FROM ASSETS

HH-Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
Total				
		Total :	$ -	$ -
Column (H) at over $ 5,000	$ -	X 2.00 % =	(J) Imputed Income	$ -
Enter the greater of the total of column I, or J) imputed income			TOTAL INCOME FROM ASSETS (K)	$ -
(L) Total Annual Household Income from all Sources[add (E) +(K)]				$ -

Effective Date of Income Certification: _____
Household Size at Certification: _____

HOUSEHOLD CERTIFICATION/SIGNATURE

The information on this form will be used to determine maximum income eligibility. I/ we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature _____ (Date) _____ Signature _____ (Date) _____

Signature _____ (Date) _____ Signature _____ (Date) _____

PRHFA-02 (REV. 3/11)

PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From Item (L) on page 1 [ ]

Household meets Income Restriction at: ☐ 60 % ☐ 50 % ☐ 40 % ☐ 30 % ☐ _____

RECERTIFICATION ONLY:
Current Income Limits X 140% : $ _____
Household Income exceeds X 140 % Recertification: ☐ Yes ☐ No

Current Income Limit per Family Size: $ _____

Household Size at Move-in: _____

Household Income at move-in: $ _____

PART VI. RENT

Tenant Paid Rent : $ _____
Utility Allowance: $ _____

Rent Assistance: $ _____
Other non-optional charges: $ _____

GROSS RENT PER UNIT:
(Tenant paid rent plus utility Allowance & other non-optional charges) $ [ ]

Unit Meets Rent Restriction at: ☐ 60 % ☐ 50 % ☐ 40 % ☐ 30 % ☐ _____ %

Maximum Rent Limit for this unit: $ _____

PART VII. STUDENT STATUS

ARE ALL OCCUPANT FULL TIME STUDENT ? ☐ Yes ☐ No

If yes, Enter student explanation * (Also attach document)

Enter 1 - 5 [ ]

* Student Explanation:
1. TANF assistance
2. Job Training Program
3. Single parent/dependant child
4. Married/Joint return
5. Previous Foster Care

PART VIII. PROGRAM(S)

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this

a. Tax Credit ☐	b. HOME ☐	c. Tax Exempt	d. AHDP	e. _____ ☐ (Name of Program)
See part V above.	*Income Status* ☐ <=50 % AMGI ☐ <=60 % AMGI ☐ <=80 % AMGI ☐ OI **	*Income Status* ☐ 50 % AMGI ☐ 60 % AMGI ☐ 80 % AMGI ☐ OI **	*Income Status* ☐ 50 % AMGI ☐ 80 % AMGI ☐ OI **	*Income Status* ☐ _____ ☐ _____ ☐ OI **

**Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual (s) named in part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land use restriction. Agreement (if applicable), to live a unit in this project.

_____ SIGNATURE OF OWNER/REPRESENTATIVE

_____ DATE

TENANT INCOME CERTIFICATION INSTRUCTIONS

Part I - Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, acquisition/rehab, or other state-required recertification).

Effective Date: Enter the effective date of the certification. Enter dates in the following format: YYYY-MM-DD
*Move-in - date should match the date the household took occupancy of the unit.
*Annual Certification - this date should be NO LATER than one year from the effective date of the certification previously completed.
*Transfer – list the date the household took occupancy of the new unit.
*Acquisition/Rehab - list the date of acquisition for households in place prior to the allocation of credit, after income-testing has been performed (within 120 days from the date of acquisition).

Move-in Date: Enter the date (YYYY-MM-DD) the household has or will take occupancy of the unit.

Property Name: Enter the name of the development.

County: Enter the county in which the building is located.

BIN #: Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).

Address: Enter the address of the building.

Unit Number: Enter the unit number.

 # Bedrooms: Enter the number of bedrooms in the unit (SRO, Studio, 1, 2, 3, etc).

Part II - Household Composition

Name: List the full last name, first name, and middle initial of all occupants of the unit.

Relationship to Head of Household: Enter each household member's relationship to the head of household by using one of the following coded definitions:

H – Head of Household
O – Other Family Member
L – Live-in Caretaker**
S – Spouse
C – Child
N – None of the Above
A – Adult Co-Tenant
F – Foster Child (or Adult)*

* Live-in caretakers, foster children (or adults), and guests are NOT to be considered to determine family size for income limits.
**Live-in caretakers do NOT sign/date this certification.

Race*: Enter each household member's race by using at least one of the following coded definitions:

1 – White
2 – Black/African American
3 – American Indian/Alaska Native
4 – Asian
5 – Native Hawaiian/Other Pacific Islander
ND – Not Disclosed/Missing

*More than one racial code can be entered for each household member if he/she chooses to disclose, by entering multiple numbers for the applicable codes. For example, if a resident chooses to disclose that he/she is White and Asian, the owner/agent would enter "1,4" in the corresponding "Race" column.

Ethnicity: Enter each household member's ethnicity by using one of the following coded definitions:

1 – Hispanic or Latino
2 – Not Hispanic or Latino
ND – Not Disclosed/Missing

TENANT INCOME CERTIFICATION INSTRUCTIONS

Disabled?: Enter "Yes" if any member of the household is disabled according to the Fair Housing Act's definition.
Enter "No" if none of the household members are disabled.
Enter "ND" if the household member did not disclose or the information was missing.

For the Fair Housing Act, the definition of disabled is:
- A physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment; or being regarded as having such an impairment. For a definition of "physical or mental impairment" and other terms used in this definition, please see 24 CFR 100.201, available at: http://www.fairhousing.com/index.cfm?method=page.display&pagename=regs_fhr_100-201

- "Handicap" does not include current, illegal use of or addiction to a controlled substance.
- An individual shall not be considered to have a handicap solely because that individual is a transvestite.

The housing credit agency administering its low-income housing credit program must, to the best of its ability, provide this disability status information, pursuant to 42 U.S.C. 1437z-8. However, it is the tenant's voluntary choice whether to provide such information, and questions to the tenant requesting the information must so state. If the tenant declines to provide the information, the housing credit agency shall use its best efforts to provide the information, such as by noting the appearance of a physical disability that is readily apparent and obvious, or by relying on a past year's information. For purposes of gathering this information, no questions with respect to the nature or severity of the disability are appropriate.

Date of Birth: Enter each household member's date of birth. For example, "1978-06-24" would be entered for June 24, 1978.

Student Status: Enter "Yes" if the household member is a full-time student.
Enter "No" if the household member is not a full-time student.

Last Four Digits of Social Security Number: For each tenant over 18 years of age, enter the last four digits of the SS# or the last four digits of the alien registration number.

*If the tenant does not have a SS# or alien registration number - enter the numerical birth month and last two digits of birth year (e.g. if no SS# or alien registration number, and the tenant's birthday is January 1, 1970, enter "0170").
*If DOB is missing - enter the last four digits of the Building Identification Number (BIN) (e.g. if no DOB, and the BIN is OR97-12232, enter "2332").

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the certification. Complete a separate line for each income-earning member. List the respective household member number from Part II.

Column (A): Enter the annual amount of wages, salaries, tips, commissions, bonuses and other income from employment; distributed profits and/or net income from a business.

Column (B): Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.

Column (C): Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).

Column (D): Enter the annual amount of alimony, child support, unemployment benefits or any other income regularly received by the household.

Line (E): Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

TENANT INCOME CERTIFICATION INSTRUCTIONS

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F): List the type of asset (i.e. checking account, savings account, CD, Money Market, etc.)

Column (G): Enter C (for Current) - if the family currently owns or holds the asset, or
Enter I (for Imputed) - if the family has disposed of the asset for less than fair market value within two years of the effective date of certification.

Column (H): Enter the cash value of the respective asset.

Column (I): Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).

TOTALS: Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than $5,000 you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Box (K): Enter the greater of the total in Column (I) or (J).

Box (L): Total Annual Household Income From all Sources. Add (E) and (K) and enter the total.

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the HUD LIHTC Tenant Data Collection Form (also referred to as the Tenant Income Certification, or TIC). Move-in certifications should be signed no earlier than 10 days prior to the effective date of the certification.

Part V – Determination of Income Eligibility

Total Annual Household Income From All Sources: Enter the number from item (L).

Current Income Limit per Family Size: Enter the current maximum move-in income limit for the household size.

Household Meets Income Restriction at: Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside for the building (or project).

For Annual Recertifications Only
Household Income at Move-in: Enter the total household income from all sources from box (L) on the move-in certification.

Household Size at Move-in: Enter the total number of household members that were listed on the move-in certification.

Current Income Limit x 140%: Multiply the current maximum move-in income limit by 140% and enter the total. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the current income limit, the Available Unit Rule must be followed.

Part VI - Rent

Tenant Paid Rent (TP): Enter the amount the tenant pays toward rent (not including rent assistance payments such as

TENANT INCOME CERTIFICATION INSTRUCTIONS

Section 8).

Rent Assistance:	Enter the amount of rent assistance, if any. *Rental assistance received for households in LIHTC units is excluded from GROSS RENT, unless the unit is HOME-assisted.
Utility Allowance (UA):	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other Non-Optional Charges:	Enter the amount of non-optional charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Rent for Unit:	Enter the total of Tenant Paid Rent (TP) + Utility Allowance UA) + Other Non-Optional Charges. *Include rental assistance received if the unit is HOME-assisted.
Maximum Rent Limit for This Unit:	Enter the maximum allowable gross rent for the unit.
Unit Meets Rent Restriction at:	Check the appropriate rent restriction that the unit meets according to what is required by the set-aside for the building (or project).

Part VII - Student Status

If all household members are full time* students, check "Yes". If at least one household member is not a full time student, check "No". If "Yes" is checked, the appropriate exemption must be listed in the box to the right.

*Full time status is determined by the educational institution attended by the student.

Part VIII – Program Type

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt, Affordable Housing Disposition Program (AHDP) or other housing program, leave those sections blank.

Tax Credit:	Mark the appropriate box indicating the household's designation. If the property does not have any occupancy requirement in addition to those required by Section 42, mark the box that corresponds to the building's minimum set aside. Upon recertification, if the household's income exceeds 140% of the current income limitation imposed by Section 42, mark "OI" (for over-income).
HOME:	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set asides, mark the appropriate box indicting the household's designation.
Tax Exempt:	If the property participates in the Tax Exempt Bond program, mark the appropriate box indicating the household's designation.
AHDP:	If the property participates in the Affordable Housing Disposition Program (AHDP) program, and this household's unit will count towards the set-aside requirements, select the appropriate box to indicate if the household is a "VLI" (very low-income), "LI" (low-income), or "OI"* (over-income, at recertification) household.
Other:	If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s). Documenting and determining eligibility (including completing and signing the Tenant Income Certification), and

TENANT INCOME CERTIFICATION INSTRUCTIONS

ensuring such documentation is safely and securely maintained in the tenant file, is extremely important and should be conducted by someone well trained in tax credit compliance.

The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

PUBLIC BURDEN STATEMENT

Public reporting burden for this collection of information is estimated to average 4 hours for each response. This includes the time for collecting, reviewing, and reporting the data. The information will be used to measure the number of units of housing financed with the Low-Income Housing Tax Credit (LIHTC) that are produced each year. The information will also be used to analyze the characteristics of these housing units, and will be released to the public.

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EMPLOYMENT VERIFICATION

THIS SECTION TO BE COMPLETED BY MANAGEMENT AND EXECUTED BY APPLICANT/RESIDENT

The property owner/ managing agent must mail, fax or e-mail the form directly to the applicant/ resident's employer.

To: _____ From: _____

Fax #: _____ Fax #: _____

E-Mail: _____ E-Mail: _____

Re: _____ _____ XXX-XX-_____

Printed Name of Applicant/Resident | Unit # (if assigned) | Last Four Digits of SS#

I hereby authorize the release of my employment information.

_____ _____

Signature of Applicant/Resident | Date of Signature

MANAGEMENT: THIS SECTION TO BE COMPLETED BY MANAGEMENT

The above-named individual has applied for, or is currently residing in, rental housing in a community that was developed under Section 42 of the Internal Revenue Code. Provisions of the Code require verification of all income received. The information you provide will remain confidential and only be used for the purpose of determining program eligibility. Please return the completed form to the Owner/Agent listed above. For items that do not apply to this employee, insert "N/A" on the space(s) provided.

Employee Name: _____ Job Title: _____

Present Employed: ☐ Yes Hire Date: _____ ☐ No Last Date of Employment: _____

Current GROSS Wage/Salary: $ _____ Average # of Regular hours worked per week: _____

From ___/___/___ to ___/___/___

GROSS Year-To-Date Earnings: _____ _____ _____

Frequency of Pay (check one): ☐ Hourly ☐ Weekly ☐ Bi-weekly ☐ Semi-monthly ☐ Monthly ☐ Yearly ☐ Other

Average # of Overtime hours worked per week: _____ Overtime Rate: $ _____ Per hour

Average # of Shift Differential Hours/Week: _____ Shift Differential Rate: $ _____ Per hour

Commissions, bonuses, tips, other: $ _____ Are these earnings included in the YTD figure listed above? Yes ☐ No ☐

Commissions, bonuses, tips, other: ☐ Hourly ☐ Weekly ☐ Bi-weekly ☐ Semi-monthly ☐ Monthly ☐ Yearly ☐ Other

Effective date: _____

List any anticipated change in the employee's rate of pay within the next 12 months: _____ _____

If the employee's work is seasonal or sporadic, please indicate the layoff period(s): _____

Does the employee participate in a 401K/Retirement account? ☐ Yes ☐ No Employee can access the account? ☐ Yes ☐ No

If the account can be accessed, how much can the employee withdraw without retiring or losing employment? $ _____

I hereby certify that the information supplied in this section is true and complete to the best of my knowledge.

_____ _____ _____

Printed Name of Verifier | Signature of Verifier | Date of Signature

_____ _____ _____

Title of Verifier | Phone Number | Fax Number

Note: Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to make willful false statements of misrepresentations to any Department or Agency of the United States as to any matter within its jurisdiction.

PRHFA-03 (REV. 3/11)

VERIFICATION OF STUDENT STATUS / FINANCIAL ASSISTANCE

THIS SECTION COMPLETED BY MANAGEMENT AND EXECUTED BY STUDENT

This student verification is being delivered in connection with the undersigned's eligibility for residency in the following community:

Project Name: _____ Unit Number (if assigned): _____

Building Address: _____

I hereby grant disclosure of the information requested below from _____

Name of Educational Institution

_____

Student Signature

Return Form to:

_____

Printed Name of Student

_____ _____

Date | Student ID#

THIS SECTION TO BE COMPLETED BY EDUCATIONAL INSTITUTION

This above-named individual has applied for residency or is currently residing in housing that requires verification of student status and any educational assistance he/she is receiving. Please provide the information requested below:

Is (or was) the above-named individual a student at this educational institution? ☐ YES ☐ NO

If so, part-time or full time? ☐ PART-TIME ☐ FULL-TIME

Date the student enrolled as such: _____ Expected date of graduation: _____

Please enter the amount(s) of Financial Aid (i.e. grants, scholarships, stipends, other public and private sources, etc.) being received to attend school below, *excluding student loans.*

Source(s)	Awarded Amount	Beginning Date	Ending Date
Scholarships	$		
Grants	$		
Other	$		
Tuition*	$		

*(*Do not include amounts awarded for books, housing, or other living expenses unless they are defined by the institution as "tuition".)*

I hereby certify that the information supplied in this section is true and complete to the best of my knowledge.

Signature: _____ Date: _____

Print your name: _____ Phone: _____

Title: _____

Educational Institution: _____

NOTE: Section 1001 of Title 18 of the U.S. Code makes it criminal offense to make willful false statements or misrepresentation to any Department or Agency of the United States as to any matter within its jurisdiction.

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UNEMPLOYED AND/OR ZERO INCOME CERTIFICATION

To this form is to be completed by the Applicant/Tenant.
Source documentation must be obtained for all unearned income receive.

Project Name:_____ Unit #_____

Applicant/Tenant Name:_____ # of Months Unemployed:_____

Most Recent Employment Termination Date (if applicable): _____

CHECK ALL THAT APPLY:

( ) I am currently unemployed and receive unemployment benefits. My weekly benefit amount is: $_____

( ) I am currently unemployed and DO NOT receive unemployment benefits.
(Attach an employment history printout for the past 12 months from the Employment Division.)

( ) I am currently unemployed, DO NOT receive unemployment benefits, but DO receive unearned income (i.e. SS, TANF, Disability). List unearned income source(s): _____

( ) I DO NOT anticipate securing employment within the next 12 months. Please explain: _____

_____

The following sources of funds will be used to pay for my rent and other necessities: _____

_____

( ) I anticipate securing employment within the next 12 months. Occupation desired: _____

Has new employment been secured? ( ) No ( ) Yes, my new employment will being on: _____

I anticipate earning the following annual income in the next 12 months: $ _____

The anticipated employment income listed is based on earnings from my previous employment. ( ) No ( ) Yes

( ) I have ZERO income and hereby certify to the following:
1. I do NOT currently (or expect to) receive income from any of the following sources:

a) Wages from employment (including commissions, tips, bonuses, fees, etc.);
b) Income for operation of a business;
c) Rental income from real or personal property;
d) Interest or dividends from assets;
e) Social Security payments, annuities, insurance policies, retirement funds, pensions,or death benefits;
f) Unemployment or disability payments;
g) Public assistance payments;
h) Periodic income such as alimony, child support, or gifts received from persons not living in my household;
i) Sales from self-employed resources (Avon, Mary Kay, Shaklee, etc.);
j) Financial Assistance awarded or provided while attending college;
k) Any other source not named above.

2. No other party pays for items (such as rent, household goods, etc.) on my behalf.
3. I currently have no income of any kind and there is no imminent change expected in my financial status or employment status during the next 12 months.
4. I will use the following sources of funds to pay for rent and other necessities: _____

_____

Under penalty of perjury, I certify that the information presented in this certification is true and accurate to the best of my knowledge. The undersigned further understand(s) that providing false representations herein constitutes an act of fraud. False misleading or incomplete information may result in the termination of a lease agreement.

_____ _____ _____
Signature of Applicant/Tenant Printed Name of Applicant/Tenant Date

NOTE: Section 1001 of Title 18 of the U.S. Code makes it criminal offense to make willful false statements or misrepresentation to any Department or Agency of the United States as to any matter within its jurisdiction.

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UNDER $ 5,000 ASSET CERTIFICATION

For households whose combined net assets do not exceed $ 5,000. Complete one form per household (include assets of children).

Household Name: _____ Unit No. _____

Development Num_____ City:_____

1. My/our assets include:

(A) Cash Value*	(B) Int. Rate	(A*B) Annual Income	Source	(A) Cash Value	(B) Int.Rate	(A*B) Annual Income	Source
$_____	_____	$_____	Saving Account	$_____	_____	$_____	Checking account
$_____	_____	$_____	Cash on hand	$_____	_____	$_____	Safety Deposit Box
$_____	_____	$_____	Certificates of deposit	$_____	_____	$_____	Money Market funds
$_____	_____	$_____	Stocks	$_____	_____	$_____	Bonds
$_____	_____	$_____	IRA Accounts	$_____	_____	$_____	401K Accounts
$_____	_____	$_____	Keogh Accounts	$_____	_____	$_____	Trust Funds
$_____	_____	$_____	Equity in Real Estate	$_____	_____	$_____	Land Contract
$_____	_____	$_____	Lump Sum Receipts	$_____	_____	$_____	Capital Investment
$_____	_____	$_____	Life Insurance Policies (excluding Term)				
$_____	_____	$_____	Other Retirement/Pension Funds not named above:				
$_____	_____	$_____	Personal property held as an investment**:				
$_____	_____	$_____	Other (list):				

PLEASE NOTE: Certain funds (e.g. Retirement, Pension, Trust) may or may not be (fully) accessible to you. Include only amounts which are accessible.

* Cash value is defined as market value minus the cost of converting the asset to cash, such as broker's fees, settlement cost, outstanding loans, early withdrawal penalties, etc.

** Personal Property held as an investment may include, but is not limited to , gem or coin collections, arts, antique cars, etc,. Do not include necessary personal property such as, but not necessarily limited to, household furniture, daily-use autos, clothing, assets of an active business, or special equipment for use by the disabled.

2 ☐ I/we have not given away assets (including cash, real estate, etc.) for more than $1,000 below the their fair market value (FMV). Those amounts* are included above and are equal to a total of $_____ (the difference between FMV and the amount received, for each asset on which this occurred).

3 ☐ I/we have not sold or given away asset (including cash, real estate, etc.) for less than fair market value during the past two (2) years.

The net family assets (as defined in 24 CFR Part 5) above do not exceed $ 5,000 and the annual income from the net family assets is $_____. This amount is included in total gross annual income.

Under penalty of perjury, I/we certify that the information presented in this certification is true and accurate to the best of my/our knowledge. The undersigned further understand(s) that providing false representations herein constitutes an act of fraud. False misleading or incomplete information may result in the termination of a lease agreement.

_____ _____ _____ _____
Applicant/Tenant Date Applicant/Tenant Date

_____ _____ _____ _____
Applicant/Tenant Date Applicant/Tenant Date

NOTE: Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency of the United States as to any matter within its jurisdiction.

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INCOME VERIFICATION
FOR TENANTS WITH SECTION 8 CERTIFICATES OF VOUCHER

TO: _____

_____

_____

FROM: _____

_____

_____

_____ has applied for residency in/is a resident of unit _____ of _____, a low Income Housing Tax Credit development. As part of our processing, we must obtain verification of household anticipated gross annual income.

Number occupants: _____ Number bedrooms: _____

☐ Move in ☐ Re-certification

Permission by: _____ _____

(Applicant Signature) (Date)

Under Section 42(g) of the Internal Revenue Service (as amended) and the Low Income Housing Tax Credit Program, the anticipated gross annual household income for the above reference household cannot exceed $_____, the applicable income limit for this unit. The applicant has reported an anticipated annual household income $_____.

Please complete the section below and return this from in the enclosed self-addressed, stamped envelope or fax it back to my office at _____. Thank you in advance for your prompt attention.

Sincerely, _____

Apartment Manager

The following is to be completed by the public housing authority:

The combined anticipated gross annual household income of the tenants in the above reference unit does not exceed the applicable income limit under section 42(g) of the internal Revenue Code, as amended.

Anticipated Gross Annual Income stated above _____ agrees/ _____ Does not agree with our record.

_____ _____ _____

(Signature) (Date) (Phone #)

_____ _____

(Printed Name) (Title)

The Low Income Housing Tax Credit Program is a Federal low-income rental housing program governed by the Internal Revenue Service. Section 42 of the Internal Revenue Code requires owners to determine annually the income eligibility of all tenants occupying tax credit units.

PUERTO RICO HOUSING FINANCE AUTHORITY
LOW INCOME HOUSING TAX CREDIT PROGRAM
ALTERNATE CERTIFICATION

** To be used only by 100% Tax Credit and Bond Projects **

Property: Unit Number:

Move-in Date: Effective Date:

I. HOUSEHOLD COMPOSITION

List all occupants of the unit and indicate if full-time student:

Occupant (s)	Birth date	Full Time Student (Y/N)
		-
		-
		-
		-
		-
		-

Are any of the above Adult occupants original members of the household? Yes ☐ No ☐

Date additional member was added to the household composition:

Total household income combined exceeds 140% Yes ☐ No ☐

% Set Aside: Gross Household Income: Current Income Limits:

II. RENT

Tenant Paid Rent: Utility Allowance: Gross Rent:

Rent Assistance: Gross Rent Limit for this unit: Last Rent Change Date:

III. FULL TIME STUDENTS EXCEPTIONS

Answer only if all members are full-time students: (Definition of student: Anyone who has been or will be a full-time student at an educational institution with regular facilities and students during 5 months of the year this Certification is completed.)

If yes, are the students married and filing a joint tax return?	Yes ☐ No ☐
If yes, does the household receive Temporary Assistance to Needy Families (TANF)?	Yes ☐ No ☐
If yes, is the household comprised of a single parent & child(ren) none of whom are dependents of a third party?	Yes ☐ No ☐
If yes, are the students enrolled in a job training program under the Job Training Partnership Act?	Yes ☐ No ☐
Full-time student formerly in foster care.	Yes ☐ No ☐

Certification Effective Date:

HOUSEHOLD QUESTIONNAIRE

Household certifying for the following Program(s):

- ☐ Move-in _____
- ☐ Initial Cert _____
- ☐ Recertification _____
- ☐ Add a Member _____
- ☐ Section 8
- ☐ Housing Tax Credit
- ☐ HOME
- ☐ Section 236
- ☐ Other _____

Date & Time Rec'd: _____

Rent Amount $ _____

Property Name _____ Bldg/Unit # _____

HOUSEHOLD COMPOSITION

Applicants/residents, complete this application in your own handwriting. List all persons who will be living in the unit. Give the relationship of each family member to the head of household. If this eligibility application is being completed by an applicant who is applying for occupancy with an existing household, only include the information for the new applicant.

Each household member age 18 years or older and under age 18 if head, spouse, or co-head of household must disclose income and assets and sign and date this application. All Housing Tax Credit Program households must also complete an Annual Student Certification.

	HOUSEHOLD MEMBER'S NAME	RELATIONSHIP	DATE OF BIRTH	HAS/WILL THIS PERSON BE A STUDENT *DURING THIS AND/OR THE UPCOMING CALENDAR YEAR? YES/NO	SOCIAL SECURITY NUMBER
1		HEAD			
2					
3					
4					
5					
6					
7					
8					

* Include public and private elementary, junior & senior high, college, university, technical, trade, and mechanical schools. Do not include on-the-job training courses.

HOUSEHOLD INCOME

List current and anticipated income for the twelve-month period beginning on the anticipated move-in date or effective date of recertification. Include all full time, part time or seasonal income even if completing this application in the off-season.

DOES ANY MEMBER RECEIVE OR EXPECT TO RECEIVE

(Check Yes or NO to each item, as applicable, and include gross monthly amount. List sources on page 2):

YES	NO		Gross Monthly Amount
		1. Wages, salaries (include overtime, tips, bonuses, commissions, etc.)	$
		2. Does any member work for someone who pays them in cash or is self-employed	$
		3. Regular pay for a member of the armed forces	$
		4. Public Assistance (MFIP,GA)	$
		5. Worker's compensation	$
		6. Unemployment benefits or severance pay	$
		7. Student financial assistance (public or private, not including student loans)	$
		8. Child support (check yes if you have a court order, even if you are not receiving the full amount awarded)	$
		9. Alimony/ Spousal Maintenance	$
		10. Social Security income (including unearned income of minor children)	$
		11. Disability benefits including social security disability	$
		12. Regular payments from pensions (PERA, railroad, etc.)	$
		13. Regular payments from retirement benefits	$

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YES	NO		
		14. Death Benefits	$
		15. Regular payments from annuities or life insurance dividends	$
		16. Regular payments from inheritance, insurance settlement, lottery winnings, etc.	$
		17. Net income from rental property	$
		18. Regular cash and non-cash contributions, assistance with paying bills or gifts from individuals not Living in the unit (not including groceries)	$
		19. Other (list) _____	$
		20. Other (list) _____	$

HOUSEHOLD ASSETS

DOES ANY HOUSEHOLD MEMBER (INCLUDING CHILDREN) HAVE MONEY HELD IN:

YES	NO		CURRENT BALANCE
		21. Checking Accounts (6 months average balance)	$
		22. Saving Accounts	$
		23. Stocks	$
		24. Capital Investments	$
		25. Bonds	$
		26. Trusts*	$
		27. Securities	$
		28. Whole or Universal Life Insurance Policy (do not include term life insurance)	$
		29. 401K*	
		30. IRA/KEOGH Accounts	
		31. Certificates of Deposit	
		32. Pension/Retirement/Annuity accounts	
		33. Money Market Funds	$
		34. Treasury Bills	$
		35. Safety Deposit Box	$
		36. Lump Sum Payment (i.e., inheritance, insurance settlement, lottery winnings, capital gains)	$
		37. Are any accounts held jointly with someone not in the unit? Which account and with whom?	$
		38. Other _____	$

*Include Trusts, 401K, etc., only if the accounts are accessible to the household prior to termination of employment, retirement, or death. If you are unsure, list the account and it will be verified.

YES	NO		Value
		39. Do you now own a home or other real estate? If yes, list address(es):	$
		40. Do you receive payments for a home you sold by contract for deed?	$
		41. Do you have any coin collections, antique cars, gems/jewelry, stamps or any other items held as an investment (wedding rings and personal jewelry do not count)?	$
		42. Are any assets held jointly with another person? List person and asset(s).	
		Enter combined cash value of all household assets	$

DO NOT LEAVE THIS SECTION BLANK.

Form 1.42, income and assets above, provide contact information for all "YES" checked items. All information must be verified. (If household member has more than one source of income and/or asset, use a separate line for each source. Use additional sheets, if necessary.)

Item Number	HH member	Name and mailing address of income or asset source	Contact Name & phone/fax number

Please attach documentation available to verify income (e.g., divorce/settlement papers, tax returns, social security benefit award letter, etc.).

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ANNUAL CERTIFICATION OF STUDENT STATUS

All household members 18 or older (or if under 18 and qualified as Head, Co-Head, or Spouse) must complete, sign and date this form upon move-in and annually during the Initial Compliance Period of the project (not applicable for the Extended Use Period).

Property Name: _____ BIN: _____ Unit #: _____

Household Occupants: _____ _____

_____ _____

THIS FORM IS TO BE COMPLETED BY APPLICANTS OR TENANTS ONLY

You have applied for, or currently reside in, a rental housing unit located in a development operating under Section 42 of the Internal Revenue Code. Provisions of the Code require certification and/or verification of student status to assist in determining program eligibility. Please check A, B or C as it applies to your household:

A. ☐ Household contains at least one occupant who is a student, has not been a student, and will not be a student for any part of 5 months or more during this current and/or upcoming calendar year (months need not be consecutive). If this item is checked, no further action is necessary.

B. ☐ Household contains all students, but is qualified because the following occupant, _____, is a part-time student. Verification of part-time student status (form OCHS.6) is required for at least one household member.

C. ☐ Household contains all full-time students for any part of 5 months or more during the current and/or upcoming calendar year (months need not be consecutive). If "C" applies, complete questions 1-5 below:

1. Is at least one student receiving assistance under Title IV of the Social Security Act (i.e. AFDC, TANF, etc.)? ☐Yes ☐No
2. Was at least one student previously under the care and placement responsibility of the state agency responsible for administering foster care? If yes, attach documentation of previous participation. ☐Yes ☐No
3. Does at least one student participate in a program receiving assistance under the Job Training Partnership Act, Workforce Investment Act, or under other similar federal, state or local laws? If yes, attach documentation of current participation. ☐Yes ☐No
4. Is at least one student a single parent with child(ren) and this parent is not a dependent of another individual and the child(ren) is/are not dependent(s) of someone other than the other (or absent) parent? If yes, attach third party documentation (i.e. tax return or a court order establishing custody). ☐Yes ☐No
5. Are the students married and entitled to file a joint tax return? If yes, attach a copy of the marriage license or the most recently filed tax return. ☐Yes ☐No

Under penalty of perjury, I/we certify that the information presented in this certification is true and accurate to the best of my/our knowledge. I/we agree to notify management immediately of any changes in this household's student status. The undersigned further understand(s) that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of a lease agreement.

_____ _____ _____ _____

Signature of Applicant / Tenant | Date | Signature of Applicant / Tenant | Date

_____ _____ _____ _____

Signature of Applicant / Tenant | Date | Signature of Applicant / Tenant | Date

NOTE: Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to make willfull false statements or misrepresentations to any Department or Agency of the United States as to any matter within its jurisdiction.

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PUERTO RICO HOUSING FINANCE AUTHORITY
SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO

CERTIFICATION FOR BANK ACCOUNTS

Household Name: _____ Project Name / #Apt.: _____

TO BE COMPLETED BY THE FINANCIAL INSTITUTION

Name of the financial institution: _____

Telephone: _____

TYPE OF ACCOUNT	ACCOUNT NUMBER	CURRENT BALANCE	OPENING DATE	INTEREST % OF THE ACCOUNT	AMOUNT OF DIVIDENDS PAID AND DATE OF LAST PAYMENT

Balance of last 6 months in checking account
Account # _____ Interest % _____

Month	Balance

If the account is closed, please indicate below the closing date.

Comments: _____

_____ _____
Name of Authorized Official Signature of Authorized Official

_____ _____
Date Official Seal – Financial Institution

Note: This certification is not valid without the official seal of the financial institution.

PRHFA-11 Rev. 10-14-2013

PUERTO RICO HOUSING FINANCE AUTHORITY
LOW INCOME HOUSING TAX CREDIT PROGRAM
UTILITY ALLOWANCE INFORMATION

Complete for project. If different utility allowance sources are used in a project (i.e., Utility supplier and PHA) or the project consists of different unit types (i.e., apts and townhomes) complete a separate form for each

Project Name _____ BIN(s) _____

TC Project ID _____ Effective Date & Source of Utility Schedule _____

For each size unit that applies to your project, please indicate the utilities that are paid by the residents and the amount of the utility allowance from the source document.

Efficiency/Studio	Gas	Elec	Oil	L.P.	Other	UA Amount
Unit Heat						
Water Heat						
Cooking						
Unit Electric						
Water Svc						
Sewer						
Trash						
TOTAL:						

1 Bedroom	Gas	Elec	Oil	L.P.	Other	UA Amount
Unit Heat						
Water Heat						
Cooking						
Unit Electric						
Water Svc						
Sewer						
Trash						
TOTAL:						

2 Bedroom	Gas	Elec	Oil	L.P.	Other	UA Amount
Unit Heat						
Water Heat						
Cooking						
Unit Electric						
Water Svc						
Sewer						
Trash						
TOTAL:						

3 Bedroom	Gas	Elec	Oil	L.P.	Other	UA Amount
Unit Heat						
Water Heat						
Cooking						
Unit Electric						
Water Svc						
Sewer						
Trash						
TOTAL:						

Project owners and managers are urged to read 26 C.F.R. § 1.42-10 (April 1, 1994). Utility allowances are also addressed in PRHFA Compliance Monitoring Plan. Documentation from the applicable utility source must be provided.

PRHFA-12 (Rev 10/2013)

PUERTO RICO HOUSING FINANCE AUTHORITY
LOW INCOME HOUSING TAX CREDIT PROGRAM
UTILITY ALLOWANCE CERTIFICATION

Property Name/Number: _____

Owner: _____

This Utility Allowance Certification includes supporting documentation from the following source(s):

- ☐ Owner's Average of Actual Consumption using actual utility usage data and rates for the building(s)
- ☐ HUD Utility Schedule Model from www.huduser.org/datasets/lihtc.html
- ☐ Energy Consumption Model using an energy and water and sewage consumption and analysis model from a properly licensed mechanical engineer

By signing below, Owner hereby certifies that the documentation is complete and accurate regarding utility costs associated with the above named property. Owner understands that Puerto Rico Housing Finance Authority may require additional information to substantiate the allowances provided herein. Owner also certifies to the following:

1. I am an authorized signor for the above named Owner of the property.
2. I have personally reviewed the documentation provided for this Utility Allowance.
3. The Owner's Average of Actual Consumption includes only continuously occupied units (50 or more weeks) in the most recent twelve-month period (most recent month is no older than 60 days from the effective date) for at least 25 units and representing each bedroom size, geographically dispersed across the property or all units if the property has less than 25 units. All units in the property are listed on the enclosed spreadsheet by bedroom size. Any units not included in the calculation have the reason listed on spreadsheet.
4. The HUD Utility Schedule Model uses rates that are no older than the rates in place 60 days prior to the effective date.
5. The Energy Consumption Model was completed by a mechanical engineer properly licensed in the Puerto Rico, and at a minimum takes into account specific factors including, but not limited to, unit size, building orientation, design and materials, mechanical systems, appliances, and characteristics of the building location. Utility rates are based on local rates and utility supplier(s) for the above property and are no older than the rates in place 60 days prior to the effective date. This engineer and owner are not related within the meaning of IRC section 267(b) or 707(b).

6. Estimates are based only on utilities that are metered to residents where residents receive a monthly bill specific to usage in their unit.

Based on the supporting documentation, I certify that the correct combined monthly average utility estimates for the above named project are as listed on the attached form(s) PRHFA-12.

_____ _____
Partner's Printed Name Signature

_____
Date

Utility Allowance based on Owner's Average of Actual Consumption or HUD Utility Schedule Model was compiled by (if different than person signing above):

_____ _____
Print Name Signature

_____ _____
Company Name Date

Engineer's Certification (required only when the Energy Consumption Model is used):

I hereby certify that I am a mechanical engineer properly licensed in the Puerto Rico, that the Energy Consumption Model complies with the minimum requirements in #5, above, and that I am not related to owner within the meaning of IRC section 267(b) or 707(b).

_____ _____
Print Name Signature

_____ _____
Lic. No. Date

_____
Company Name

PUERTO RICO HOUSING FINANCE AUTHORITY
LOW INCOME HOUSING TAX CREDIT PROGRAM
PROPERTIES CONTACT INFORMATION FORM

PROPERTY INFORMATION:

Property Name: _____
Address: _____ City/Zip Code: _____
Telephone #: _____ Fax #: _____ County: _____
On-site Manager Name: _____ Email address: _____

OWNER INFORMATION:

Project Owner Partnership Name: _____
Project Owner Name: _____ Tax ID #: _____
Address: _____ City: _____ Zip Code: _____
Telephone #: _____ Fax #: _____
E-mail Address: _____

MANAGEMENT COMPANY INFORMATION:

Property Management Company: _____
Project Administrator Name: _____
Address: _____ City/Zip Code: _____
Contact Name: _____ E-mail Address: _____
Telephone #: _____ Fax #: _____ Tax ID#: _____
COL Contact Name (if different from above): _____
Telephone #: _____ Fax #: _____
E-mail Address: _____

Person(s) autorized to sign and submit compliance reporting forms:

_____ _____

_____ _____

_____ _____

Additional information: _____

_____

_____ _____
Project Owner Signature Date

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance
Authority

SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK
FOR PUERTO RICO

ANNEX P

QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

PUERTO RICO HOUSING FINANCE AUTHORITY

ANNEX P
QUALIFIED CONTRACT PROCESS
2015

Qualified Contract

The qualified contract (**QC**) is an offer to acquire the tax credit property for a defined price to assure continued affordability restrictions. IRS regulations determine that if the Authority is unable to present an agreement for a QC price, the extended use period can be terminated. A QC may be requested at any point after the fourteenth (14th) year of the compliance period.

The terms, conditions, and procedures contained in this Process (**Process**) will allow the Authority to administer QC requests from property owners (**Owner**) who intend to make a request under IRS Code Section 42(h)(6)(E)(i)(II) (**QC Request**) to produce a QC.

Initial Eligibility

The Authority will require an initial application (**Initial Application**) to determine eligibility, before an Owner may submit a QC Request. The IP will not bind Owners to submit a QC Request and does not start the one year threshold (**OYT**). The Authority will accept IPs at any time during the year. Upon receipt of the IP, the Authority will determine if the property is eligible for consideration.

Information submitted in the IP shall include at a minimum:

1. Documented ownership of all properties, including address and other pertinent property information (**Attachment 1**).
2. copy of Tax Credit (**Tax Credits or LIHTC**) documents, including:
   a. first year 8609s for all buildings in the Project;
   b. all loan and regulatory agreements, including LURA (documents submitted should include original, current, and any amendments);
3. Owner certification that all necessary documentation, defined in the list below, is available and that all other purchase options will be waived;
4. non-refundable preliminary application fee; and
5. Owner certification and documentation of release of existing purchase options.

Evaluation

Eligibility to request a QC will be based on previous commitments and actions of the Owner, and compliance with regulatory requirements on the property. Properties will be eligible to submit a QC Request if:

1. The property has completed the initial 15-year compliance. Dates for determining compliance with the initial 15 years are:
   a. the last day of the 14th year of the compliance period of the last building placed in service, or

b. the last day of the 14th year of the last allocation of a multiple year allocation to the same property.

2. There exists no waiver of rights to a QC in the LURA.

3. The property is not subject to affordability and regulatory restrictions based on financing and rental subsidies received on the property other than the Section 42 LIHTC financing (*i.e.*, HOME, Sec. 8, etc).

4. The property complies with financial, audit, and compliance requirements under LIHTC and other financing resources.

5. The property is not subject to existing purchase options, including a non-profit general partner's right of first refusal. Owners must obtain a full waiver of existing purchase options and rights of first refusal in order to make an eligible QC Request.

Eligibility Determination

The Authority will notify the Owner upon completion of the pre-application eligibility review, indicating whether the property is eligible or not to make a QC Request.

If a project is deemed eligible for a QC, the Owner will receive a notification letter and application packet. The Authority must receive a non-refundable review and processing fee to begin the QC Request review. The QC Request from an Owner will be accepted at any time during the calendar year.

The QC Request must include:

1. QC Request letter (**Attachment 2**) where the Owner certifies that:

   a. has reviewed all due diligence materials used in the calculation of the QC worksheets and that they are **solely responsible** for documents and information used in the calculation of the QC Price (**QCP**) (worksheets A-E in Appendix), using the procedures set forth in Section 42(h)(6)(F) of the Internal Revenue Code. The Owner will sign a statement verifying the accuracy of the assumptions used in the computation of the QCP and will hold the Authority harmless in the use of the development information;

   b. will reasonably cooperate with the Authority in all aspects related to the sale of the property.

2. **The Application Packet,** containing:

   a. First year 8609s for all buildings in the Project.

   b. Completed worksheets A through E. An independent certified public accountant must certify all computations.

c. Annual partnership tax returns for all years of operation since the start of the compliance period.

d. Annual property audited financial statements for all years.

e. Loan documents for all secured debt during the compliance period (original, current, and any interim amendments).

f. Partnership agreement (original, current and all interim amendments).

g. Current and complete rent-roll.

h. A narrative description of the project, including amenities.

i. Sales prospectus (applicable if property is currently being offered for sale.)

j. Physical needs assessment for the entire property.

k. Phase I environmental (Phase II analysis, if conditions from the Phase I analysis determine a Phase II is necessary).

l. Appraisal for the property.

m. Market study for the property.

n. Current title report.

Owners will incur all costs associated with necessary third party reports. Should third party costs exceed the Owner's initial deposit, the Authority will request additional funds. If the Owner is unable to contribute necessary funds, the OYT will be suspended, and the Authority may halt processing or terminate a QC Request.

The non-refundable QC fees are:

1. Preliminary application: $1,000.

2. QC Request: $4,000. It must be submitted when the QC Request Letter is presented to the Authority.

The Authority may revise fees as necessary to insure the cover the Authority's corresponding expenses.

The OYT shall begin when the Authority receives a complete QC Request package including all of the above items. The OYT will be delayed or suspended pending receipt of all applicable items.

Review Process

1. After *all* documents are received the Authority will notify the Owner and start the OYT.

2. The Authority will verify the QC calculations and supporting documentation to determine the viability of extending a QC offer.

3. The Authority will conduct the following notice of LIHTC properties seeking QCP:

    a. The Authority will post on its website a listing of properties, with property information, determined eligible to submit a QC.

    b. The Authority will provide information on properties, with property information, for which a completed QC Request has been received. Information may be forwarded to:

        i. Posted on the Authority website.

        ii. Current owners of Authority portfolio and LIHTC properties.

        iii. Interested affordable housing preservation organizations and stakeholders.

Presenting a QC

Under IRS (42(h)(6)(E)(i)(II), the Authority's obligation is to present to the Owner a bona fide contract to acquire the property for the QCP (**Contract**). Once the QCP is affirmed, and a prospective buyer is identified, and the Authority has determined to pursue this course of action, the Authority will present a Contract to the Owner. If the Authority presents a Contract (regardless if the Owner accepts it or not), the possibility of terminating the extended use period is removed, and the property remains bound to the provisions in the LURA. Should the Owner choose to accept the Contract, the buyer will be responsible for adhering to the provisions in the LURA.

If the Owner does not accept the Contract, the property will remain under the existing affordability restrictions. There is no requirement in the IRS Code that the prospective buyer purchase the property. Whether or not the seller executes a contract and closes the transaction is a separate, legally unrelated matter.

Three-Year Eligibility for Existing Tenants

If the Authority does not present a Contract prior to the expiration of the OYT (or a longer period as the Owner may agree to in writing) the Project may be released from the LURA's requirements.

However, the Project will be subject to the requirements of Section 42(h)(6)(E)(ii) for a three-year period beginning at the end of the compliance period where the Owner may not:

1. evict or terminate a tenancy (other than for good cause) of an existing tenant of any low income unit; or

2. increase the gross rent with respect to any low-income unit except as permitted under Section 42 of the Code, as well as the requirements of the regulatory agreement.

Requirements

Qualified Contract Price: The Authority will resolve every case of doubt or interpretation in determining the QCP, both with regard to the overall process and for particular properties, in favor of a lower value.

QC Process Amendments: The Authority may add to or amend the Process with at least 30 days notice on the website and to Owners engaged in the QC Process.

Disqualification of QC Request:

1. Owners may cancel the QC Request at anytime during the Process. However the Authority may determine that an Owner cannot submit another request.
2. The Authority must have continuous cooperation from the Owner respecting all aspects of property information, financial statements, and tax returns. Lack of cooperation will cause the Process to terminate.
3. Should the Authority receive notification of IRS's investigation or audit regarding the tax credit property at any time during the QC Request, the OYT will be suspended and the Process will stop until the audit or investigation is complete.
4. Default or material noncompliance with Section 42 will result in suspension of the review until the Authority can respond.

In the event of a suspension due to noncompliance or audit, the property must operate under the LURA.

ATTACHMENT 1: Initial Application

Please complete the preliminary application forms and return forms and documentation, a multifamily fee payment form (available for download at (www.bgfpr.com/principalsubsidiaries/housing-finance-authority) and a check for the application fee to:

Puerto Rico Housing Finance Authority
Attn: Multifamily Housing Finance and Development Dept.
P.O. Box 71361
San Juan, Puerto Rico 00936-8461

Owner:

Taxpayer Identification #

Project Name:

PRHFA Project ID #:

Property Address:

Date of Allocation:

1. **Owner/ General Partner(s) Contact Information:**

   Entity Name

   Address

   Principal

   Fax

   Email

   Entity Name

   Address

   Principal

   Fax

   Email

2. **Total # of Buildings:**

   Total #of Units:

   Total # Low Income Units:

BIN #	Placed in Service Date	1st Year Credits Claimed

   Is the property a Mixed-Income Development?

3. **Does the Property Agreement or other legal documentation grant any form of preference for purchasing the property?** (e.g., a right of first refusal granted to a nonprofit partner?)

   If yes, provide information on the individual or entity holding such right.

   Entity Name Address Principal Phone

4. **Has the property been cited for any violations that have required an 8823 to be filed with the IRS that remains uncorrected?**

   If yes, state the nature and date of the violation (including copies of 8823s).

   Nature of Violation **Violation Date**

5. **Is the property subject to additional affordability restrictions** (e.g., USDA Rural Development, HUD, state/local funding, etc)?

   If yes, submit copy of restrictions.

6. **Does the property have project-based rental assistance?**

I CERTIFY, to the best of my knowledge, that:

1. the information in this application is complete and accurate;
2. all purchase options will be waived.

I UNDERSTAND, AGREE AND ACCEPT THE PROCESS, INCLUDING THAT THE OYT DOES NOT START UNTIL THE AUTHORITY DETERMINES THAT THE OWNER MEETS ALL SUBMISSION REQUIREMENTS.

Owner:

Date:

ATTACHMENT 2: Qualified Contract Request letter

Puerto Rico Housing Finance Authority
Attn: Multifamily Housing Finance and Development Dept.
P.O. Box 71361
San Juan, Puerto Rico 00936-8461

Re: **Qualified Contract Request Letter**
Property Name:
Tax Credit Number:
Address:

Dear :

I hereby request that the Puerto Rico Housing Finance Authority (**PRHFA**) present a Qualified Contract (**QC**) for the purchase of [**Property Name**]. This request is made pursuant to Section 42(h)(6)(E)(i)(II) of the Internal Revenue Code (**Code**). We understand that PRHFA will have one year from its receipt of this letter and all of the accompanying information described below, to present a QC to purchase the Project.

We have enclosed:

1. First year 8609s for all buildings in the Project.
2. Worksheets A -E. Completed, or reviewed and approved, by the accountant for the Project, [Accountant's Name].
3. Annual tax returns for all years of operation since the start of the compliance period.
4. Annual property financial statements for all years.
5. Loan documents for all secured debt during the compliance period (original, current, and any interim amendments).
6. Partnership agreement (original, current and all interim amendments).
7. Current and complete rent-roll.
8. A narrative description of the Project, including amenities.
9. Sales prospectus (applicable if property is currently being offered for sale).

We understand that the one-year period allowed for offering a QC will not begin until all information is received and PRHFA deems it satisfactory.

We also understand that the above information may be shared with prospective purchasers, real estate brokers and agents of PRHFA and summary data may be posted on PRHFA's website.

We will reasonably cooperate with PRHFA and its agents with respect to PRHFA's efforts to present a QC for the purchase of the Project. In this regard, we understand that prior to the presentation of a QC, we may need to share Project due diligence with PRHFA and with prospective purchasers, including but not limited to, additional rent rolls, Project tax returns, income certifications and other Section 42 compliance records, records with respect to repair and maintenance of the Project, operating expenses and debt service. Provided, before

information is shared with a prospective purchaser, we may require that it enter into a commercially reasonable form of nondisclosure agreement.

We will also share with PRHFA, at its request, the documents and other information that were used to prepare the enclosed calculation of QCP, including Worksheets A – E. We also agree to allow PRHFA, its agents, and prospective purchasers, upon reasonable prior written notice, to visit and inspect the Project, including representative units.

We also understand that if PRHFA finds a prospective purchaser willing to present an offer to purchase the Project for an amount equal to or greater than the QCP, we agree to enter into a commercially reasonable form of earnest money agreement or other contract of sale for the Project which will allow the prospective purchaser a reasonable period of time to undertake additional, customary due diligence prior to closing the purchase.

Sincerely,

Owner

Attachment

ATTACHMENT 3: Qualified Contract Price

Before the Authority can begin review of a QCP and begin marketing the project you must complete the QCP Form attached to these instructions (**QCP Form**). This calculation shall establish the minimum price at which the Authority can market the Project and present an offer for its purchase.

To fill out the QCP Form, you must complete Worksheets A through E, where applicable. The results of Worksheets A through E are transferred to the QCP Form to determine the QCP.

The QCP Form is derived from Section 42(h)(6)(F) of the Code. The statutory formula divides the purchase price between the low and non low-income portion of the Project, if any. The QCP for the low-income portion of the Project equals the applicable fraction of the Project indebtedness (Worksheet A), adjusted investor equity (Worksheet B), and other capital contribution (Worksheet C), **reduced** by the total cash distributions from, or available for distribution, from the Project (Worksheet D). If the Project has any market rate units or commercial space the QCP is increased by the fair market value of those units (Worksheet E).

The OYT for finding a buyer shall NOT commence until the QCP Form, and Exhibits A through E, are complete and delivered to the Authority with the pre-application, QC Request, all support documents requested, all charges paid to the Authority and third party contractors and a QC Request letter. An independent certified public accountant from an accredited accounting firm must prepare and certify the QCP Form.

QUALIFIED CONTRACT PRICE

A. Low-Income Portion of Payment

i. Outstanding Indebtedness secured by, or with Respect to the Building (Worksheet A) $_____

ii. Adjusted Investor Equity (Worksheet B) $_____

iii. Other Capital Contributions not reflected in i or ii (Worksheet C) $_____

iv. **TOTAL of i, ii, iii** $_____

v. Cash Distributions from or available from, the Project (Worksheet D) $_____

vi. **LINE iv LESS LINE v** $_____

vii. Applicable fraction (LURA) _____%

viii. Low-Income Portion of QC Price [Line (vi) multiplied by Line (vii)] $_____

B. Fair Market Value of Non Low-Income Portion Of Building(s) (Worksheet E) $_____

C. Qualified Contract Price
[Line A (viii) PLUS Line B] $_____

WORKSHEET A

Outstanding Indebtedness

1. Mortgage Loans:
   - i. Lender
   - ii Principal Balance $_____
   - iii. Accrued Interest $_____
   - iv. Maturity Date:
   - v. Other Information:

   SUBTOTAL $_____

2. Other Loans/Indebtedness:
   - i. Lender
   - ii Principal Balance $_____
   - iii. Accrued Interest $_____
   - iv. Maturity Date:
   - v. Other Information:

   SUBTOTAL $_____

TOTAL $_____

WORKSHEET B

Adjusted Investor Equity

Adjusted Investor Equity (**AIE**) is the aggregate amount of cash that taxpayers invested with respect to the low-income buildings, increased by the applicable cost-of-living adjustment.

Not all capital contributions with respect to the Project qualify as AIE. Cash invested in the Project should be included in Worksheet B only if:

1. cash is contributed as a capital contribution and not as a loan or advance; and

2. the am

3. ount is reflected in the adjusted basis of the Project (cash contributions used to directly fund adjusted basis and cash contributions used to pay off a construction or bridge loan, the proceeds of which directly funded adjusted basis); and

4. there was an obligation to invest the amount as of the beginning of the credit period (cash invested before the beginning of the credit period and cash invested after the beginning of the credit period for which there was an obligation to invest at the beginning of the credit period).

BCY: calendar year with or within which the first taxable year of the credit period ends.

Subsections (ii) and (iii): lower of the Consumer Price Index (CPI) figures or 5% for applicable years.

Adjusted Investor Equity

i. BCY: _____

ii. Average CPI figure for the most recent 12-month period ending in ____: _____

iii. Average CPI figure for 12-month period ending in ____ of the BCY: _____

iv. Cost-of-living adjustment [Divide ii by iii] _____

v. Investment Amount $_____

Total Adjusted Investor Equity [Multiply v by iv]: $_____

If the AIE differs from the equity amount used in the Project's Final Cost Certification, explain the difference.

WORKSHEET C

Other Capital Contributions

Not limited to cash and, therefore, include "in-kind" contributions such as land. However, if you include any non-cash contributions in this worksheet, please describe in detail the type of contribution, the value you have assigned to the contribution, and your justification for assigning that value.

Do not include in this Worksheet C any amounts included in Worksheets A or B. Further, all amounts included in this worksheet must constitute contributed capital and not be debt or advance.

1. **Investment Amount** $_____
   - i. Name of Investor: _____
   - ii. Date of Investment: _____
   - iii. Use of Contributions/ Proceeds: _____
   - iv. Other Information: _____

2. **Investment Amount** $_____
   - i. Name of Investor: _____
   - ii. Date of Investment: _____
   - iii. Use of Contributions/ Proceeds: _____
   - iv. Other Information: _____

3. **[Add as needed.]**

TOTAL (1 - ____) $_____

WORKSHEET D

Cash Distributions from or available from the Project

The QCP is reduced by the total of all cash distributions from, or available from, the Project.

In Section A, set forth all cash distributions with respect to the Project beginning with the BCY through the date of the completion of Worksheet D. This shall include all cash payments and distributions from net operating income. Distributions set forth in Section A shall include, but not be limited to amounts paid to partners or affiliates as fees and those distributed to partners as a return of capital or otherwise.

A. Cash Distributed

1. BCY Distributions
   - i. Total Distributions $_____
   - ii. Recipient _____
   - iii. Type (e.g., return of capital, fee, etc.) _____

2. BCY+1 Distributions
   - i. Total Distributions $_____
   - ii. Recipient _____
   - iii. Type (e.g., return of capital, fee, etc.) _____

3. BCY+ through 13 Distributions
   - i. Total Distributions $_____
   - ii. Recipient _____
   - iii. Type (e.g., return of capital, fee, etc.) _____

Total BCY through BCY+13 Distributions (Sum of Lines 1(i) – 14(i)) $_____

B. Cash Available for Distribution:

1. Replacement Reserve Account(s) $_____
   - a. Available for Distribution $_____

2. Operating Reserve Account(s) $_____
   - a. Available for Distribution $_____

3. Other Reserve Accounts (identify account, terms) $_____
   - a. Available for Distribution $_____

4. Partnership Accounts Other than Reserves $_____
   - a. Available for Distribution $_____

Total Available for Distribution
(Sum of Lines 1a– 4a) $_____

Total Cash Distributed and Available for Distribution
(Sum of Sections A and B) $_____

C. **All Non-Cash Distributions:**

1. Asset Distributed
   Recipient
   Date of Distribution
   Estimated Value of Asset at time of Distribution $_____
   Valuation Method
   Reason for/ or Characterization of Distribution

2. Asset Distributed
   Recipient
   Date of Distribution
   Estimated Value of Asset at time of Distribution $_____
   Valuation Method
   Reason for/ or Characterization of Distribution

TOTAL VALUE OF ASSETS AVAILABLE FOR DISTRIBUTION $_____

TOTAL AVAILABLE FOR DISTRIBUTION (CASH + ASSETS) $_____

WORKSHEET E

Fair Market Value on Non-Low-Income Portion of Building(s)

Fair market value of the non-low income portion of the Project is $_____.

COMMONWEALTH OF
PUERTO RICO

Puerto Rico Housing Finance
Authority

SUBSIDIARY OF THE GOVERNMENT DEVELOPMENT BANK
FOR PUERTO RICO

ANNEX Q

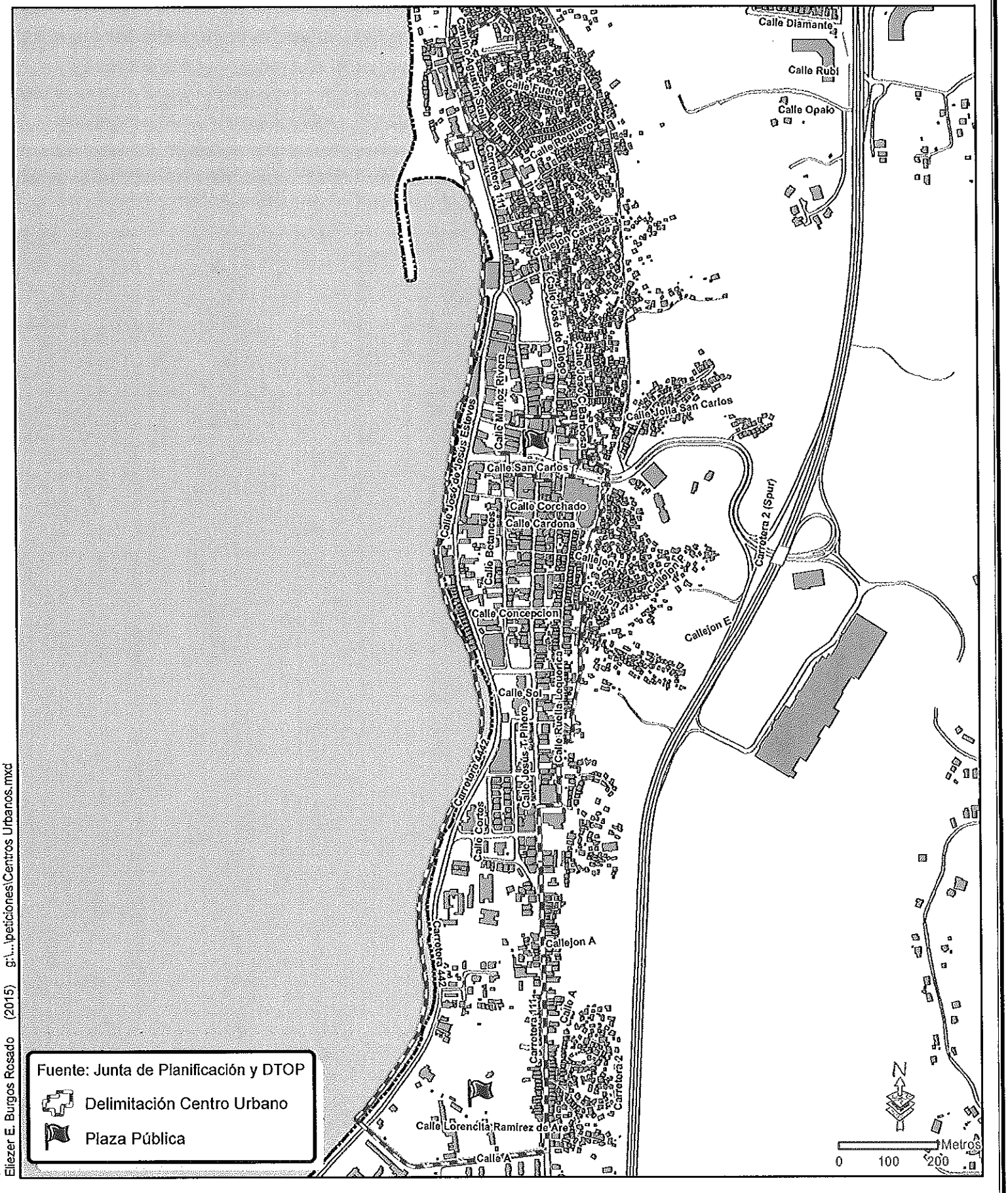
QUALIFIED ALLOCATION PLAN 2015

REV. JULY 2015

Anejo Q-1

Name	Date
CU Aguadilla	1/14/
CU Aguas Buenas	1/14/
CU Aibonito	1/14/
CU Barceloneta	1/14/
CU Barranquitas	1/14/
CU Bayamon	1/14/
CU Caguas	1/14/
CU Camuy	1/14/
CU Canovanas	1/14/
CU Carolina	1/14/
CU Ceiba	1/14/
CU Ciales	1/14/
CU Coamo	1/14/
CU Comerio	1/14/
CU Corozal	1/14/
CU Dorado	1/14/
CU Fajardo	1/14/
CU Guanica	1/14/
CU Guayama	1/14/
CU Guayanilla	1/14/
CU Guaynabo	1/14/
CU Hatillo	1/14/
CU Hormigueros	1/14/
CU Humacao	1/14/
CU Isabela	1/14/
CU Jayuya	1/14/
CU Juncos	1/14/
CU Lajas	1/14/
CU Las Marias	1/15/
CU Loiza	1/15/
CU Maunabo	1/15/
CU Mayaguez	1/15/
CU Moca	1/15/
CU Naguabo	1/15/
CU Naranjito	1/15/
CU Orocovis	1/15/
CU Peñuelas	1/15/
CU Quebradillas	1/15/
CU Rincon	1/15/
CU Salinas	1/15/
CU San Sebastian	1/15/
CU Toa Alta	1/15/
CU Toa Baja	1/15/
CU Utuado	1/15/
CU Vieques	1/15/
CU Villalba	1/15/
CU Yabucoa	1/15/
CU Yauco	1/15/

dified: 1/15/2015 1:34 PM Date created: 7/2



Fuente: Junta de Planificación y DTOP

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Plaza Pública

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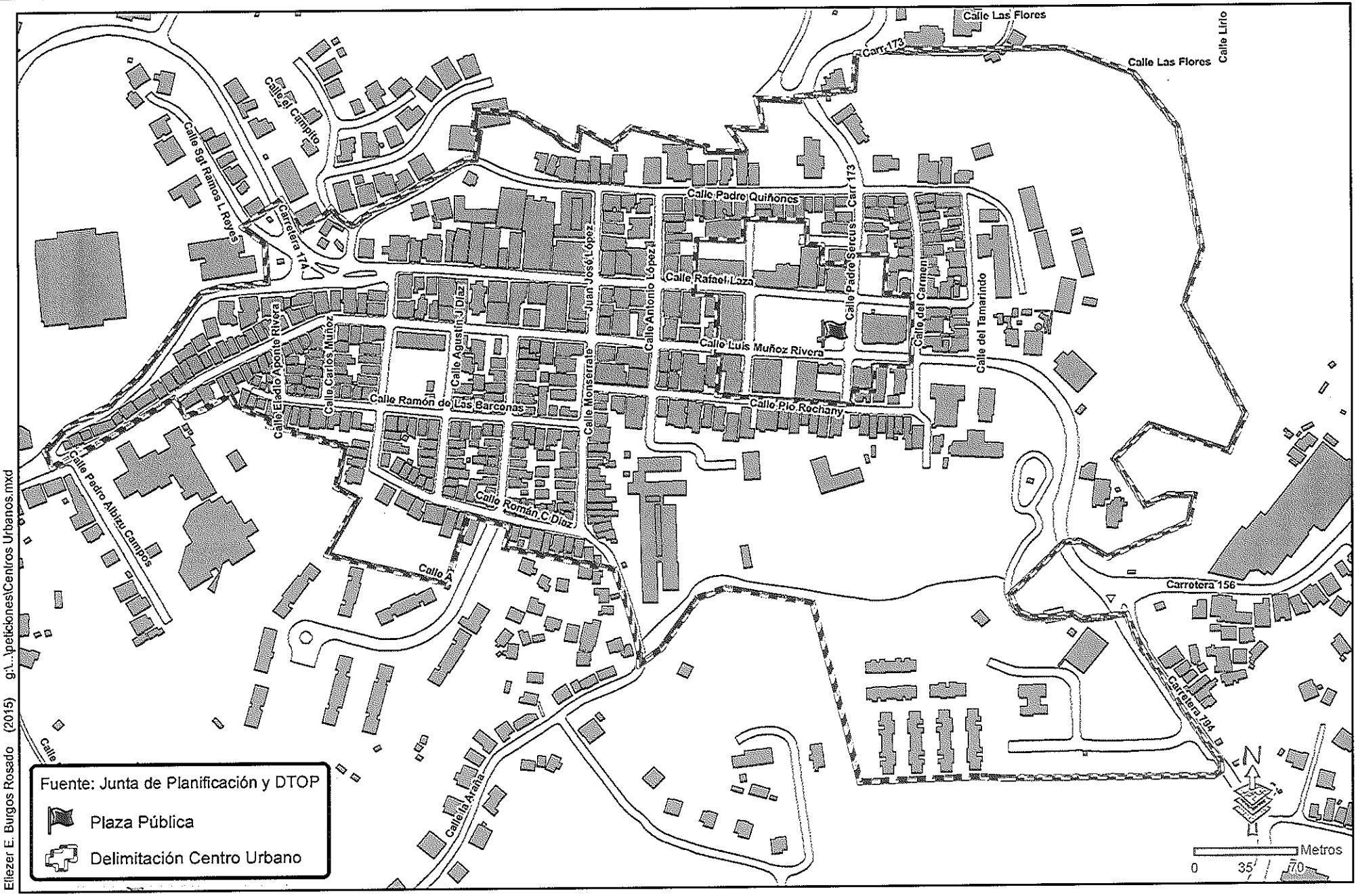

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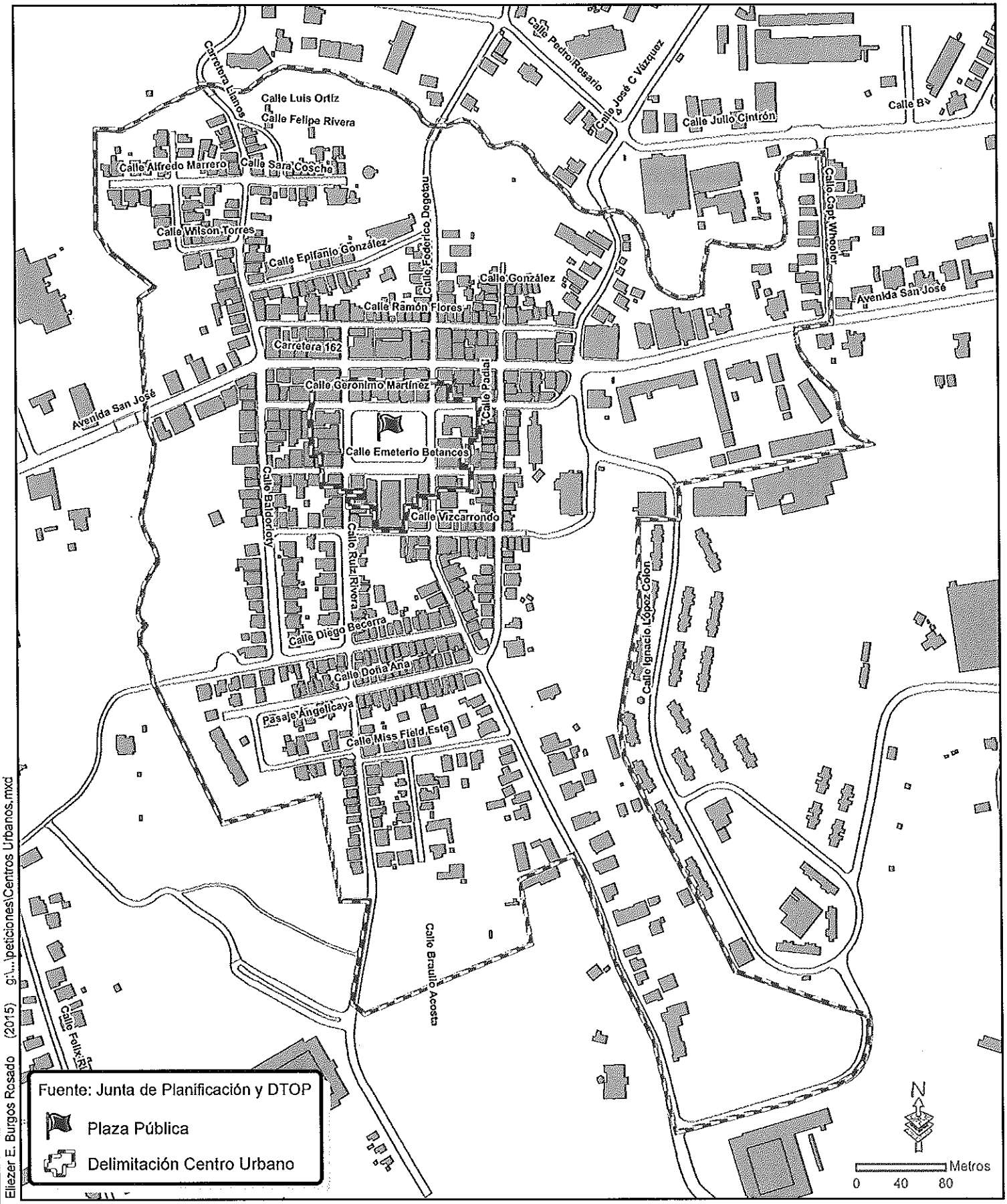

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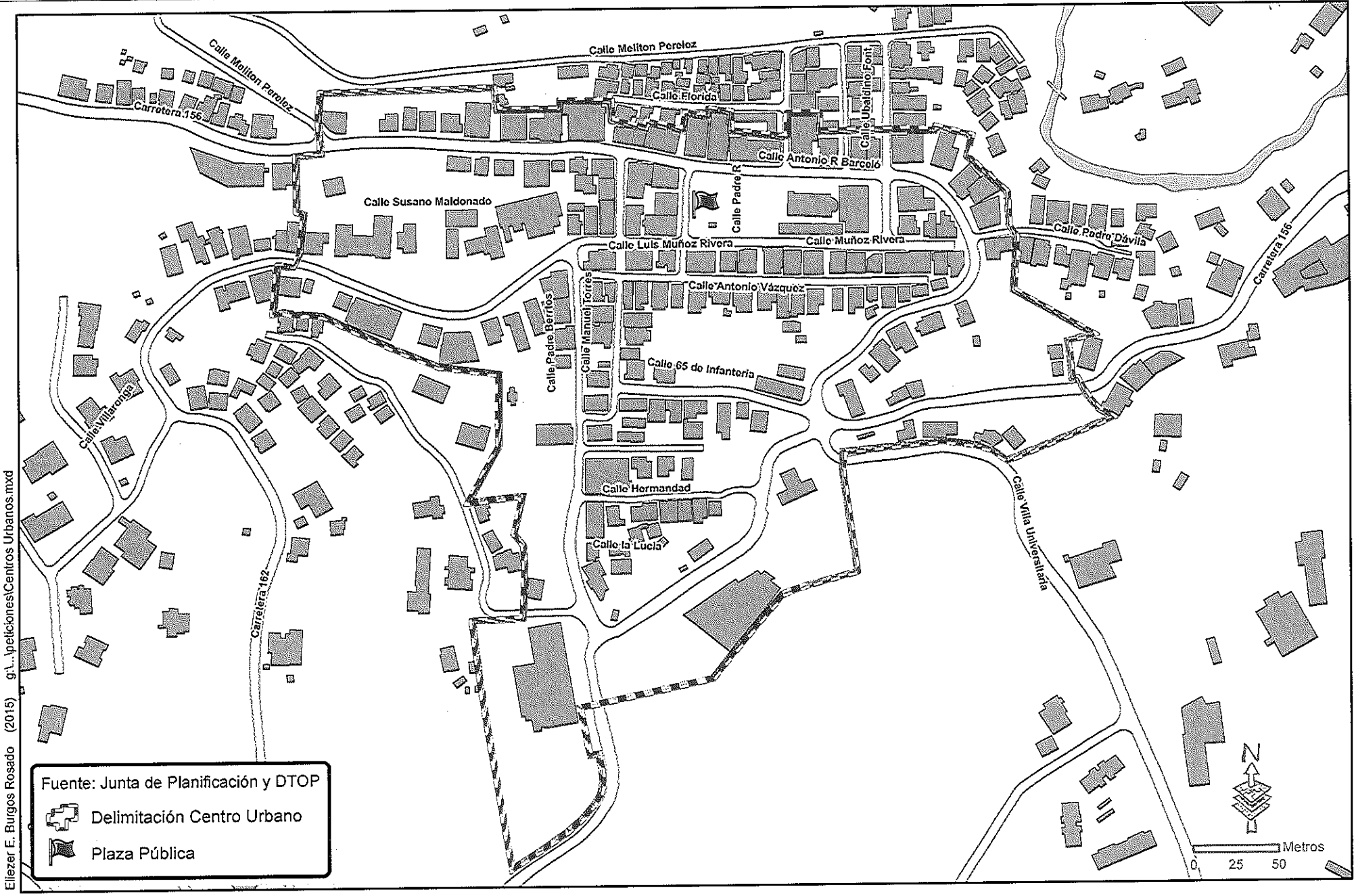

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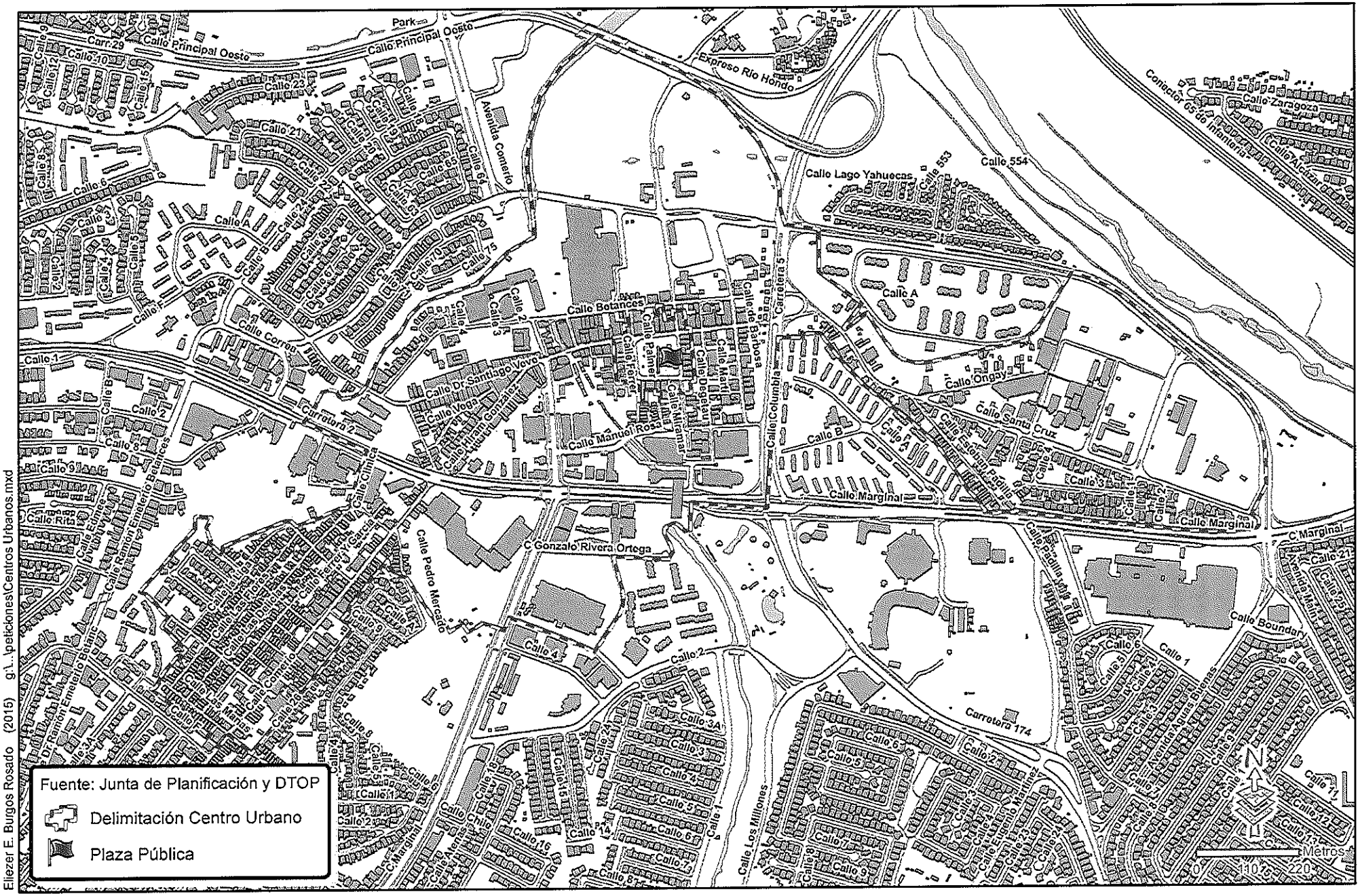

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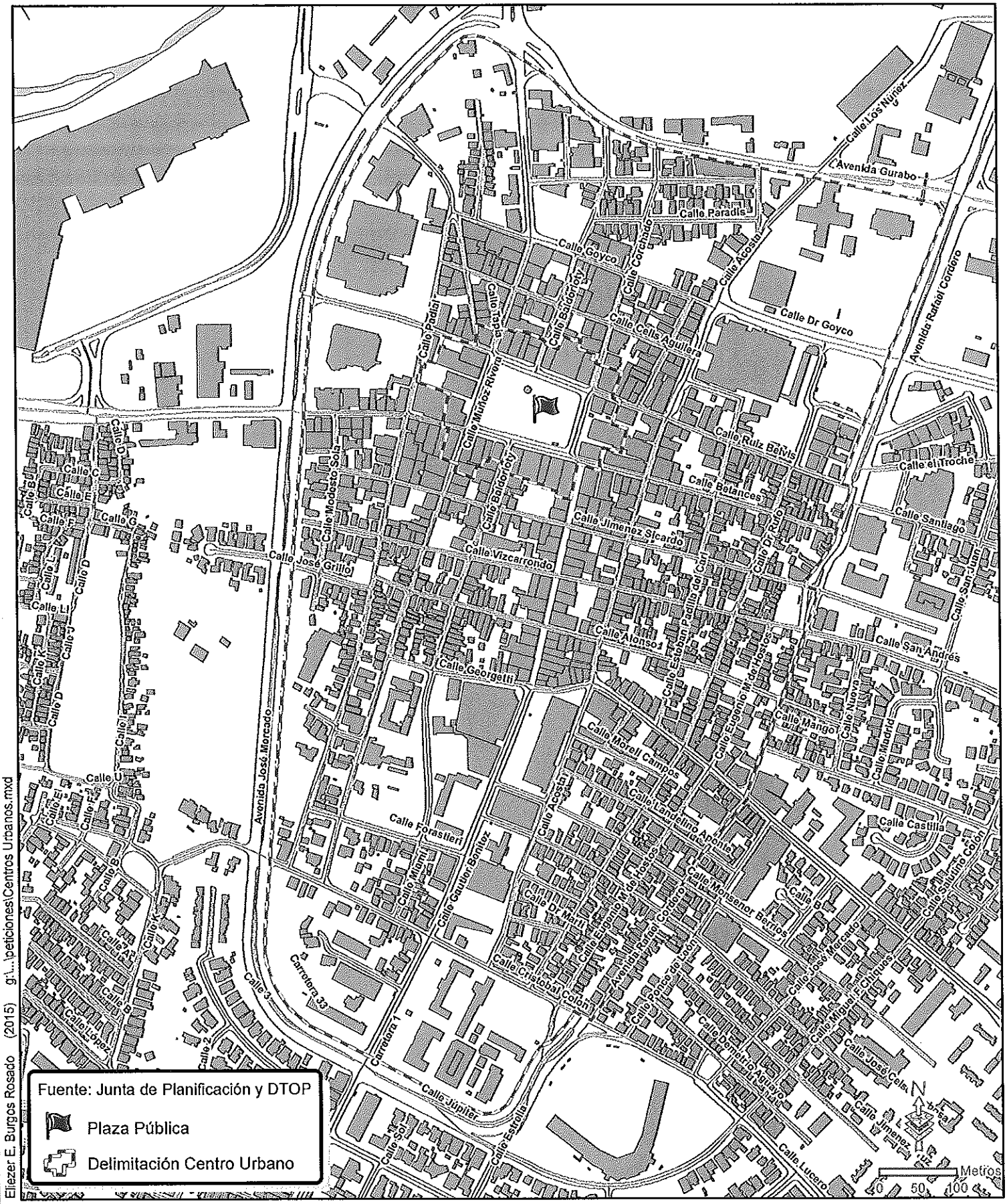

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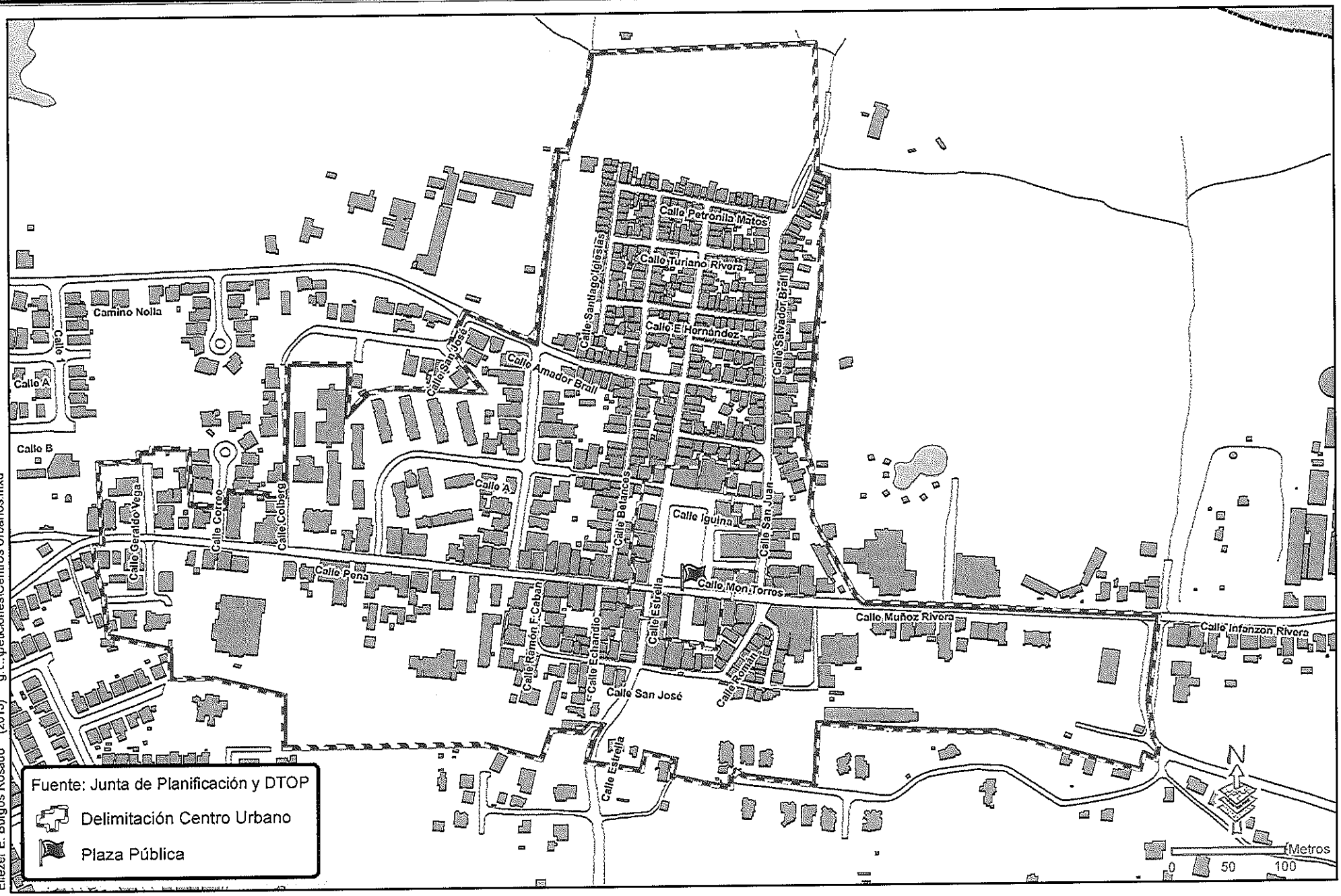

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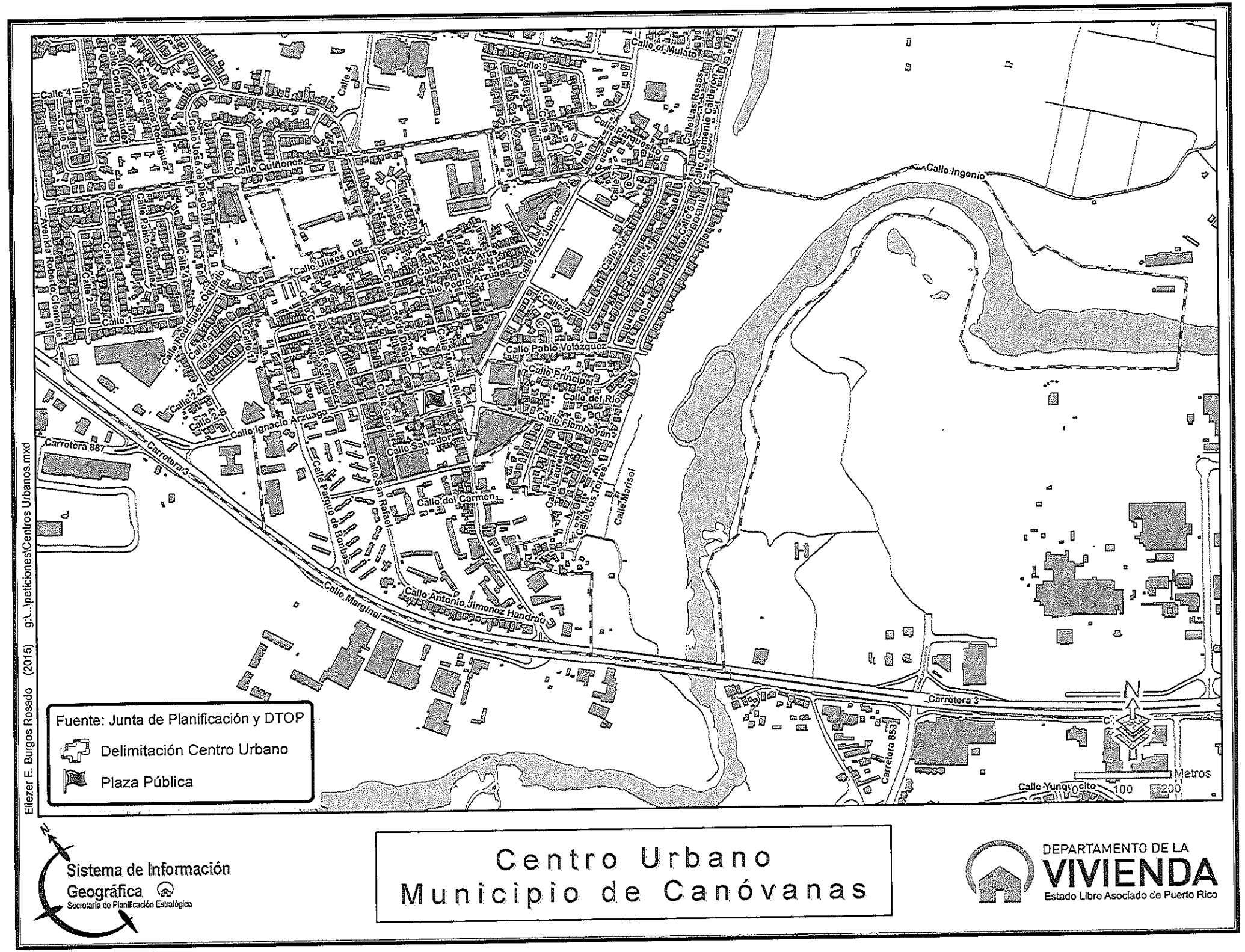

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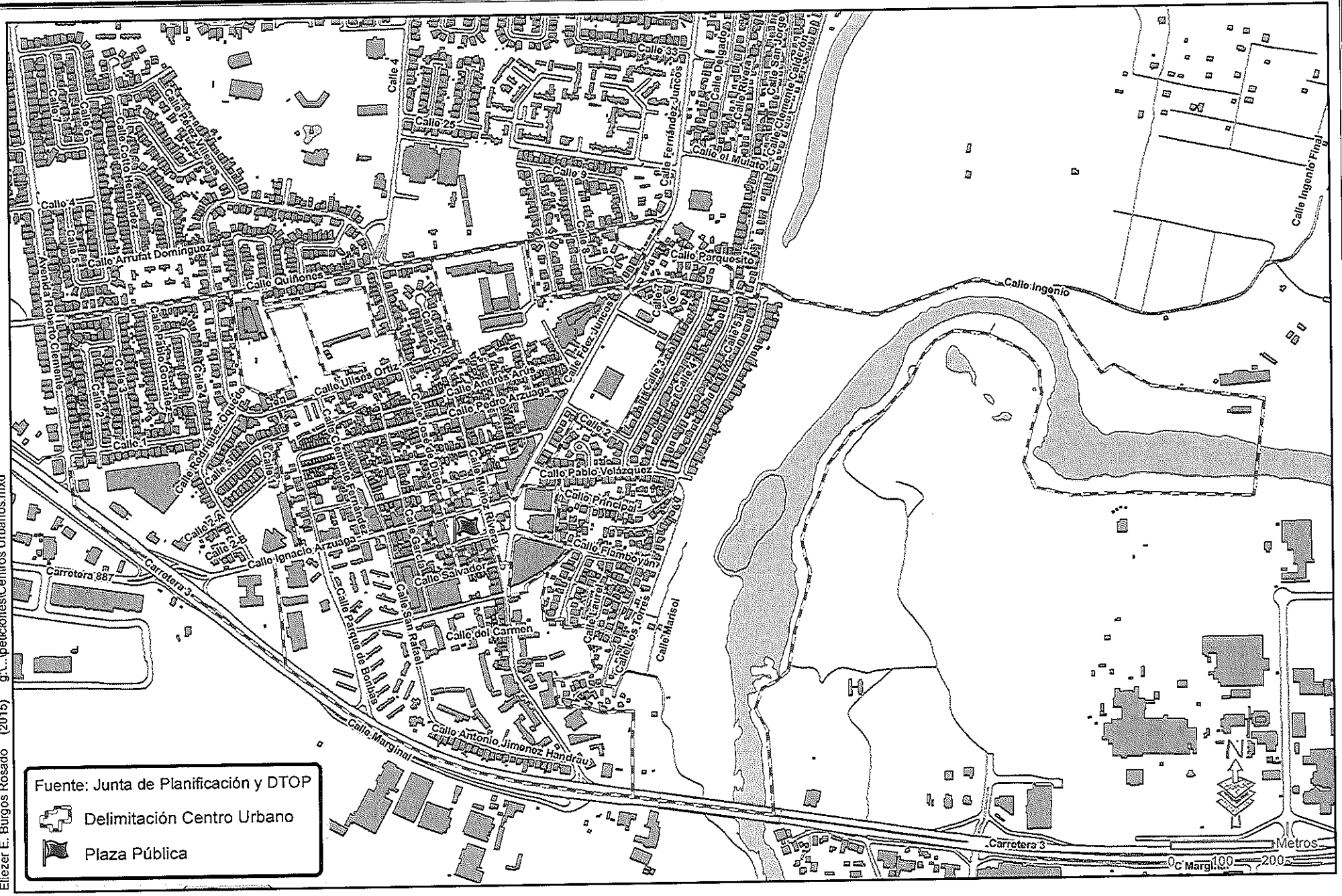

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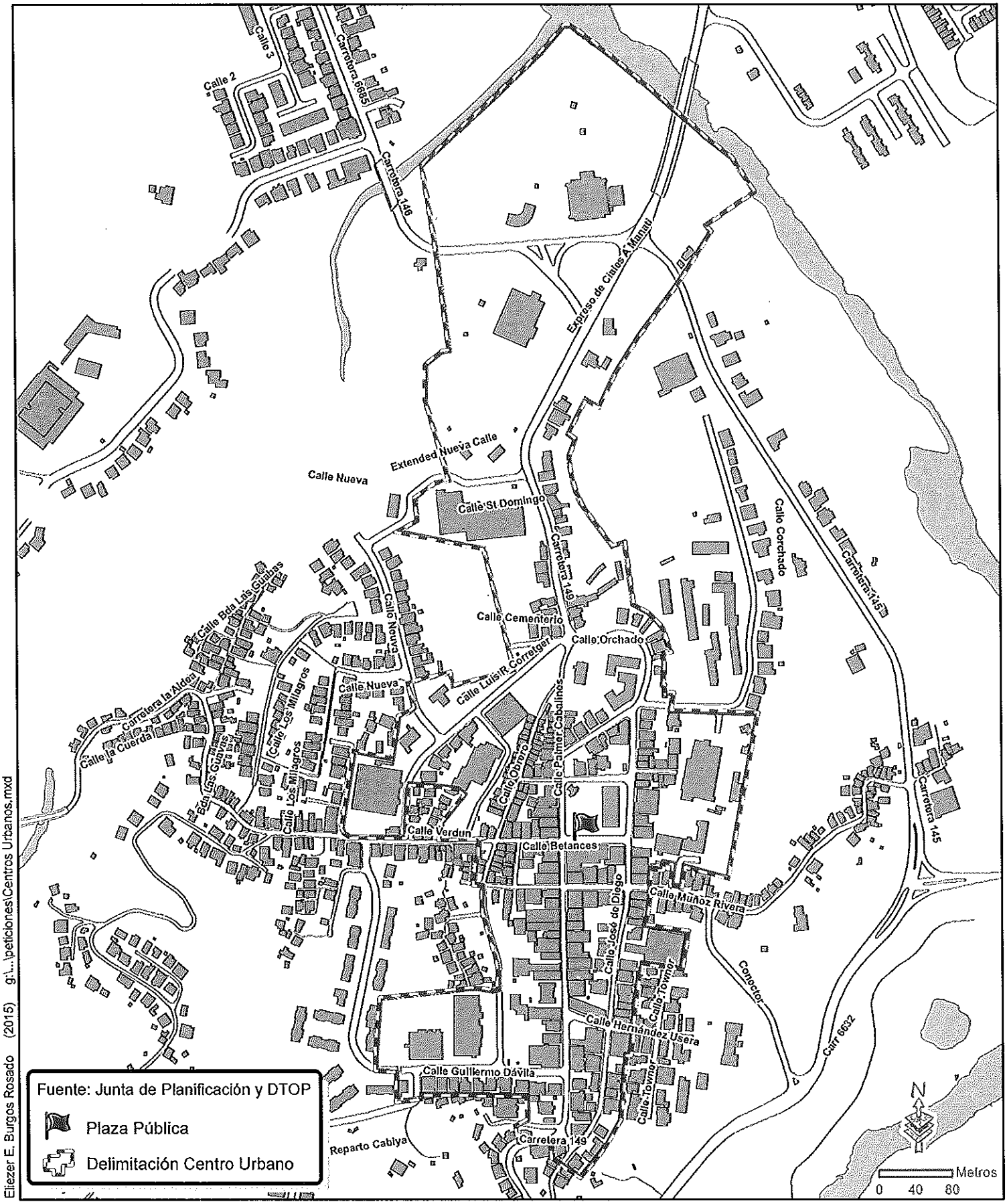

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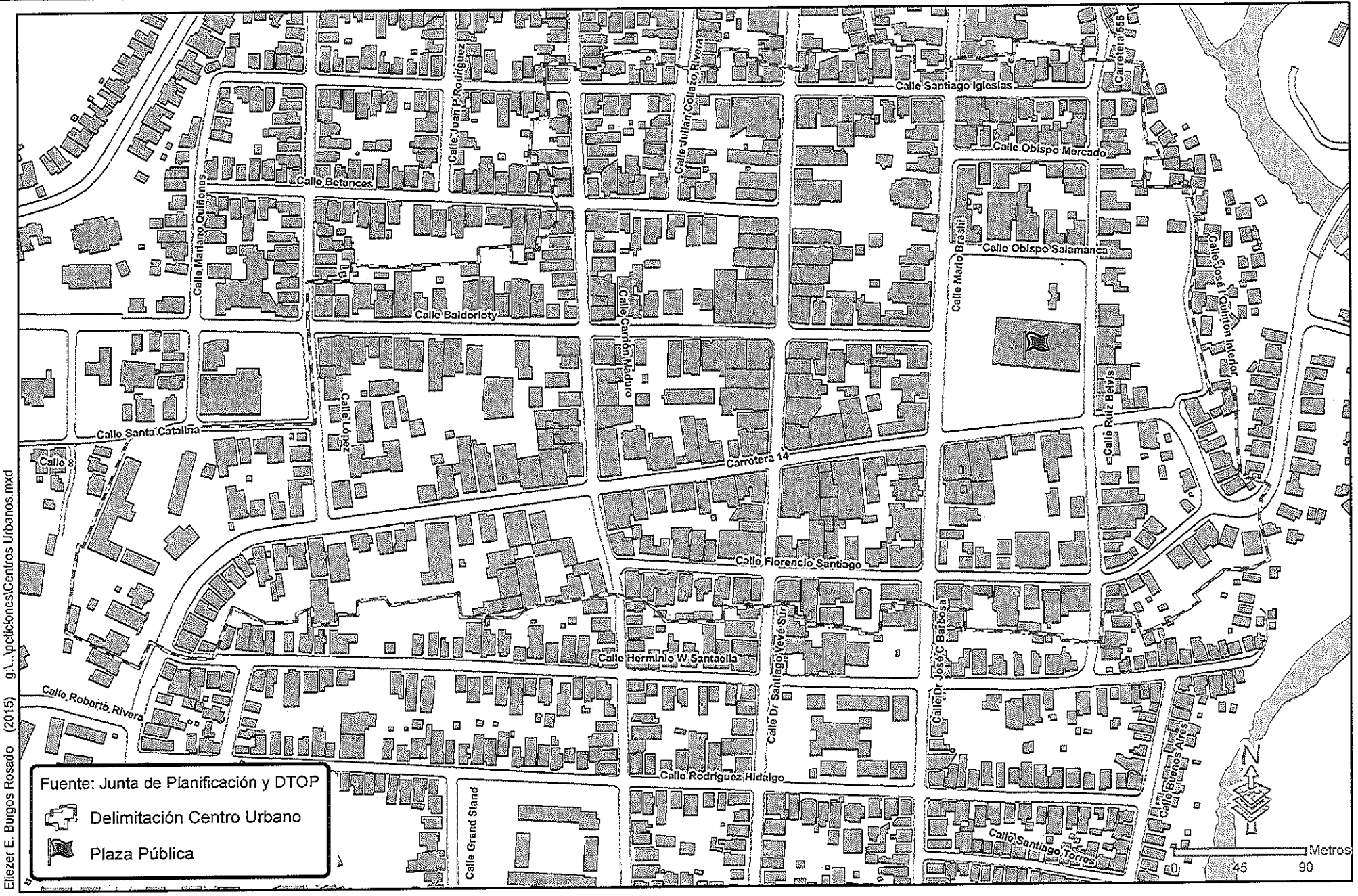

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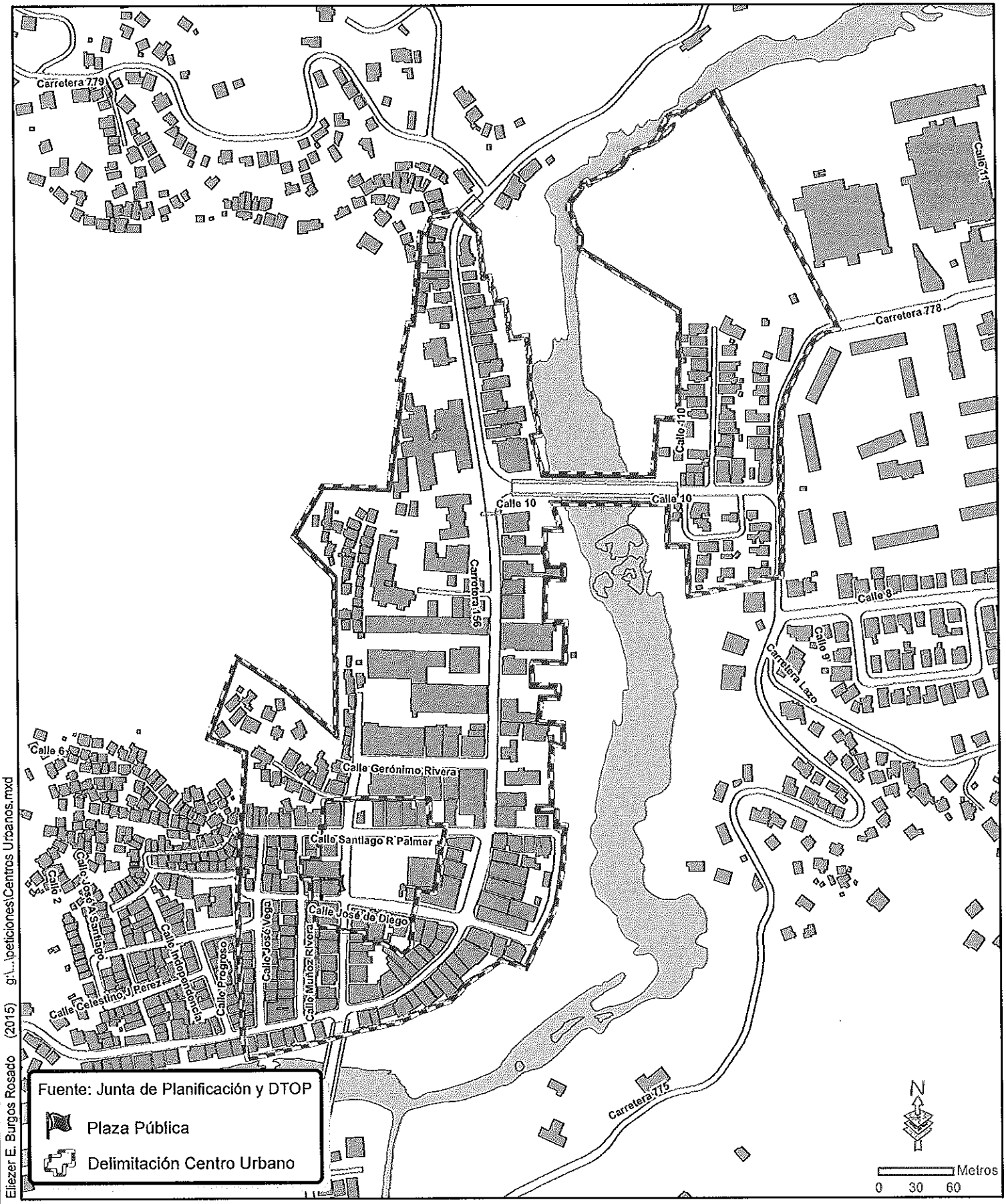

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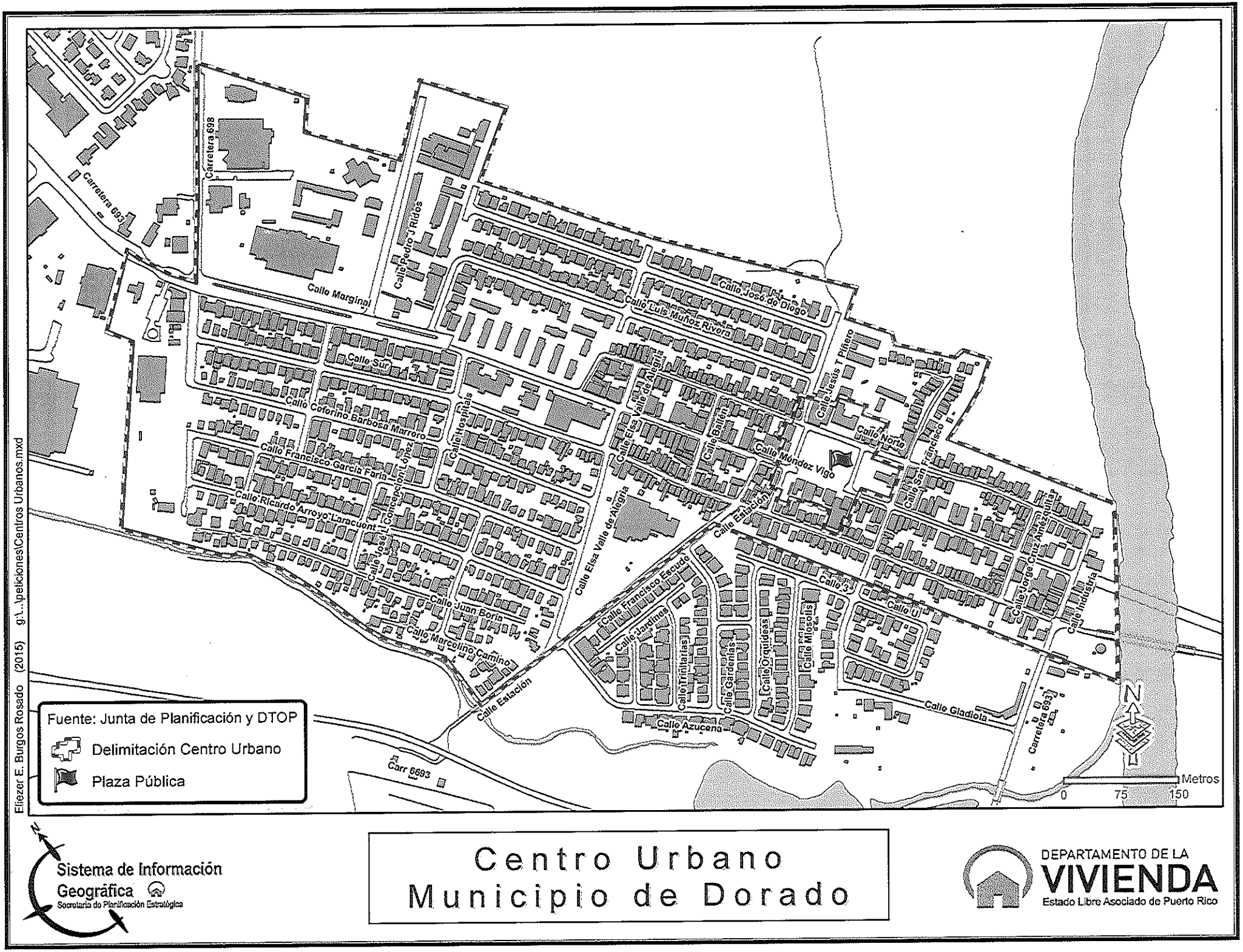

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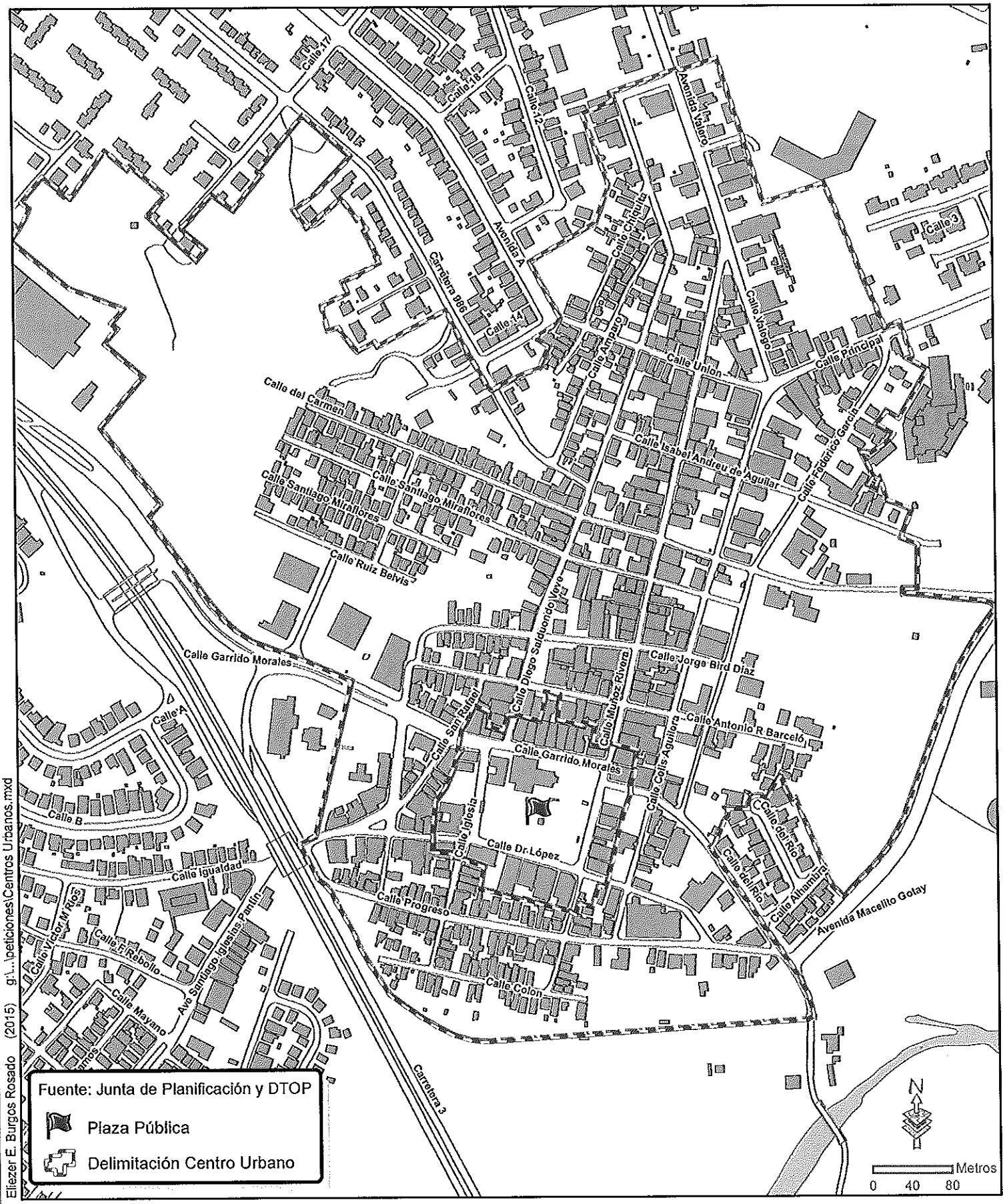

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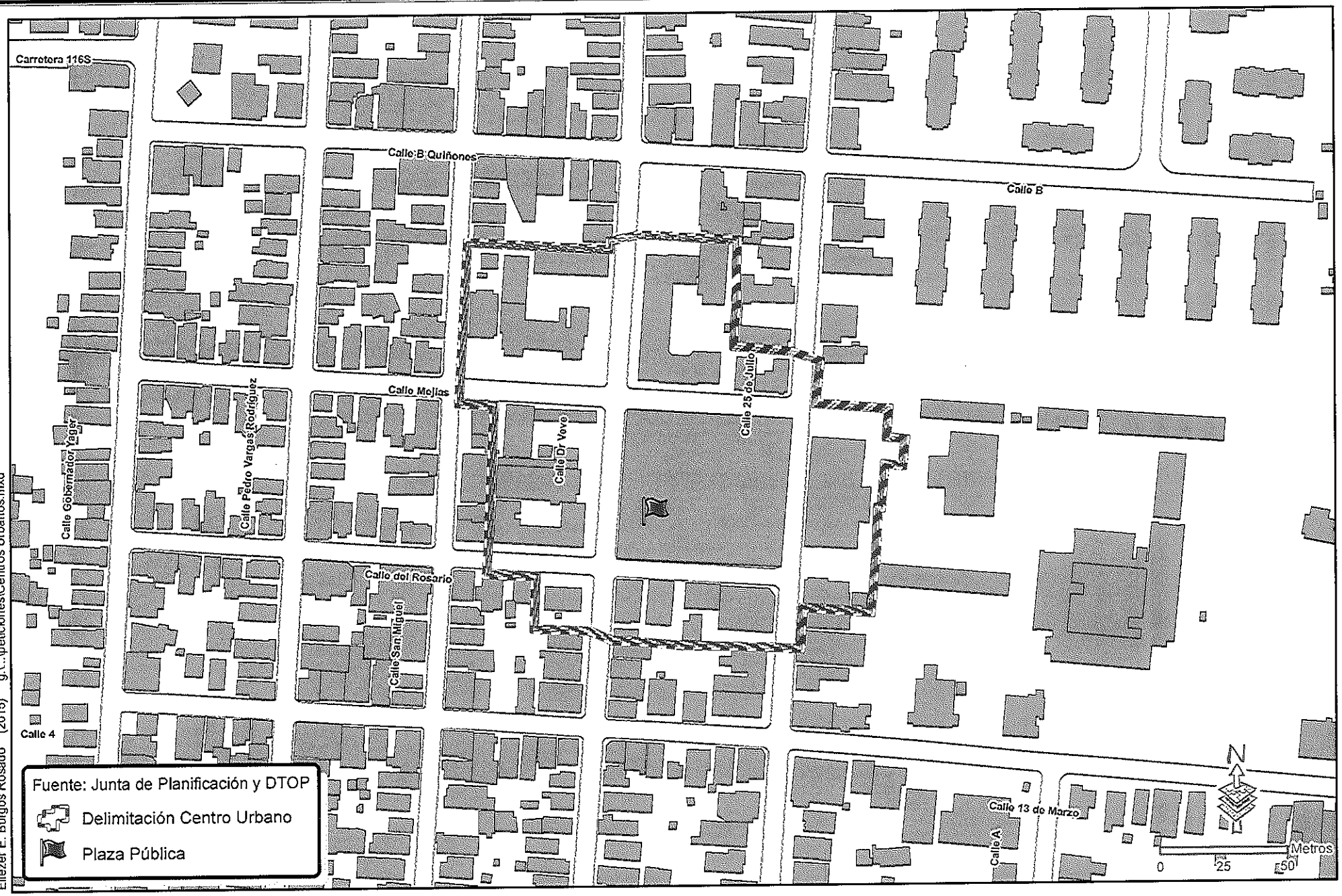

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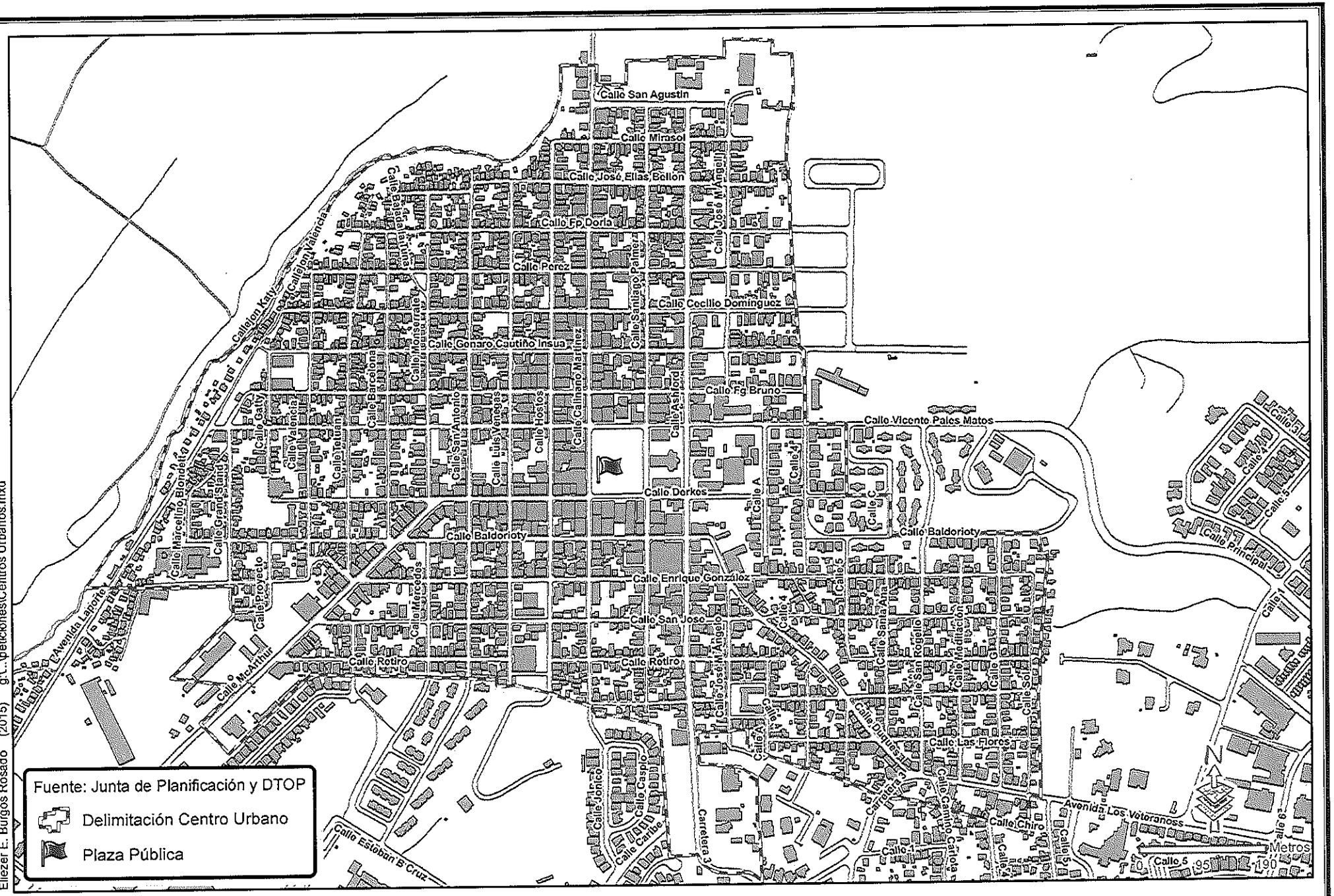

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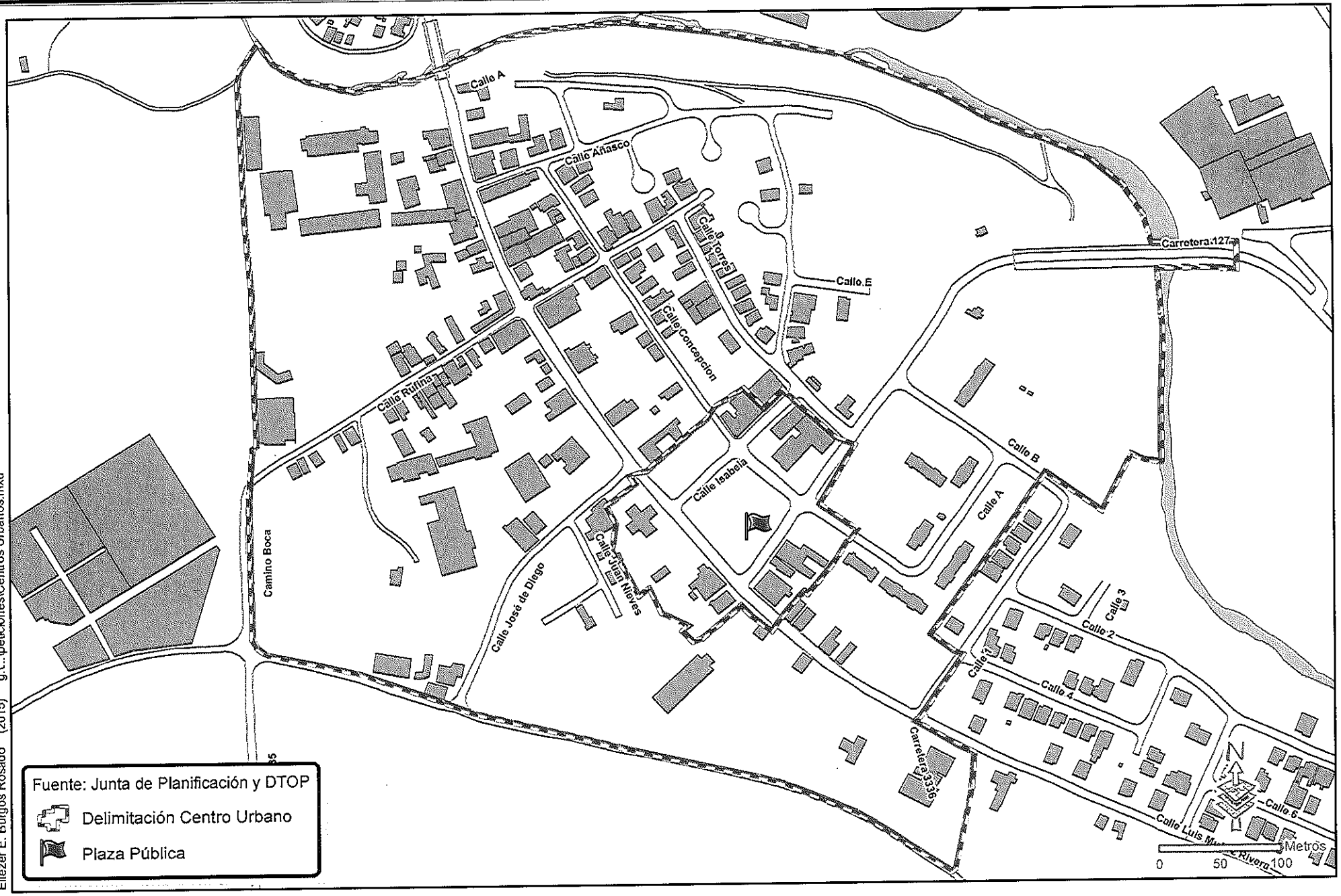

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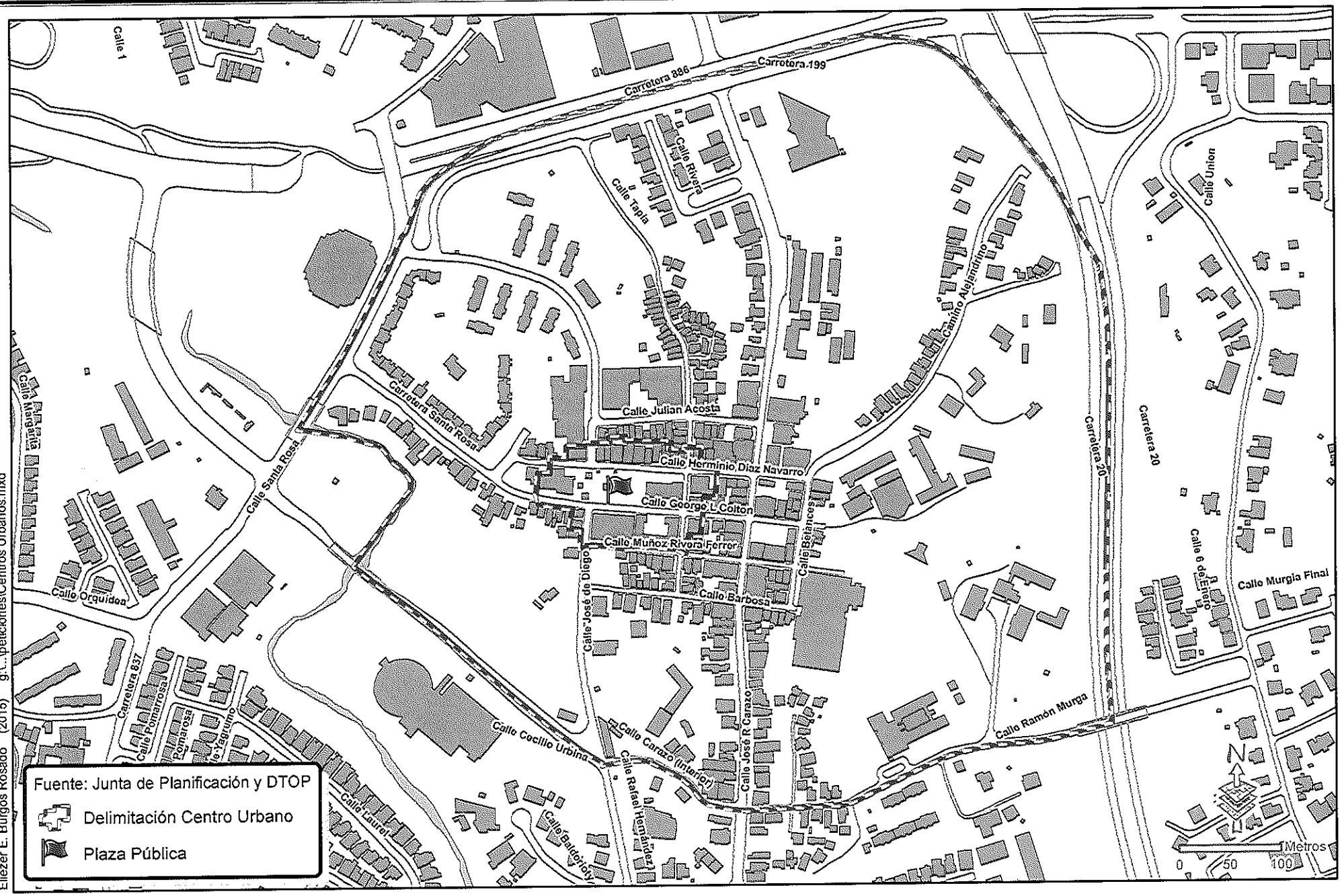

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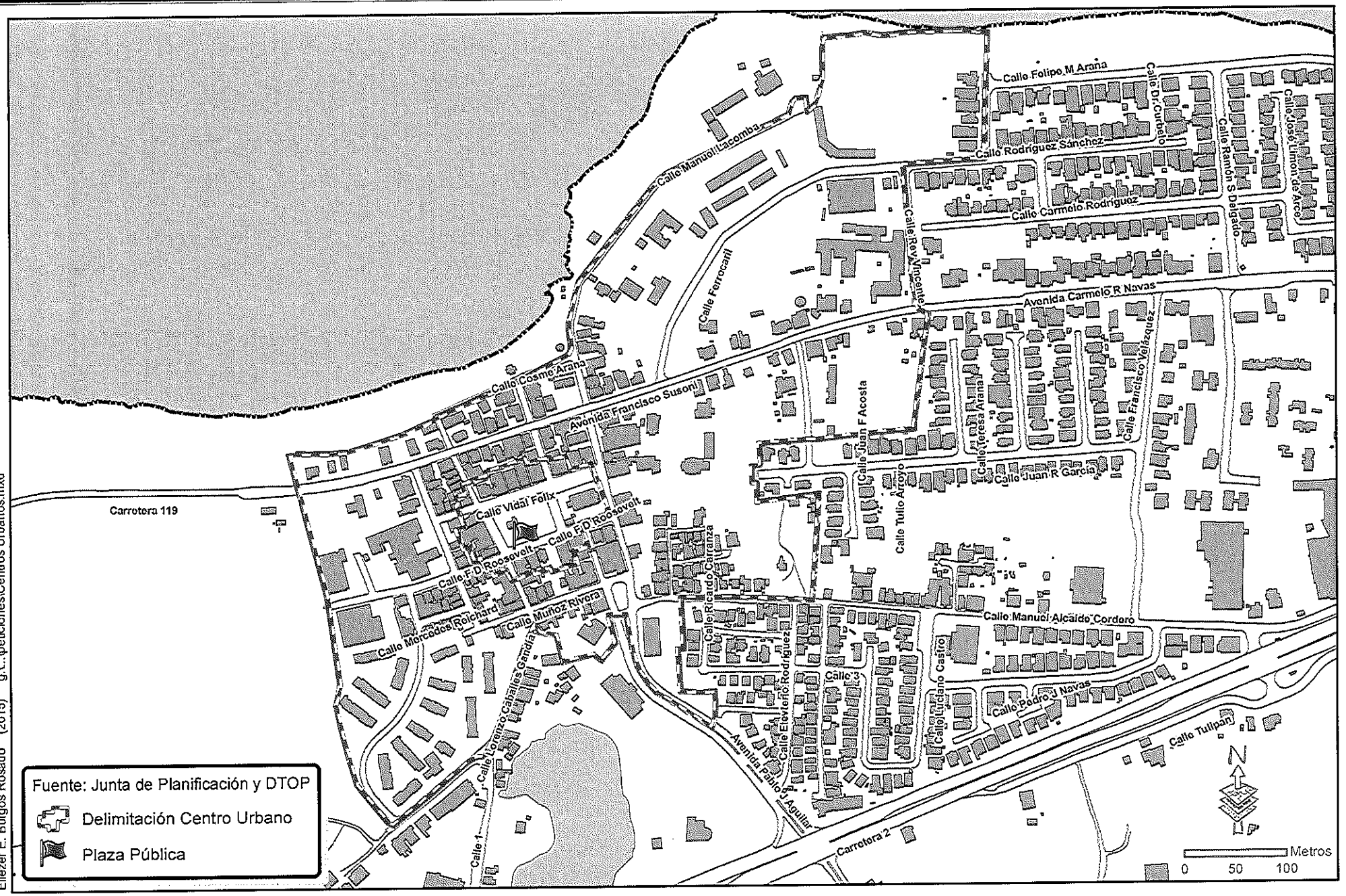

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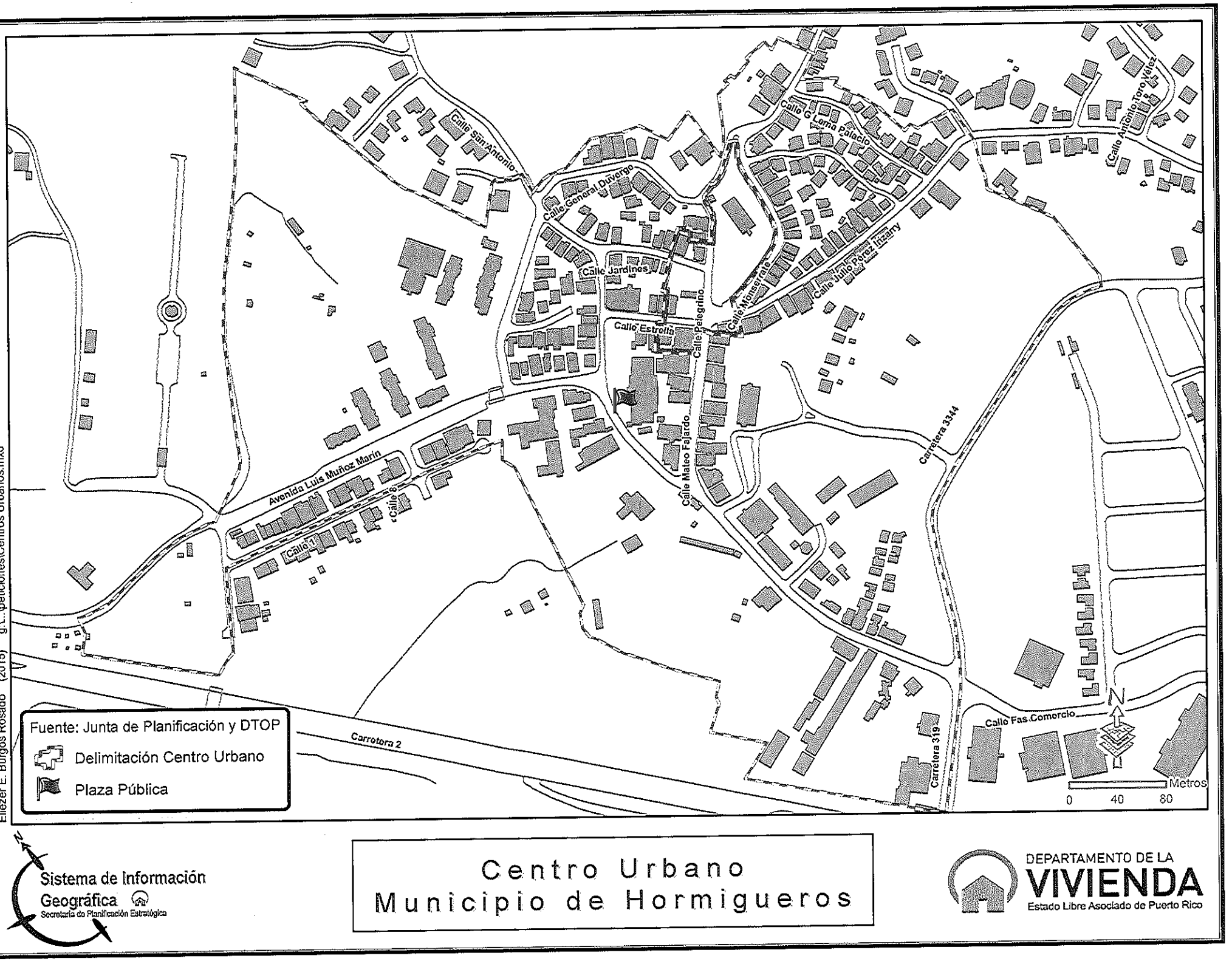

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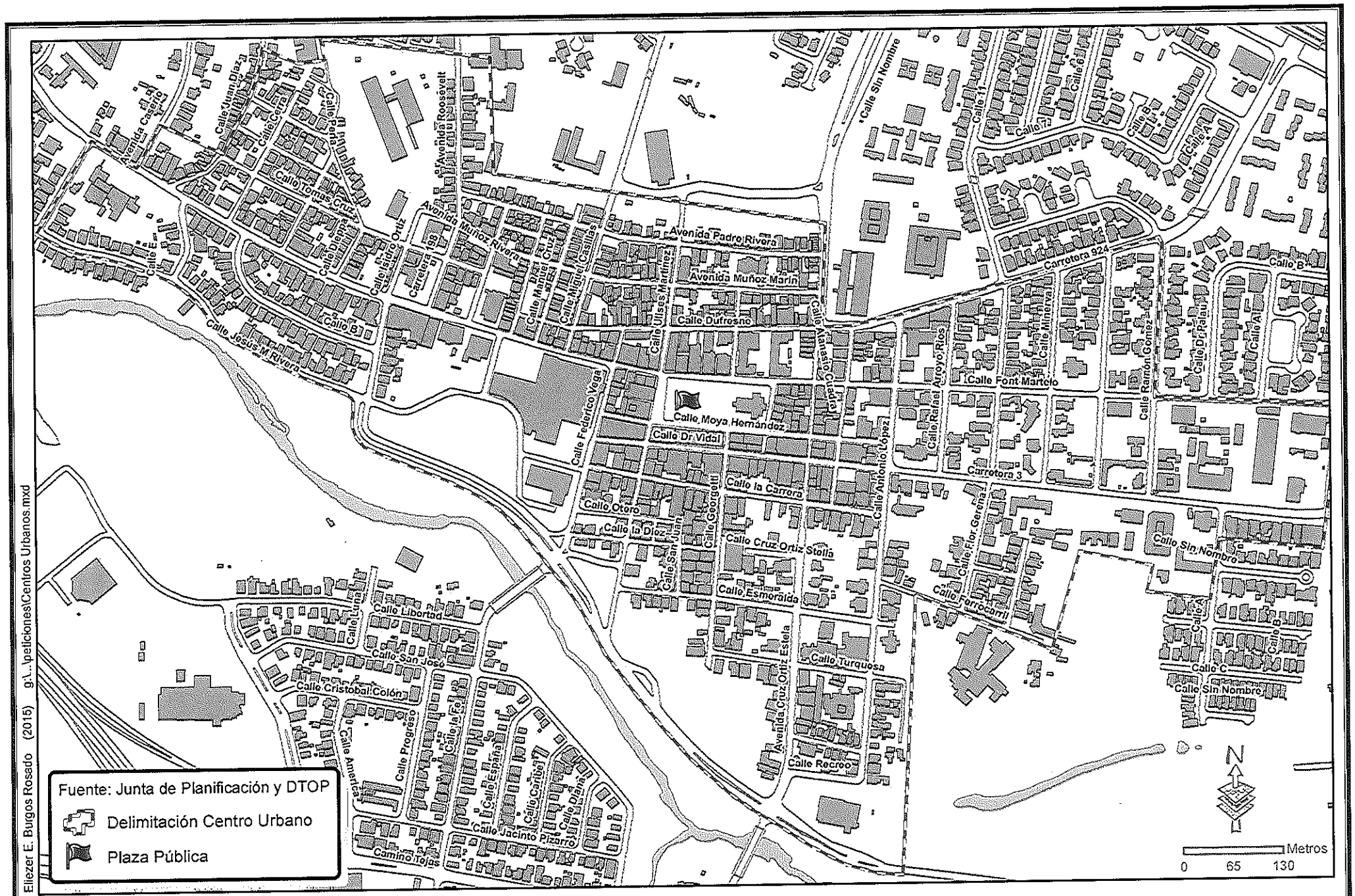

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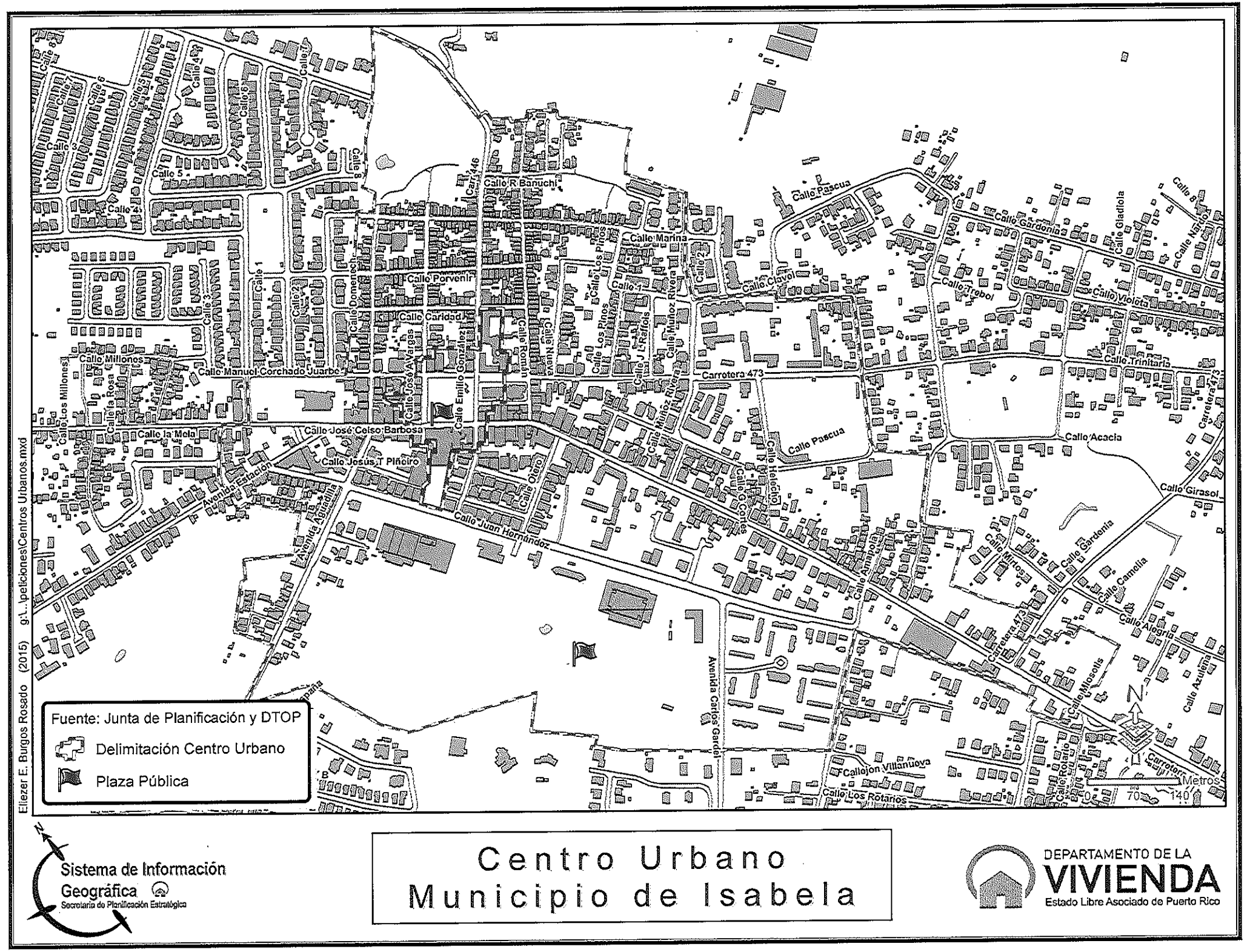
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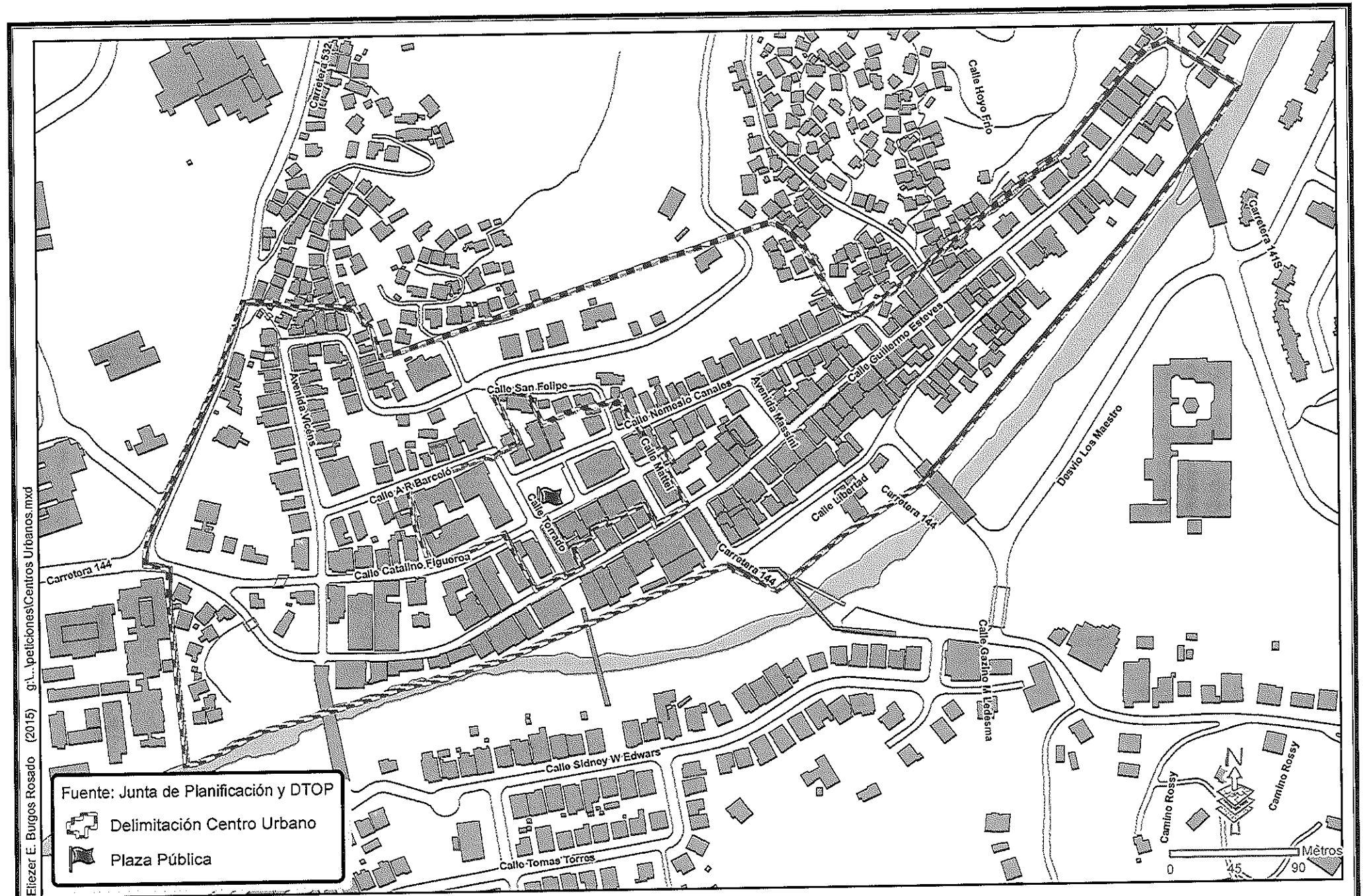
0
70
140
Carretera 473
Calle Pascua
Calle Marina
Calle Clavel
Calle Trébol
Calle Violeta
Calle Trinitaria
Calle Acacia
Calle Girasol
Calle Gardenia
Calle Camelia
Calle Alegría
Calle Azucena
Calle Mirtos
Calle Milsoils
Calle Los Rotarios
Callejon Villanueva
Avenida Carlos Gardel
Calle Juan Hernández
Calle José Celso Barbosa
Calle Jesús T Piñero
Calle la Mola
Calle Manuel Corchado Juarbe
Calle Millones
Calle Los Millones
Calle Caridad
Calle Porvenir
Calle R Banuchi
Carr 446
Calle Emilio González
Calle José A Vargas
Calle Muñoz Rivera
Calle Los Pinos
Calle Amapola
Calle Heliotropo
Calle Otero
Avenida Estación
Avenida Aguadilla



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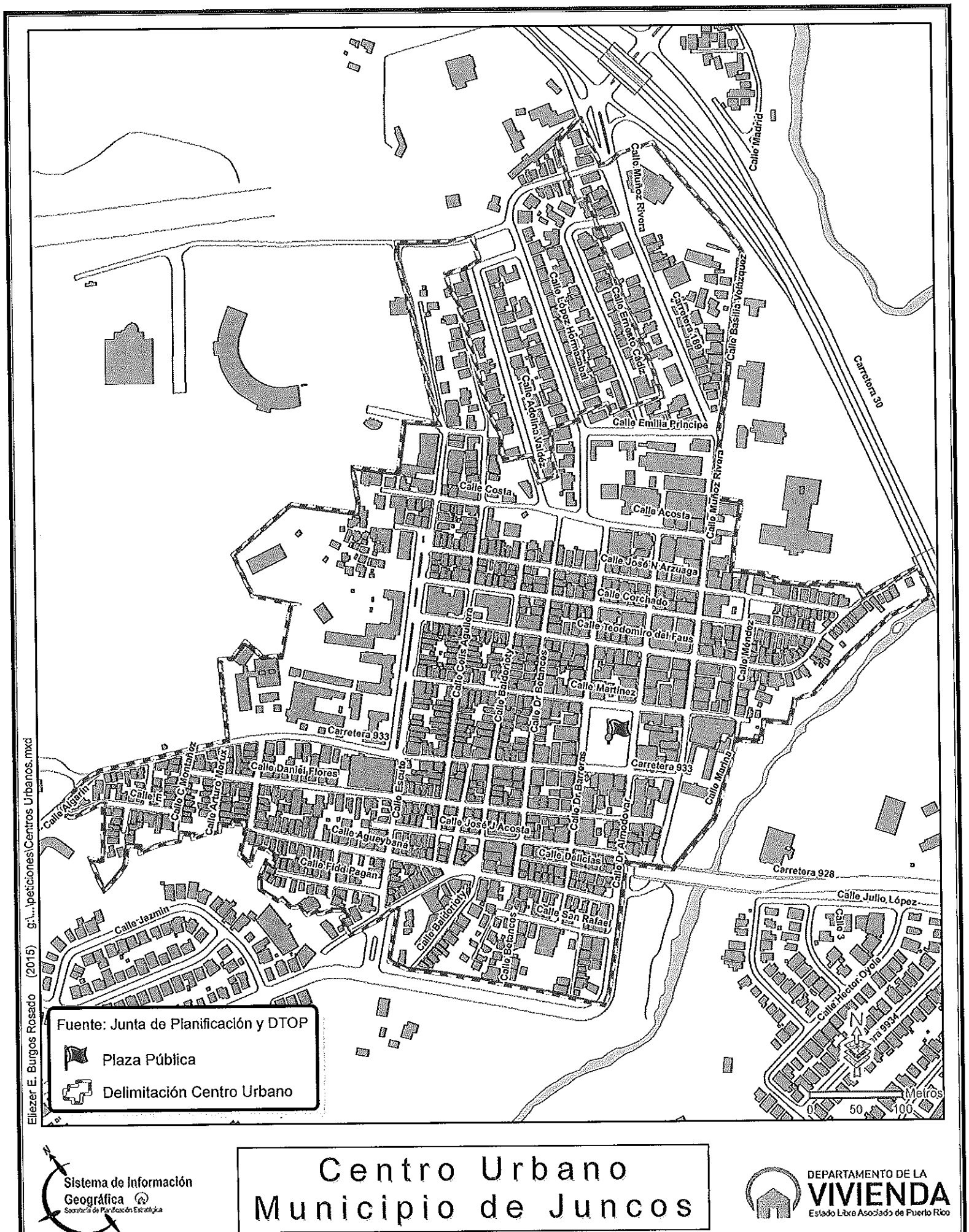
Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano
Municipio de Jayuya

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico


Calle Madrid
Calle Muñoz Rivera
Calle Basilia Velázquez
Carretera 189
Carretera 30
Calle López Hernández
Calle Ernesto Cádiz
Calle Adelina Valdéz
Calle Emilia Príncipe
Calle Costa
Calle Acosta
Calle José N. Arzuaga
Calle Corchado
Calle Teodomiro dal Faus
Calle Mendoz
Calle Martínez
Calle Dr. Botances
Calle Baldorioty
Calle Luis Aguilón
Carretera 933
Calle Daniel Flores
Calle Arturo Morus
Calle Montañez
Calle Algarín
Calle Agueybaná
Calle José J. Acosta
Calle Fidal Pagán
Calle Delicias
Calle Dr. Barreras
Calle Almodóvar
Calle Marina
Carretera 928
Calle Julio López
Calle Jazmín
Calle San Rafael
Calle Héctor Oyola
Calle 3
Carretera 934
Fuente: Junta de Planificación y DTOP
Plaza Pública
Delimitación Centro Urbano
Metros
0
50
100
N
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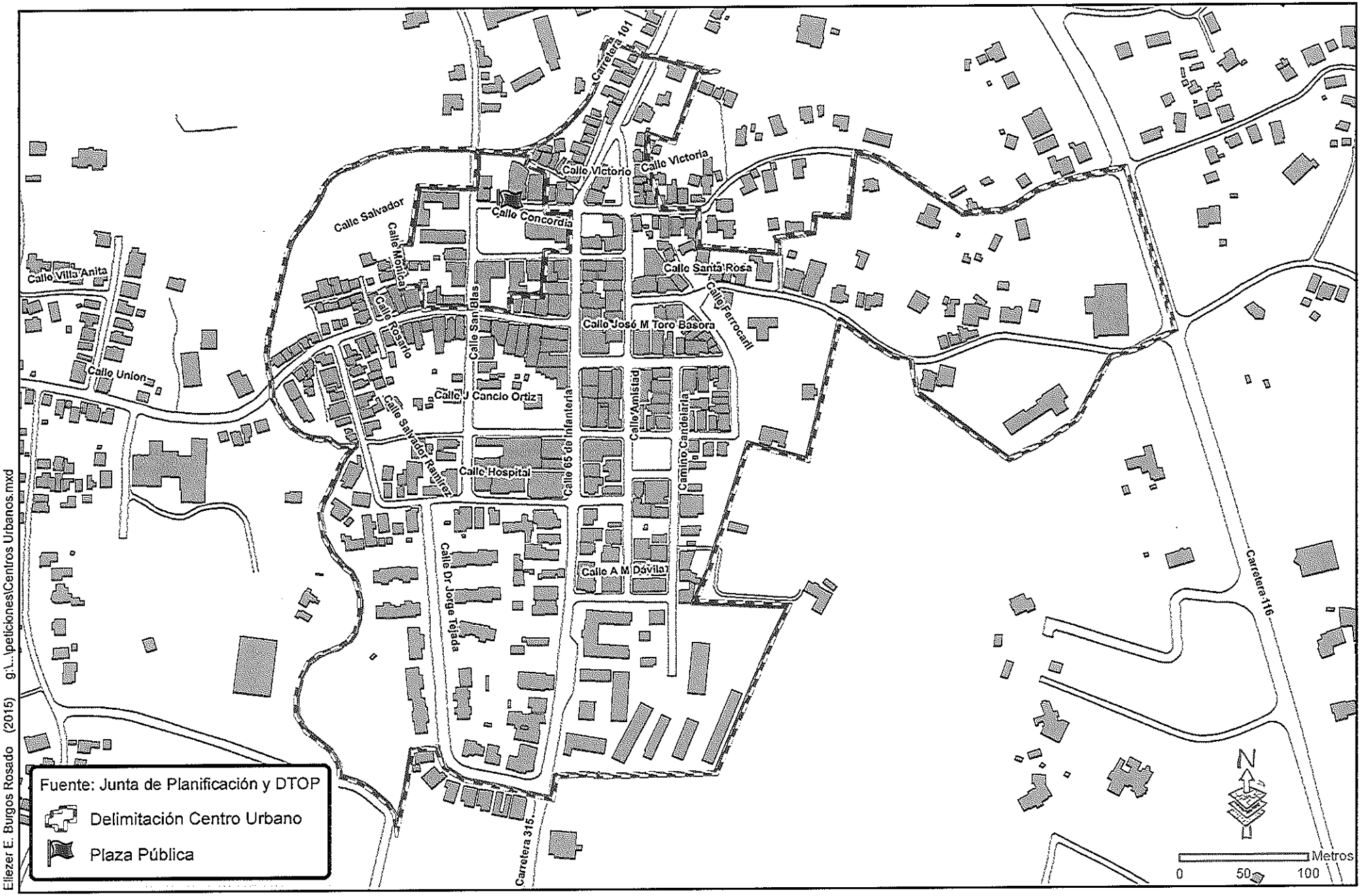
Sistema de Información Geográfica
Secretaría de Planificación Estratégica
Centro Urbano
Municipio de Juncos
DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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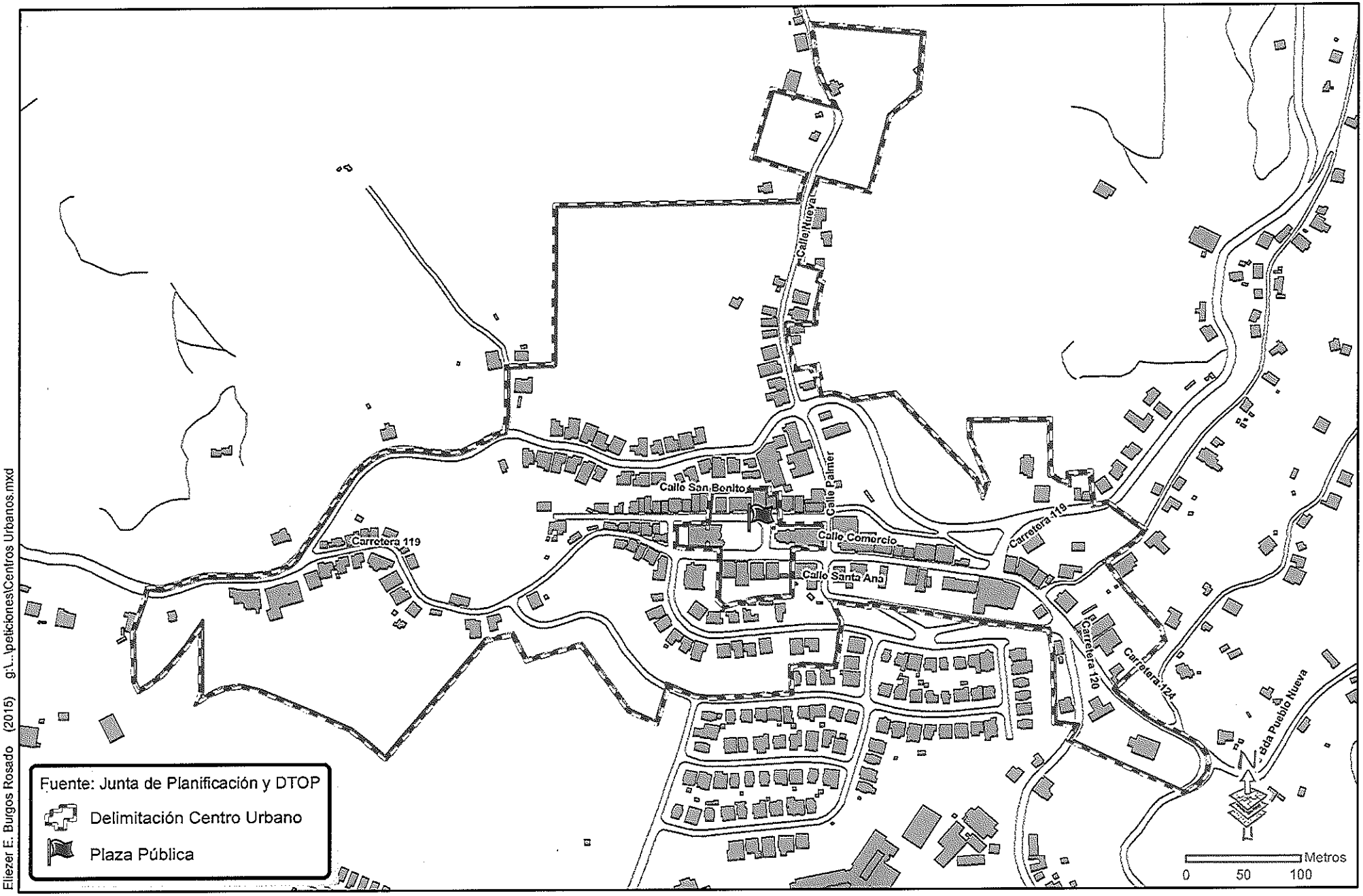
Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano
Municipio de Lajas

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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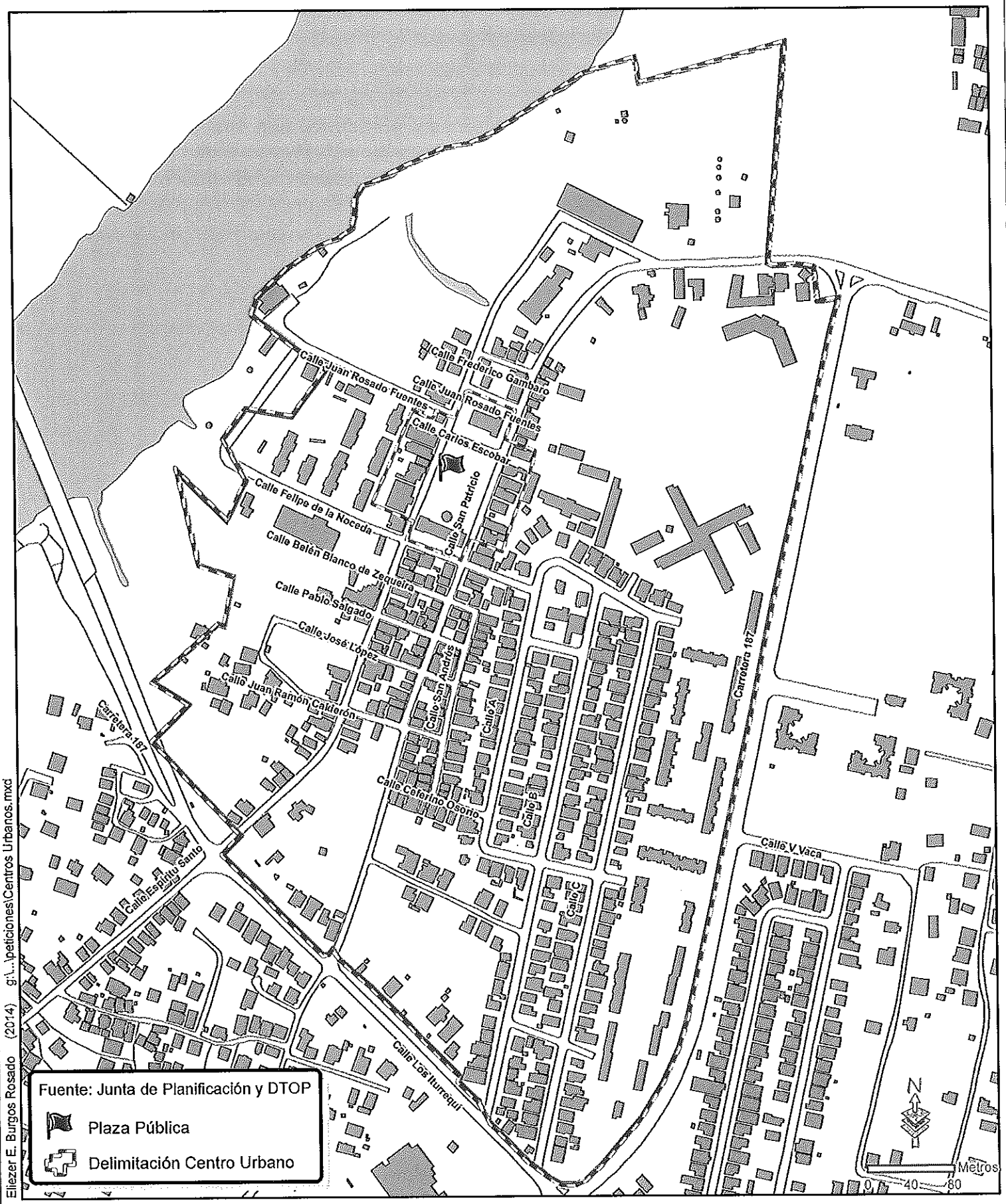
Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano
Municipio de Las Marías

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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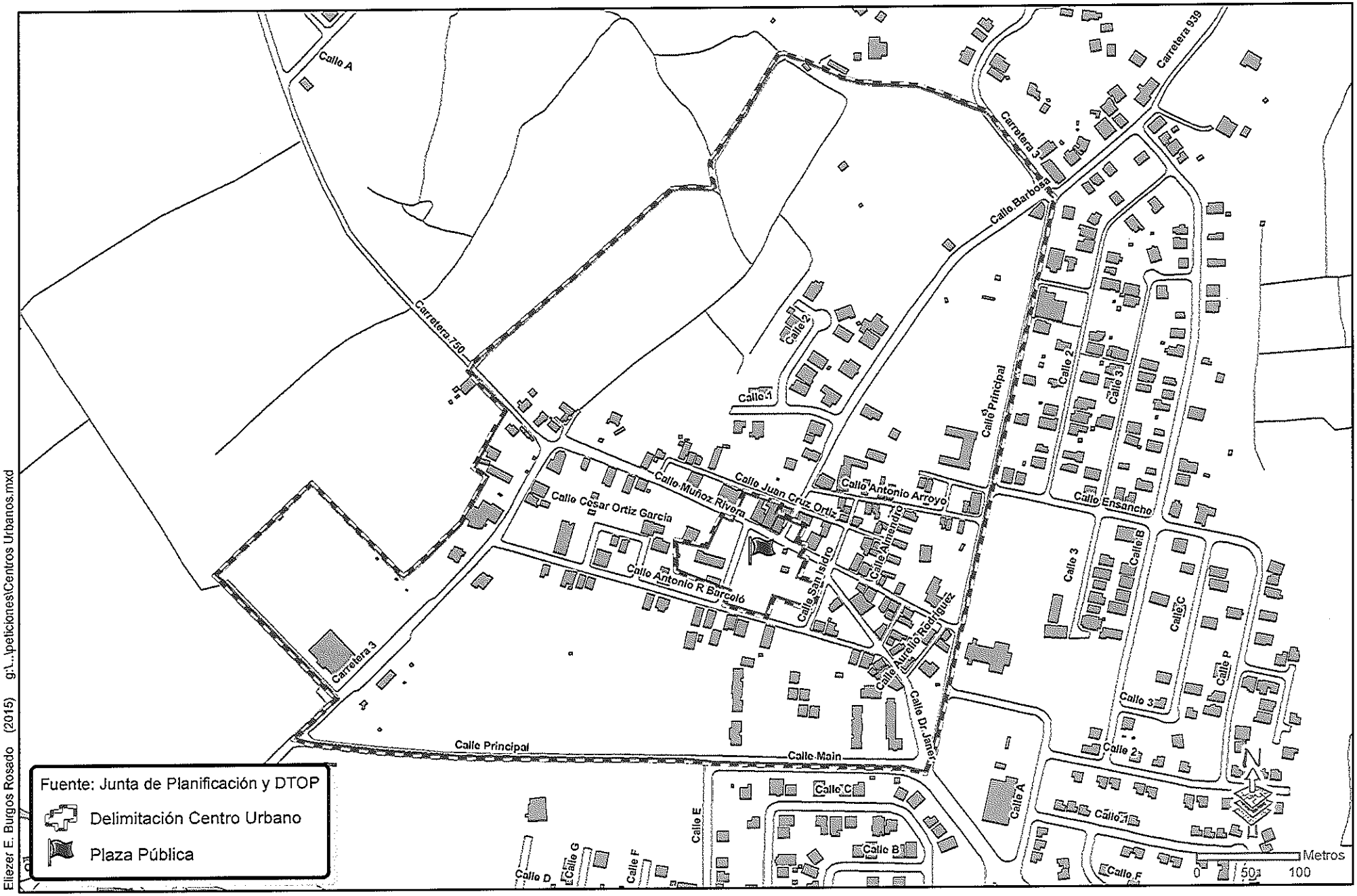
Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano Municipio de Loiza

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano
Municipio de Maunabo

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico


Fuente: Junta de Planificación y DTOP
Delimitación Centro Urbano
Plaza Pública
Metros
0
100
200
Carretera 2 (Spur)
Carretera 65
Carretera 108
Calle Aduana
Calle Union
Calle Joy Clemente
Calle Echague
Calle Dr Vevo
Calle Marina
Calle Ramirez de Arellano
Calle Enrique Franco
Calle Carmelo Martinez
Calle Brazil
Calle Cristy
Calle M Pasajo Arroyo
Calle M Columbus
Calle M Columbus Landing
Calle Mirmar
Calle Romaguera
Calle Dr Vadi
Ave Eugenio Maria de Hostos
Calle Santa Teresita
Calle Archilla Cabrera
Calle Principe
Calle Conde
Calle Reinampagos
Calle Delicias
Calle Desonganho
Calle Aguila
Calle Leon
Calle Pablo Casals
Calle Pilar Delfino
Calle Eduardo Riera
Calle Virginia
Calle Sevilla
Calle Valencia
Calle Post
Calle Dr Basora
Calle Peral
Calle del Rio
Calle Morell Campos
Calle Pablo Maiz
Calle la Palmita
Calle Dr Escabi
Calle Dr Lassise
Calle Dr Pedro Perea
Calle Forestier
Calle Botanees
Calle la Paz
Calle Martinez Nadal
Calle Estrella
Calle Balboa
Calle Manuel Corchado
Calle Coronel Corchado
Calle Manuel Gimeno
Calle McKinley
Calle Ernesto Ramos Antonini
Calle Sol
Calle Santiago R Palmer
Calle Boringuen
Calle San Vicente
Calle Mariano Abril
Calle Santo Tomas
Calle Santiago Ruiz
Calle F D Roosevelt
Calle Carmen
Calle Nenadich
Calle Gasparini
Calle Enrique Simonet
Calle Ja Gautier
Calle Charles E Foote
Calle Buena Vista
Calle Manantial
Calle San Antonio
Calle San Rafael
Calle San Ignacio
Calle Mineral
Calle Eugenio Cuevas
Calle Luis Llorens Torres
Calle San Juan
Calle Cuevana
Calle Simon Carbo
Calle San Miguel
Calle San Felipe
Calle Concordia
Calle Tapia
Calle San Pablo
Calle Habana
Calle Jose Gautier
Calle Rolo
Calle Las Dalias
Calle del Bosque
Calle Los Flamboyanes
Calle Las Acacias
Calle Los Robles
Calle Mendez Vigo
Calle Diego
Calle Ortiz
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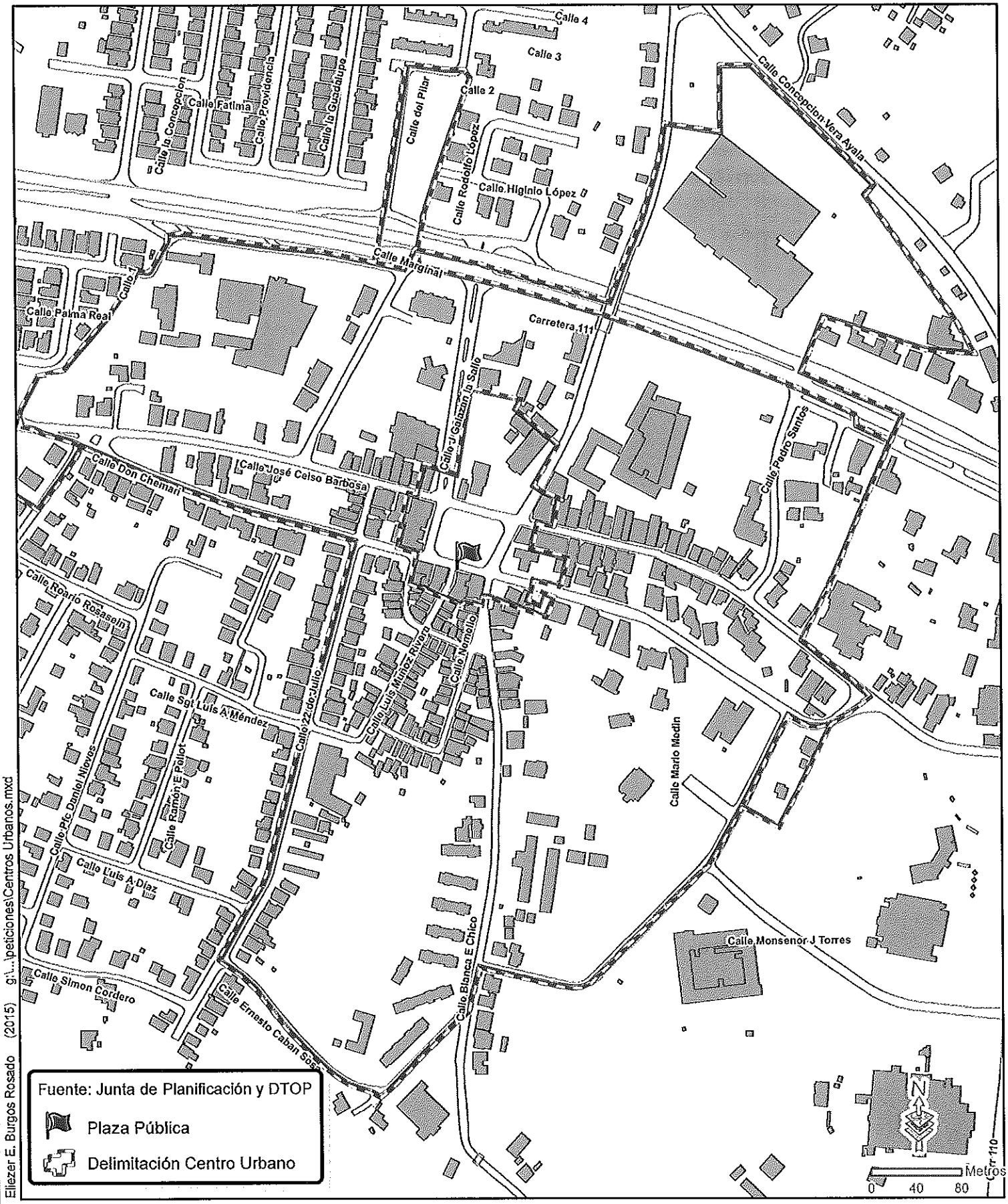
Calle Ramon Power



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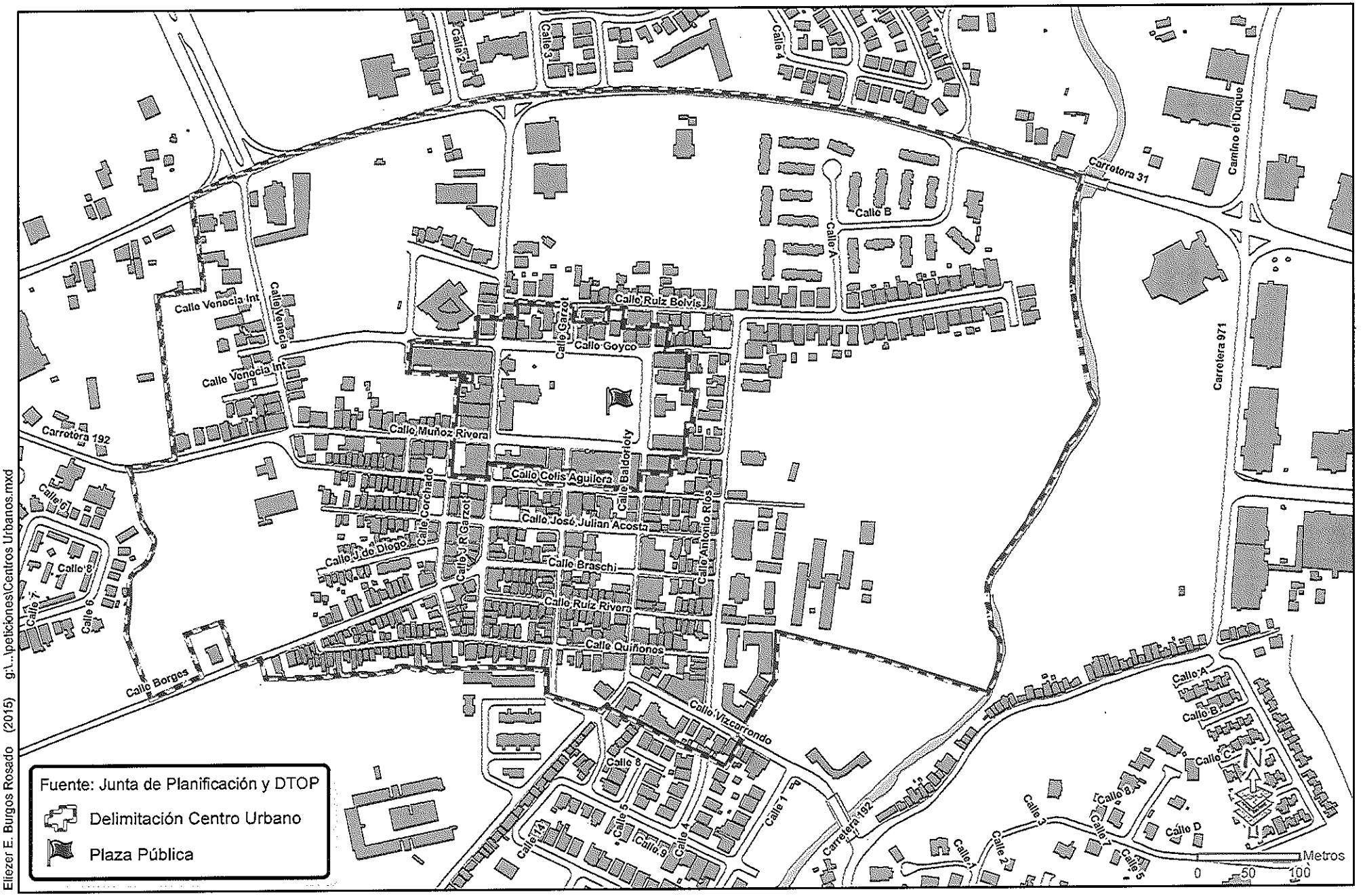
Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano Municipio de Moca

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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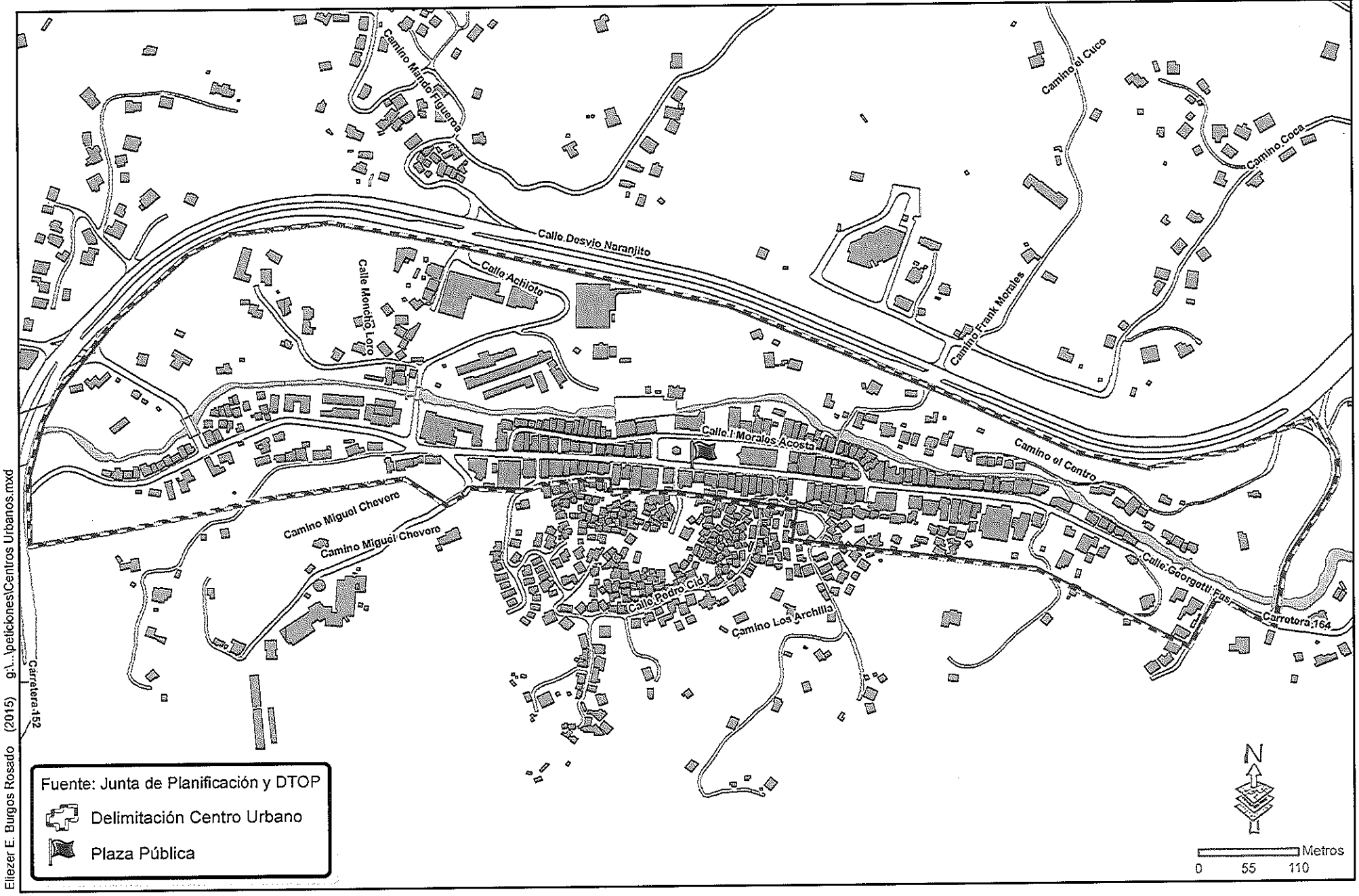
Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano
Municipio de Naguabo

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano
Municipio de Naranjito

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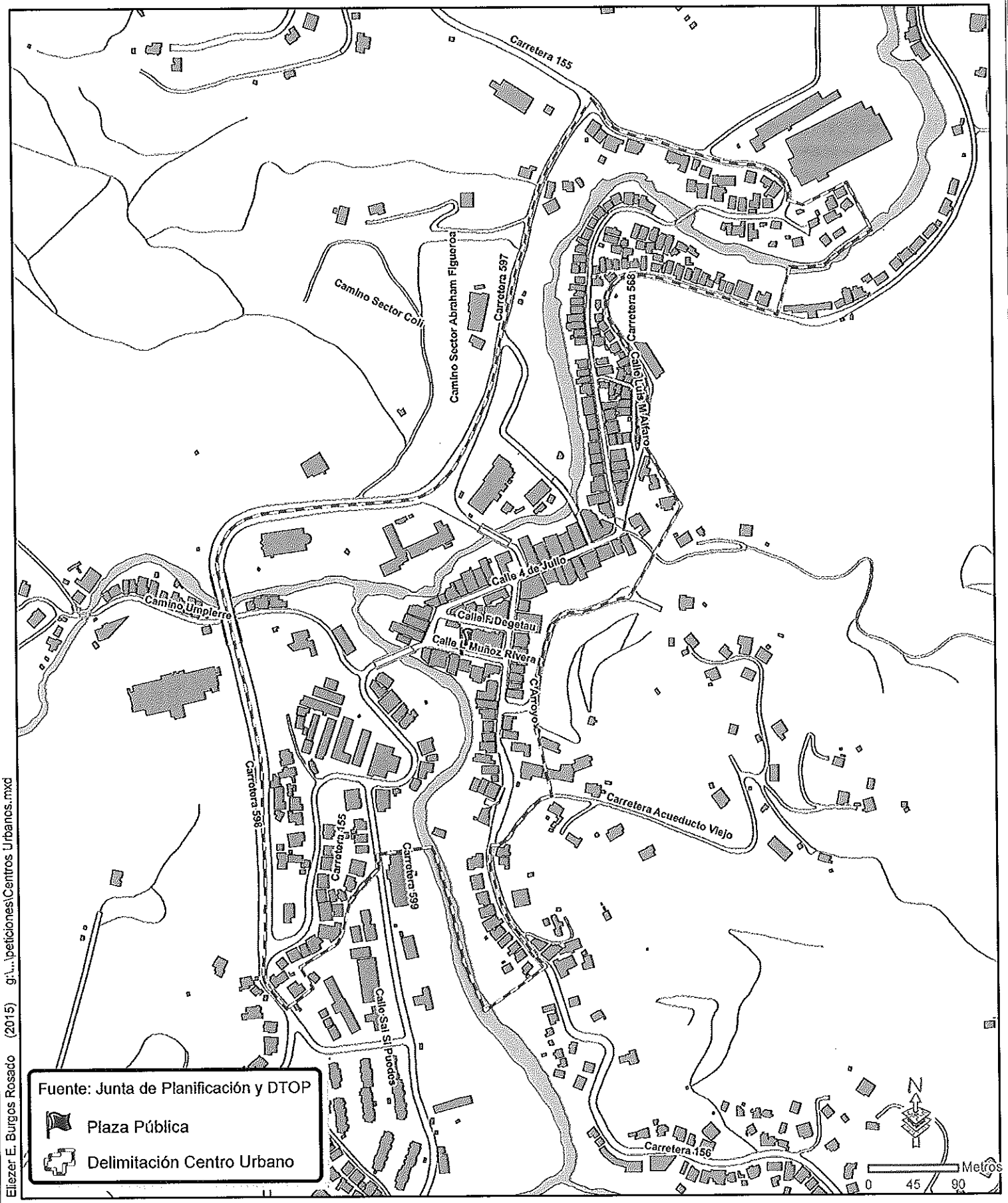
Estado Libre Asociado de Puerto Rico



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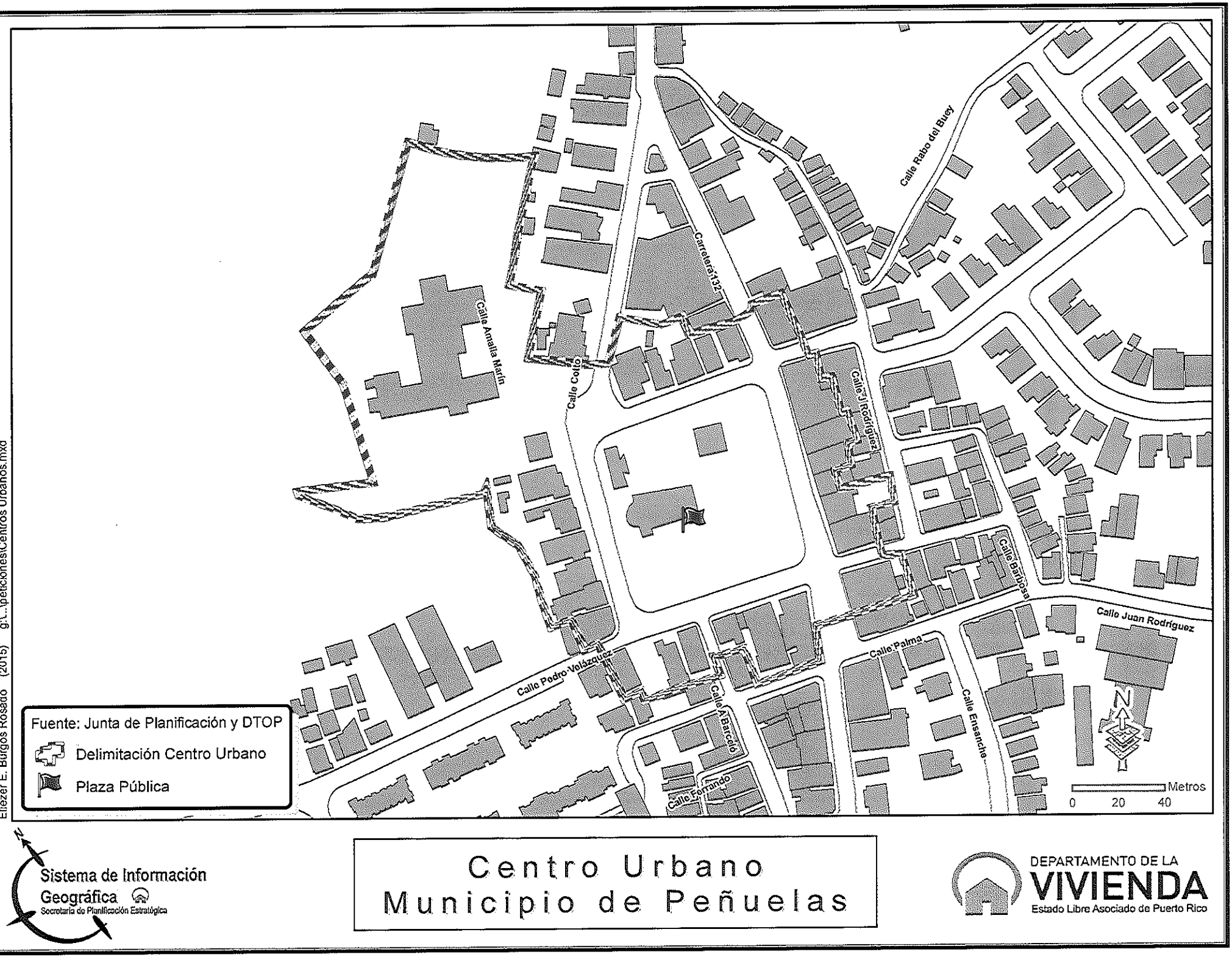
Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano Municipio de Orocovis

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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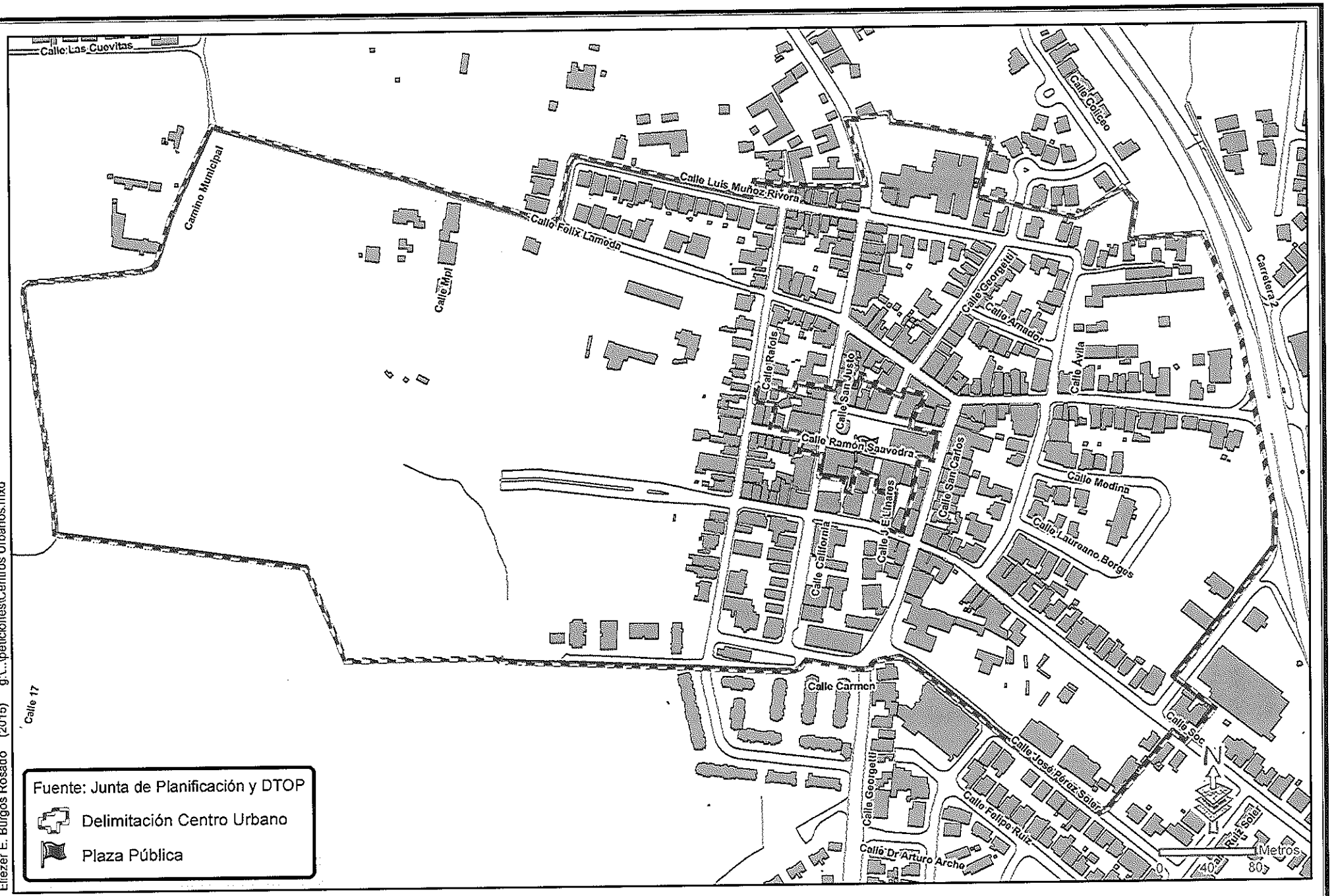
Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano
Municipio de Peñuelas

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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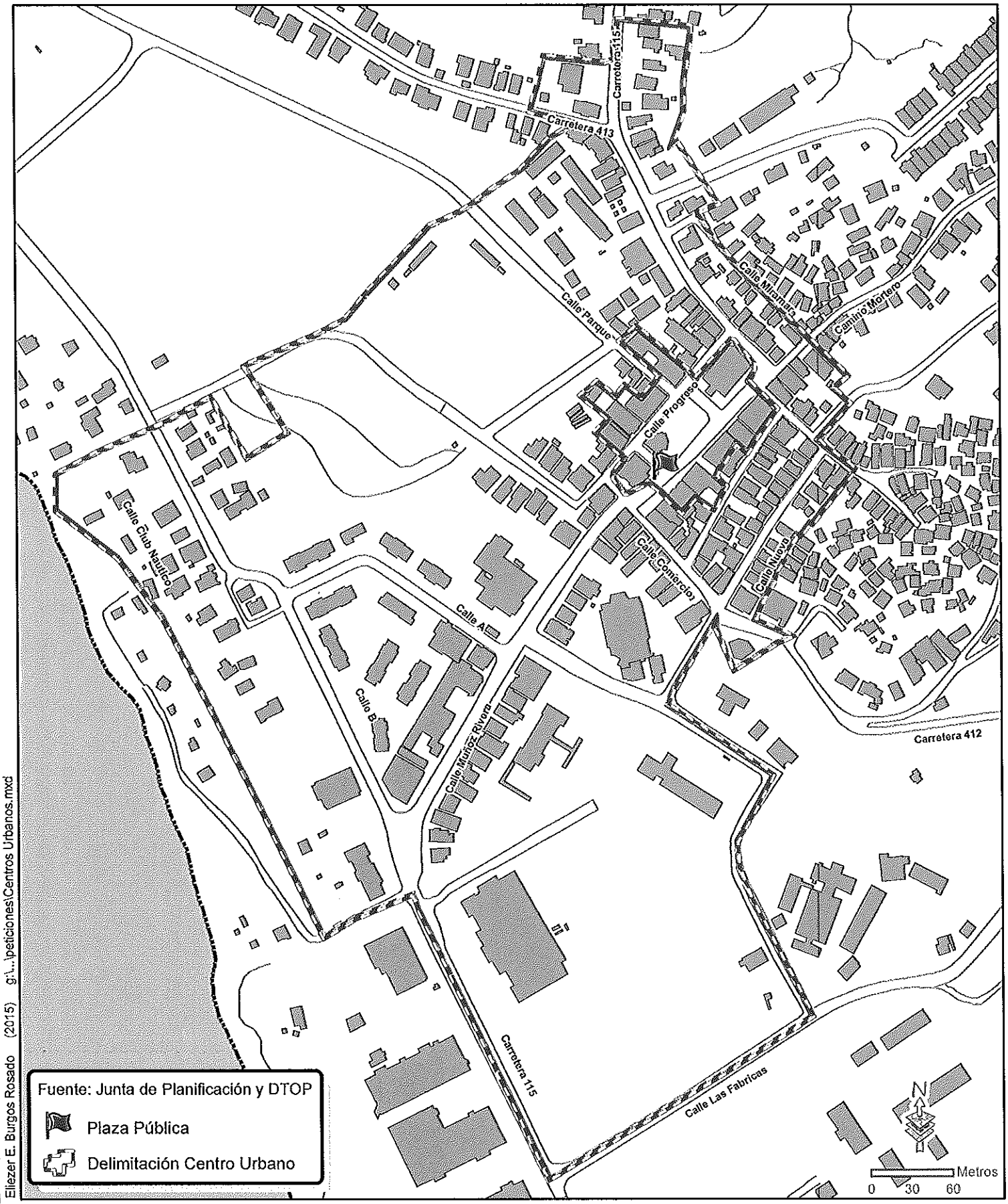
Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano
Municipio de Quebradillas

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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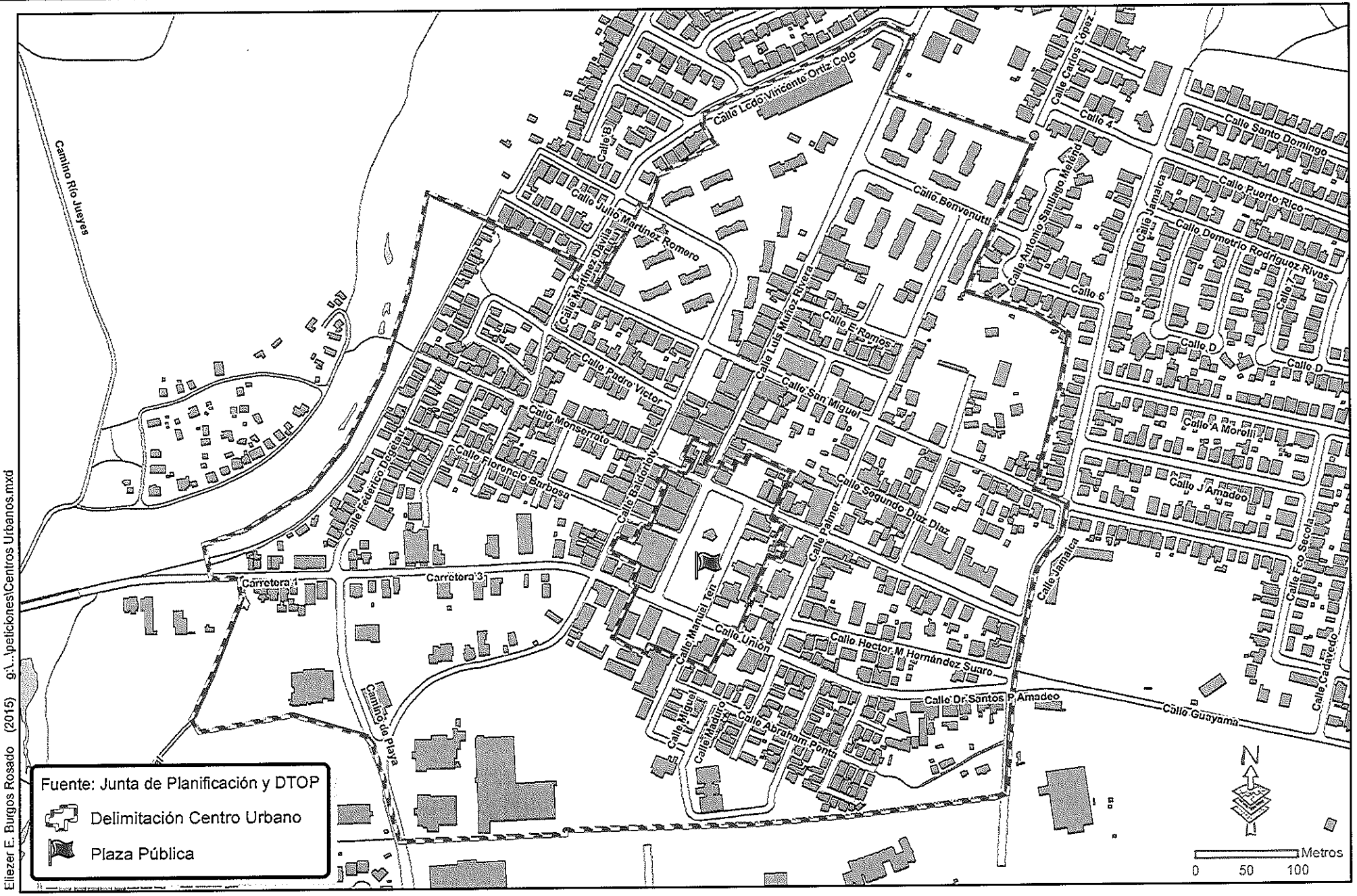
Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano Municipio de Rincón

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano
Municipio de Salinas

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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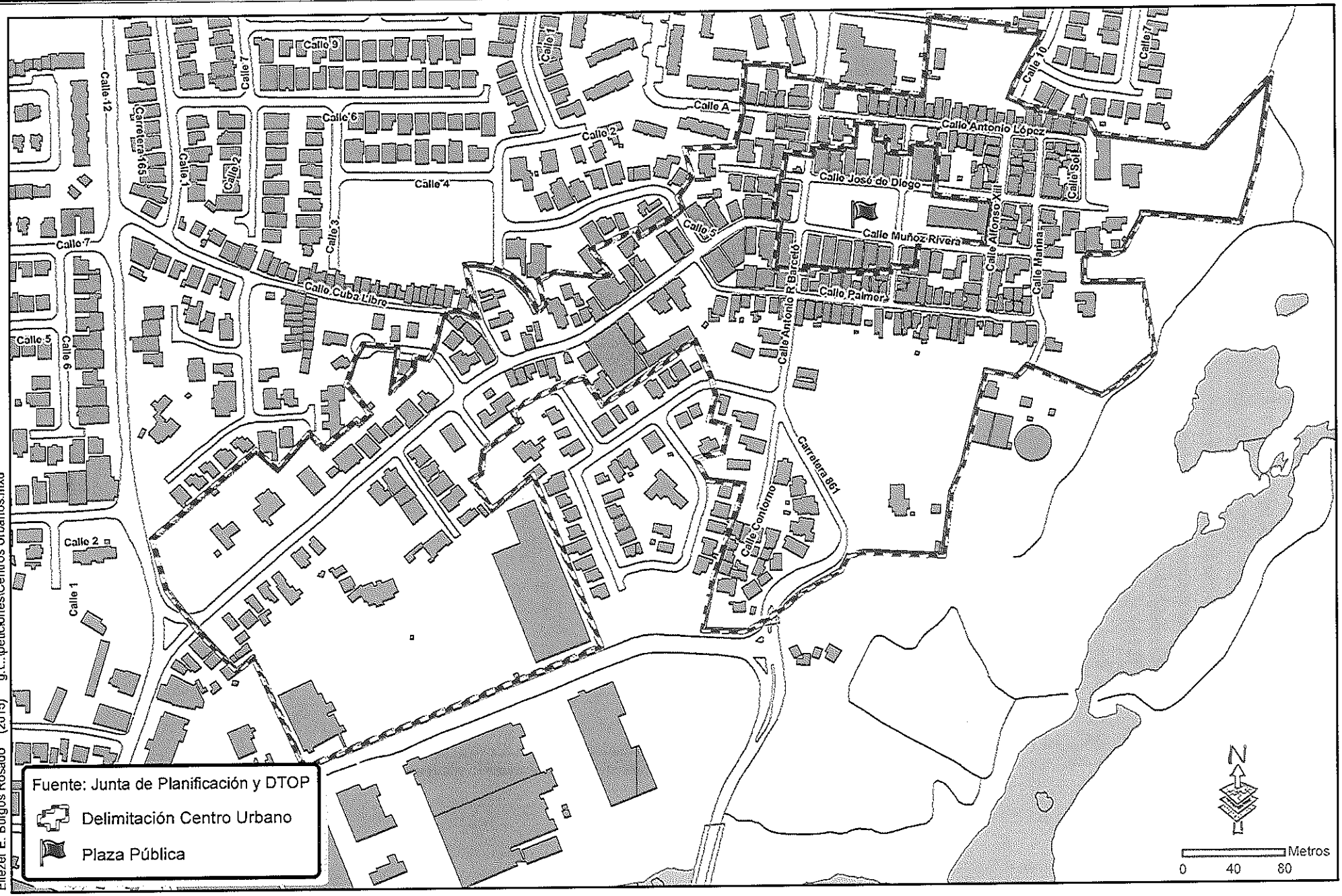
Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano
Municipio de San Sebastián

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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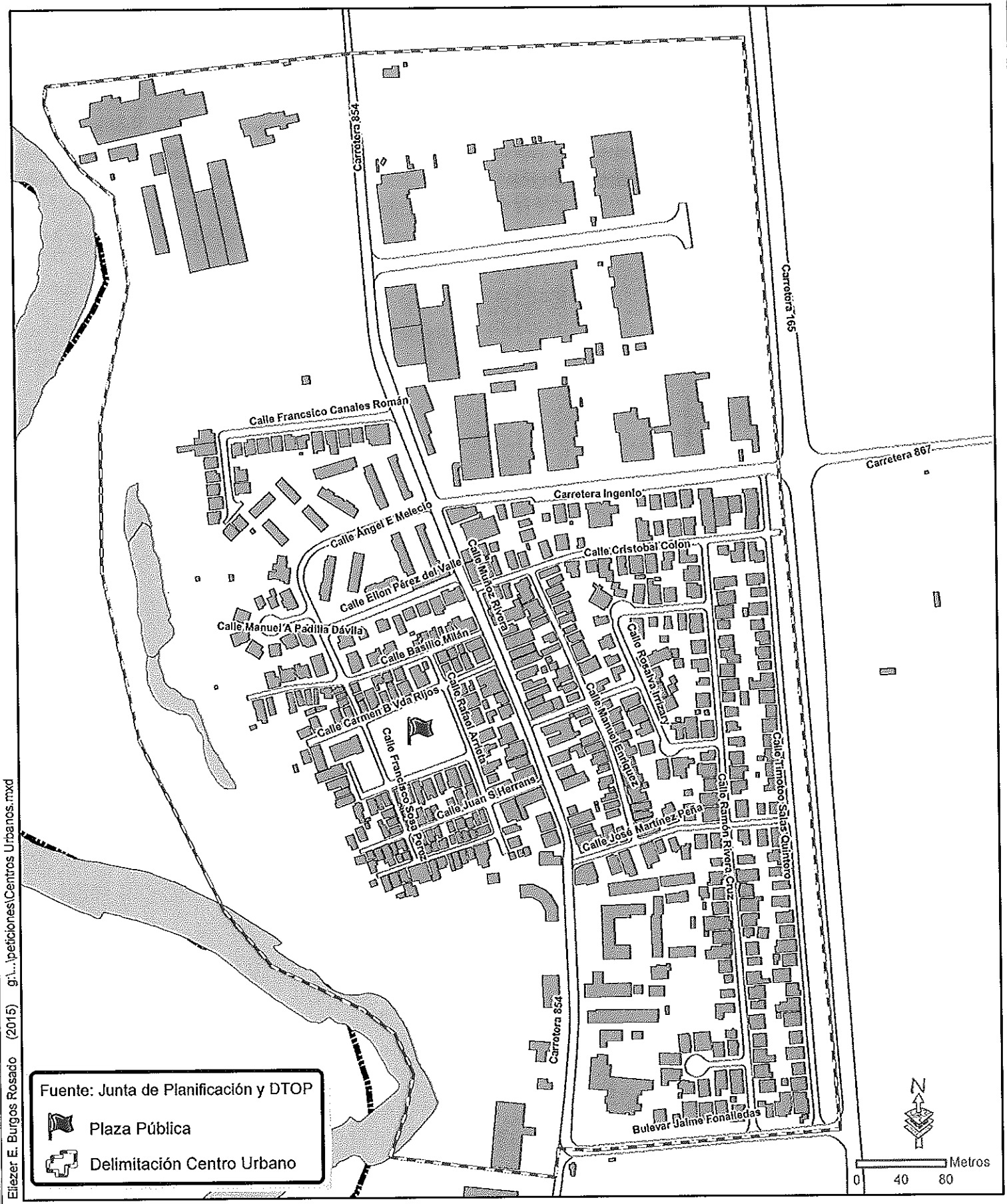
Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano
Municipio de Toa Alta

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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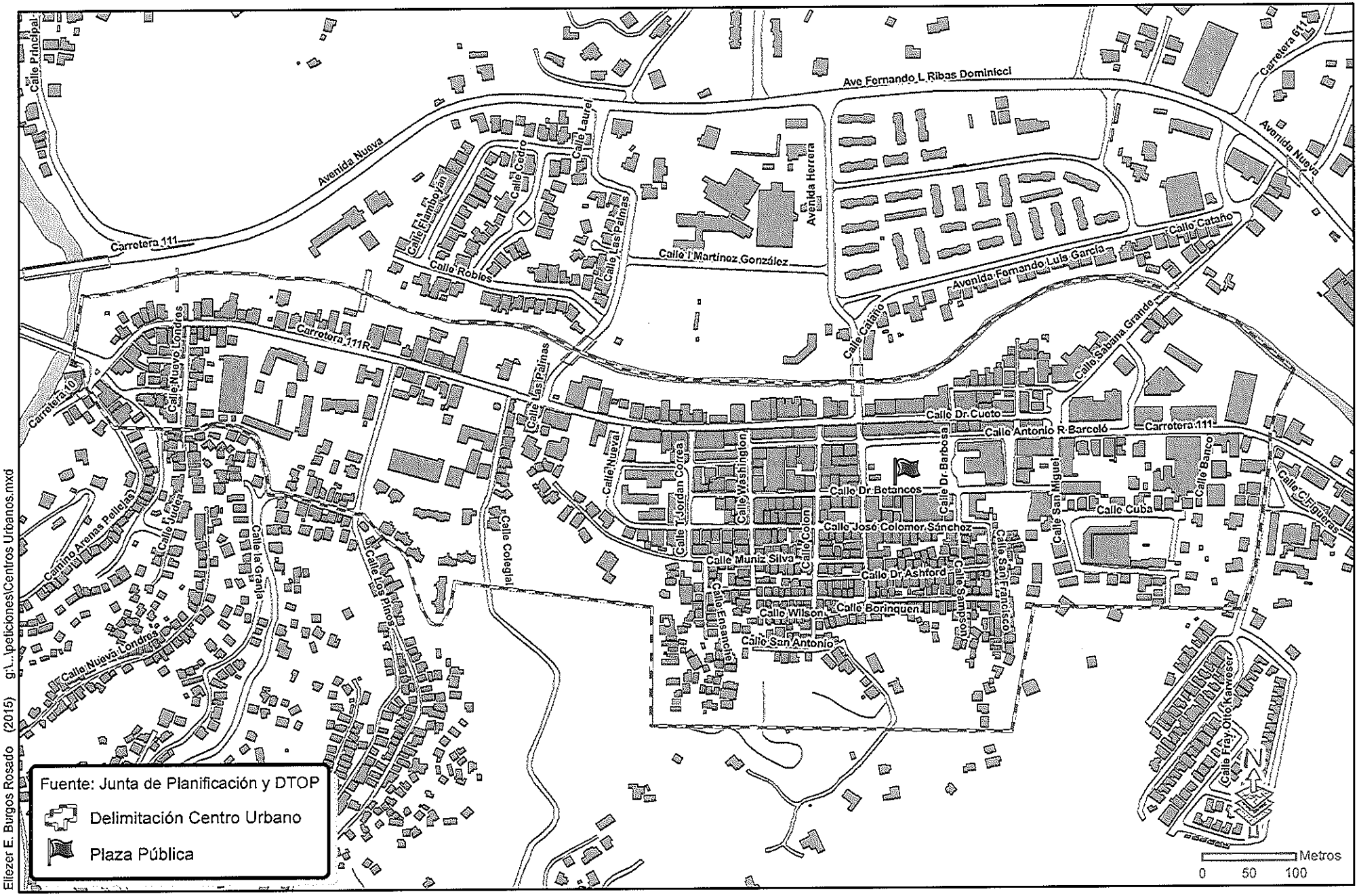
Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano Municipio de Toa Baja

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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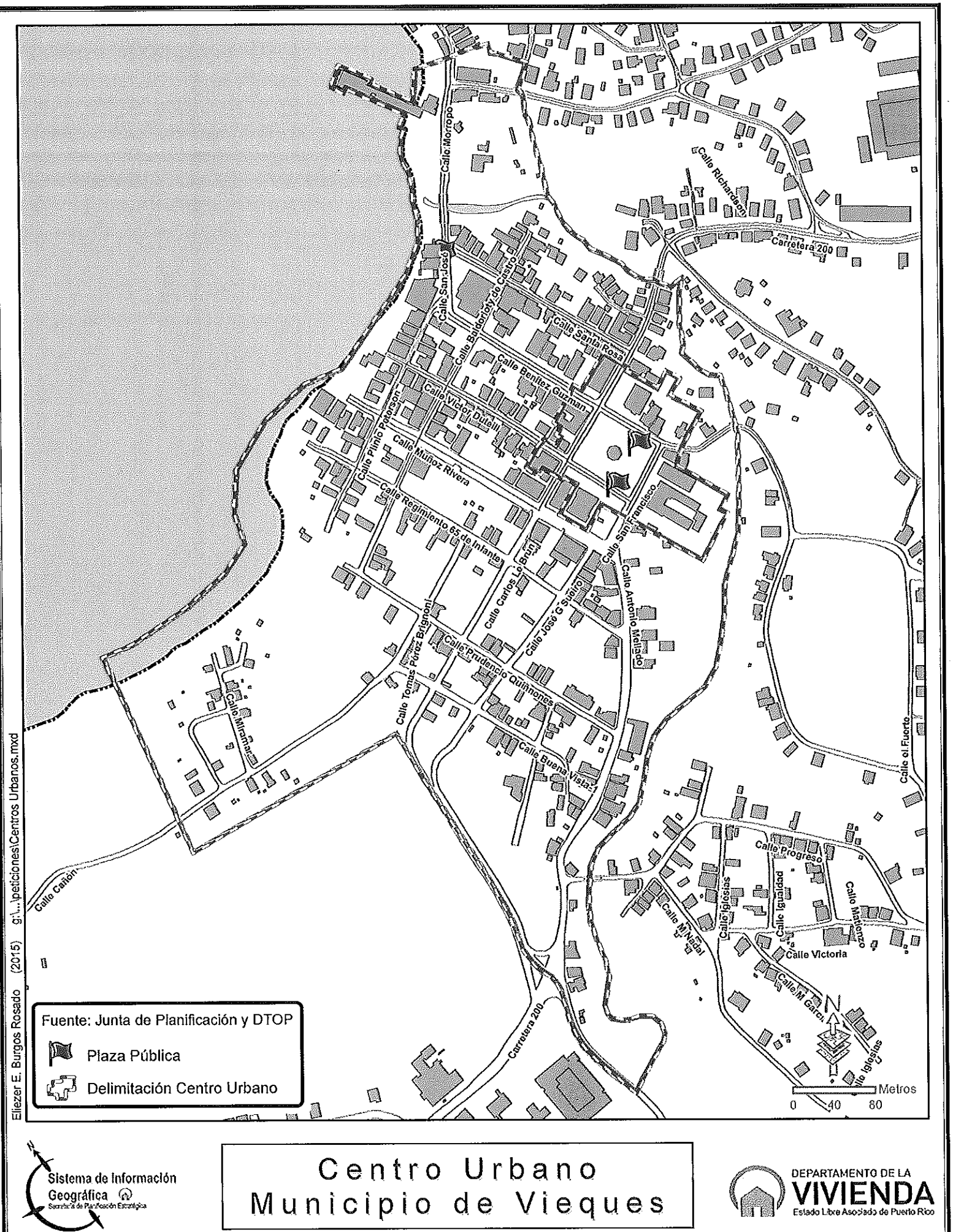
Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano
Municipio de Utuado

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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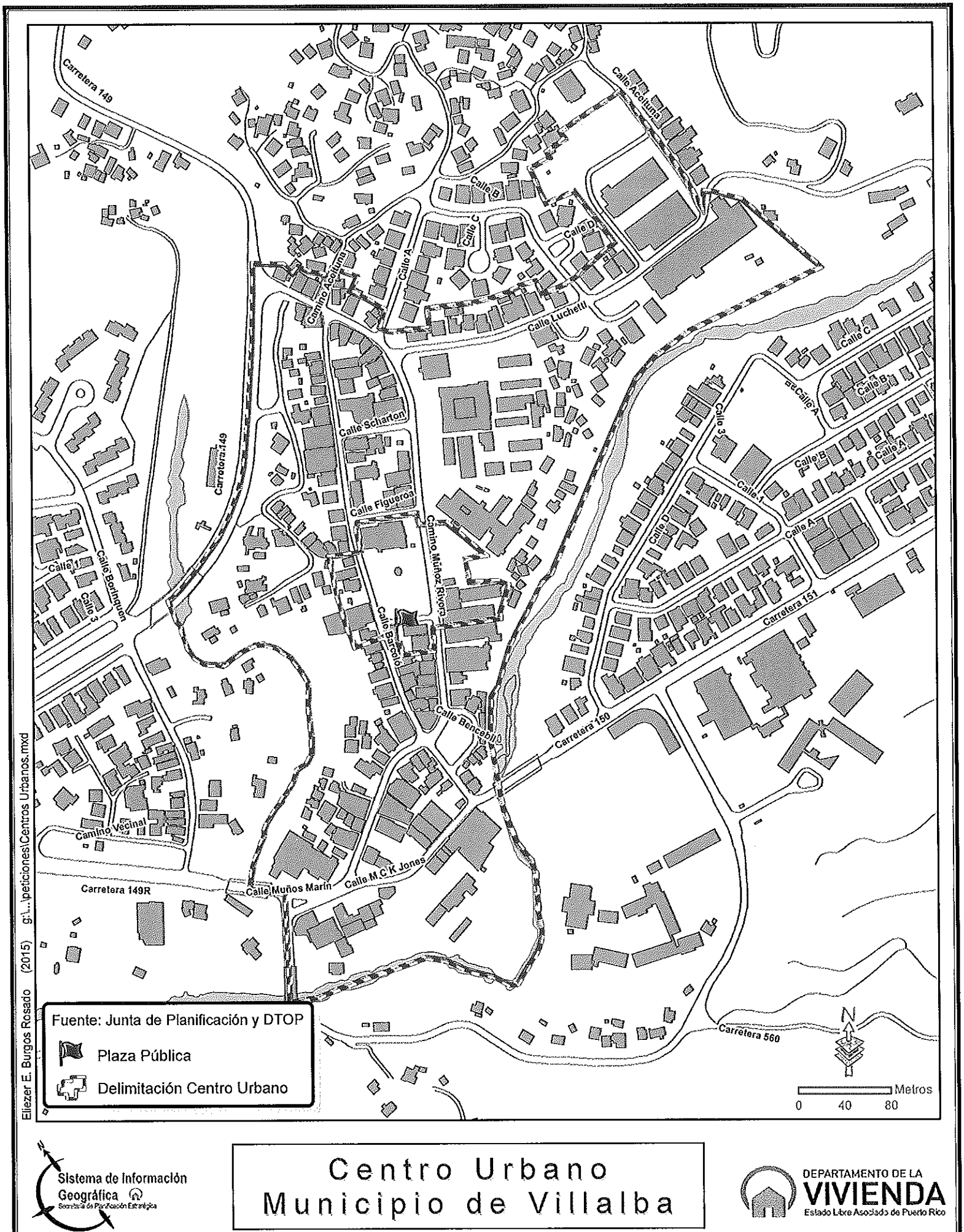
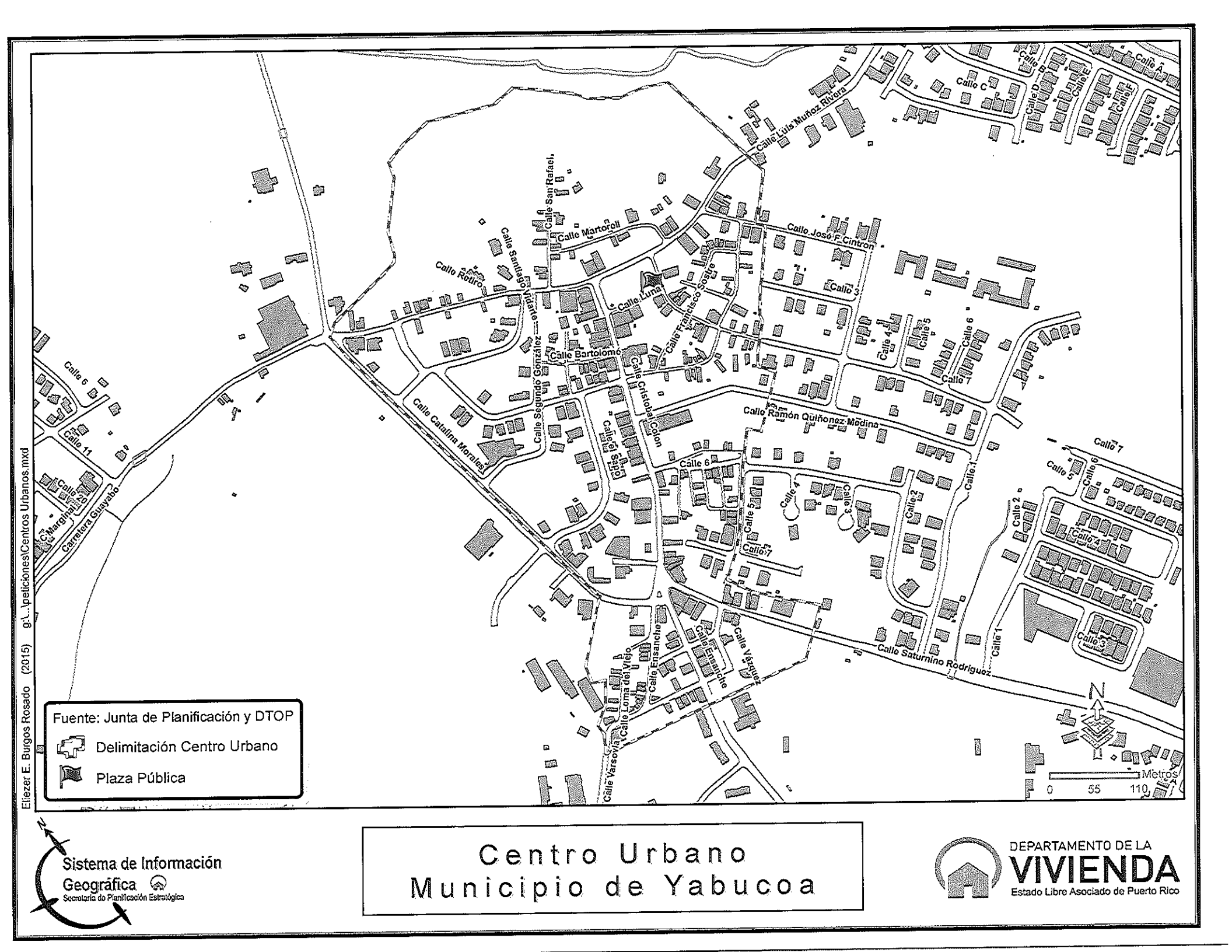
Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano
Municipio de Vieques

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico


Carretera 149
Calle Aceituna
Calle B
Calle C
Calle D
Camino Aceituna
Calle A
Calle Luchetti
Calle Schlarton
Carretera 149
Calle Figueroa
Camino Muñoz Rivera
Calle 1
Calle Bortinguen
Calle 3
Calle Barcelo
Calle Benceblí
Carretera 150
Calle 3
Calle 1
Calle B
Calle A
Carretera 151
Camino Vecinal
Carretera 149R
Calle Muños Marin
Calle M C K Jones
Carretera 560
N
Metros
0
40
80
Fuente: Junta de Planificación y DTOP
Plaza Pública
Delimitación Centro Urbano
Eliezer E. Burgos Rosado (2015) g:\...\peticiones\Centros Urbanos.mxd
Sistema de Información Geográfica
Secretaría de Planificación Estratégica
Centro Urbano
Municipio de Villalba
DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano
Municipio de Yabucoa

DEPARTAMENTO DE LA VIVIENDA
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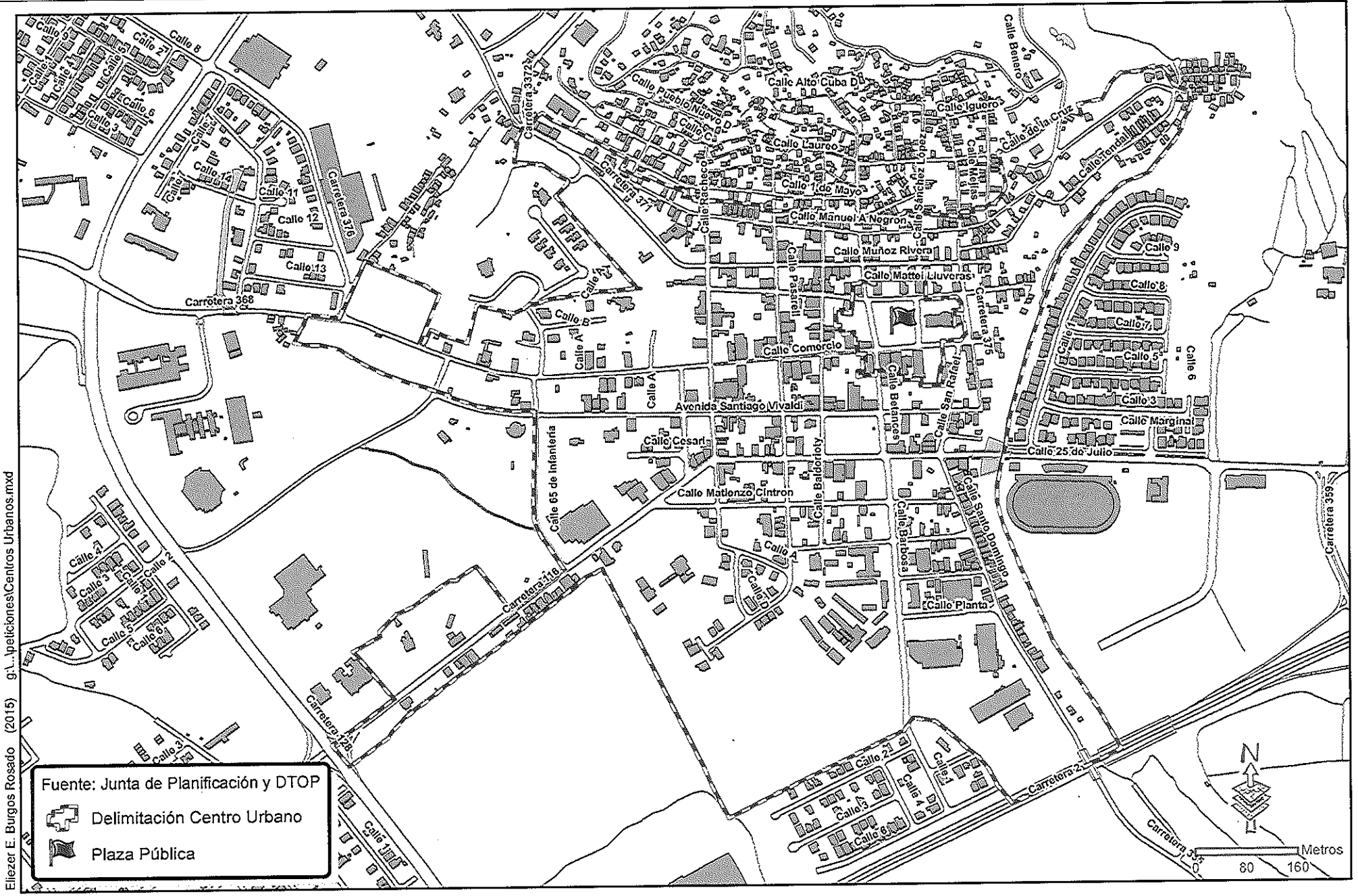

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Sistema de Información Geográfica
Secretaría de Planificación Estratégica

Centro Urbano
Municipio de Yauco

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico

Anejo Q-2

ile) (Z:) ▸ Financiamiento y Credito Contributivo ▸ Financiamiento y Credito Contributivo ▸ TAX CREDIT PROGRAM ▸ Al

Print Burn New folder

me	Date modified	Type	Size
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Zona Historica Caguas	6/17/2015 10:17 AM	Adobe Acrobat D...	3,866 KB
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Sistema de Información Geográfica

Zona Histórica
Arroyo, PR

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



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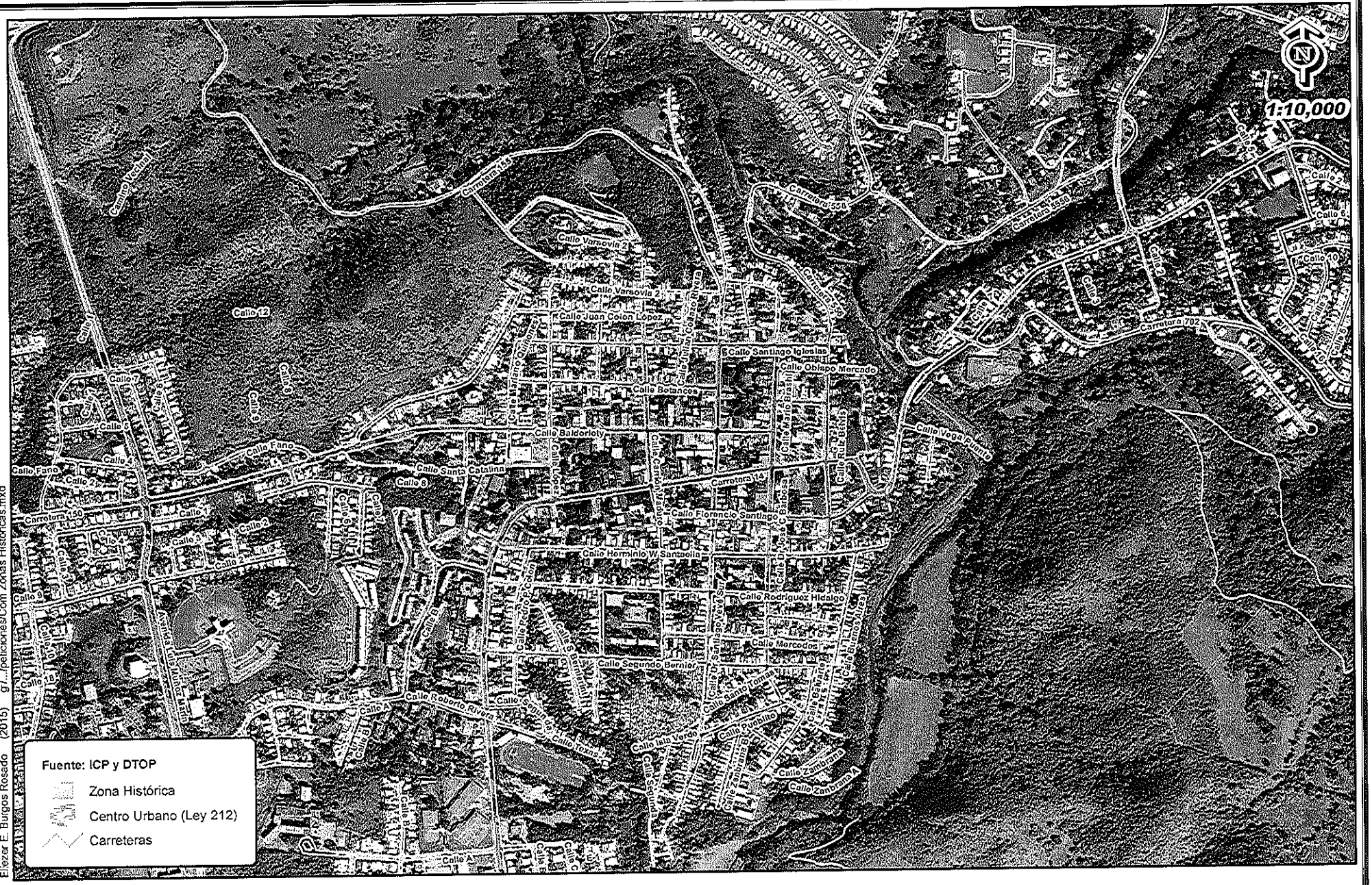
Zona Histórica
Caguas, PR

Sistema de Información Geográfica

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico

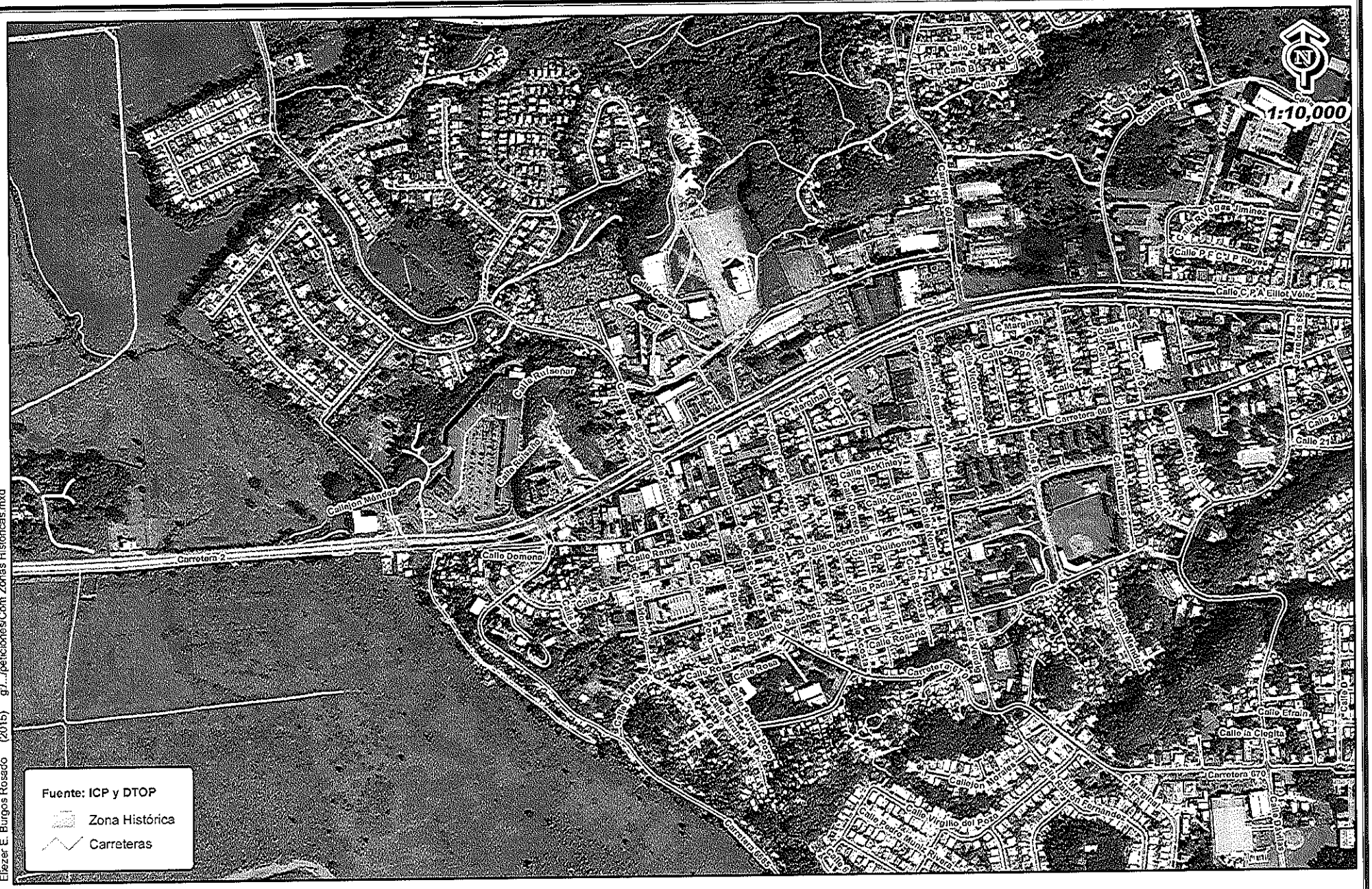


Zona Histórica
Coamo, PR

Sistema de Información Geográfica

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico


1:10,000
Fuente: ICP y DTOP
Zona Histórica
Centro Urbano (Ley 212)
Carreteras
Calle San Agustin
Calle Mirasol
Calle José Elias Bolton
Calle Fg Dorta
Calle Perez
Calle Cecilio Dominguez
Calle Fg Bruno
Calle Vicente Palos Matos
Calle Derkos
Calle Baldorioty
Calle Enrique Gonzalez
Calle San Jose
Calle Retiro
Calle Oliver R Santiago Cruz
Calle Las Flores
Avenida Los Veteranos
Calle Atlantico
Calle Indico
Calle Pacifico
Calle Baltico
Calle Mediterraneo
Calle Estocolmo
Calle Marsella
Calle Oslo
Calle Valencia
Calle Barcelona
Calle Monserrate
Calle Mercedes
Calle Ramon Lopez
Calle Mc Arthur
Calle Gautier Benitez
Calle Santiago Concepcion
Calle Cristobal Colon
Calle Ramon Rivera
Calle Asturias
Calle Calimano Martinez
Calle Santa Ana
Calle Ramon Ramirez
Calle Ramon Ramirez Jr
Calle Ramon Ramirez Sr
Calle Ramon Ramirez Sr
Calle Ramon Ramirez J



Sistema de Información Geográfica

Zona Histórica
Manatí, PR

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico


1:10,000
Fuente: ICP y DTOP
Zona Histórica
Carreteras
Calle Lindbergh
Avenida Fernando Juncos
Calle Marginal
Expreso Luis Muñoz Rivera
Avenida Ponce de León
Calle Aldea
Avenida Williams Rogers Conde
Calle Luchetti
Calle Magdalena
Calle Santiago de Leon
Calle Vicequez
Calle Ricardo Arjona
Calle Reforma
Calle Quesada
Calle Cadiz
Calle Mendez Vigo
Calle Mirabelo
Calle Ourense
Calle Cadiz
Calle Navas
Calle del Carmen
Calle Concordia
Calle Sol
Calle Luna
Calle Fortaleza
Calle Cristo
Calle Sol
Calle Luna
Calle Tetuan
Calle Cruz
Calle Norzagaray
Calle Tanca
Calle Comercio
Calle Cristo
Calle Fortaleza



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Sistema de Información Geográfica

Zona Histórica
Ponce, PR

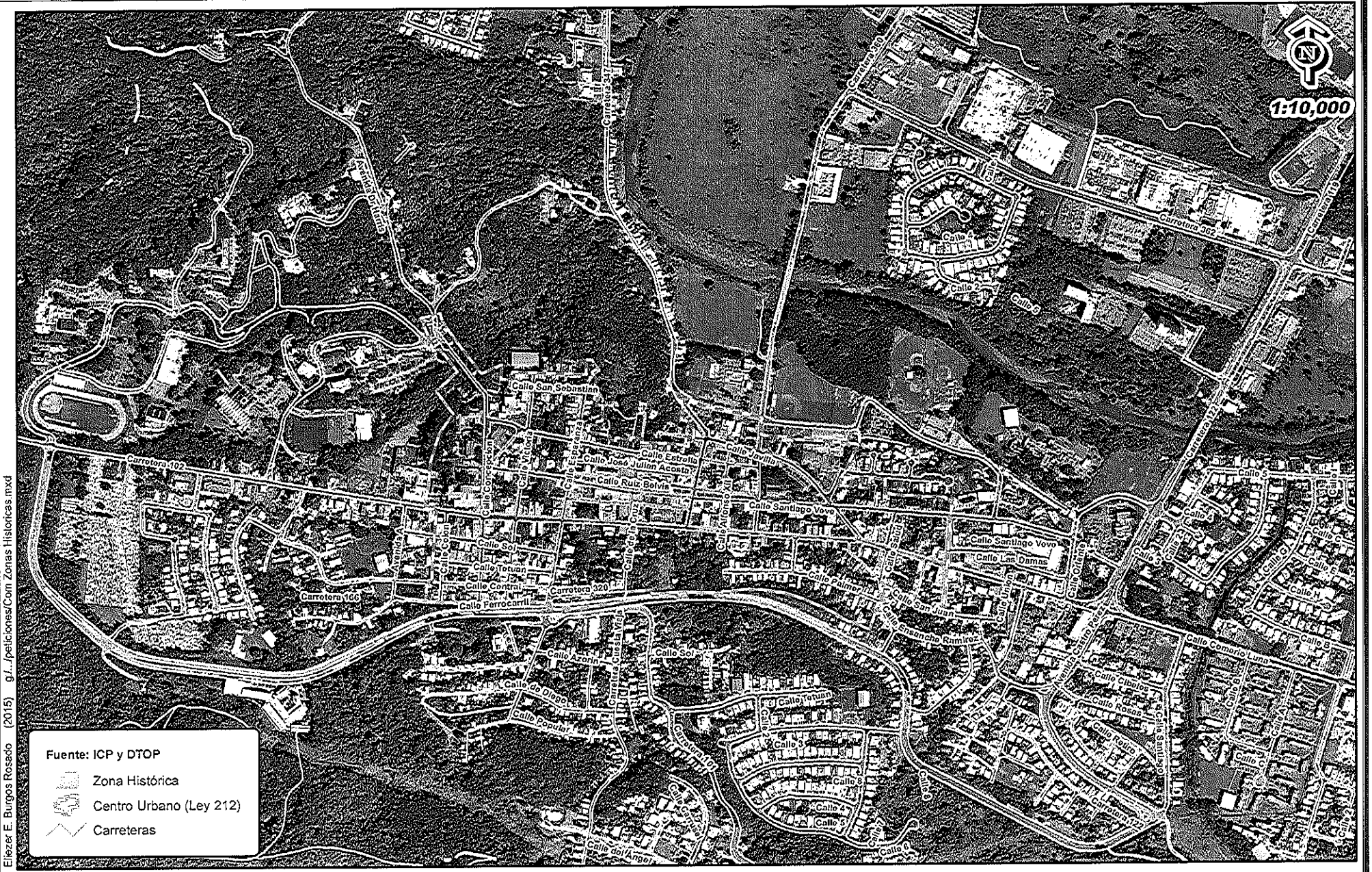
DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



Zona Histórica Sagrado Corazón
San Juan, PR

Sistema de Información Geográfica

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico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Fuente: ICP y DTOP
Zona Histórica
Centro Urbano (Ley 212)
Carreteras
Carretera 102
Carretera 166
Carretera 320
Carretera 362
Calle San Sebastián
Calle Santiago Vevo
Calle Las Damas
Calle Ferrocarril
Calle Sol
Calle Totuan
Calle Central
Calle Comercio Luna
Calle Rosas
Calle Rodríguez
Calle Cibeles
Calle Ensancho Ramírez
Calle San Juan
Calle Palma
Calle Unión
Calle Estrella
Calle José Julián Acosta
Calle Ruiz Belvis
Calle Concepción
Calle Antonio Luis
Calle Progreso
Calle Comercio
Calle Carretera
Calle del Ángel
Calle Diego
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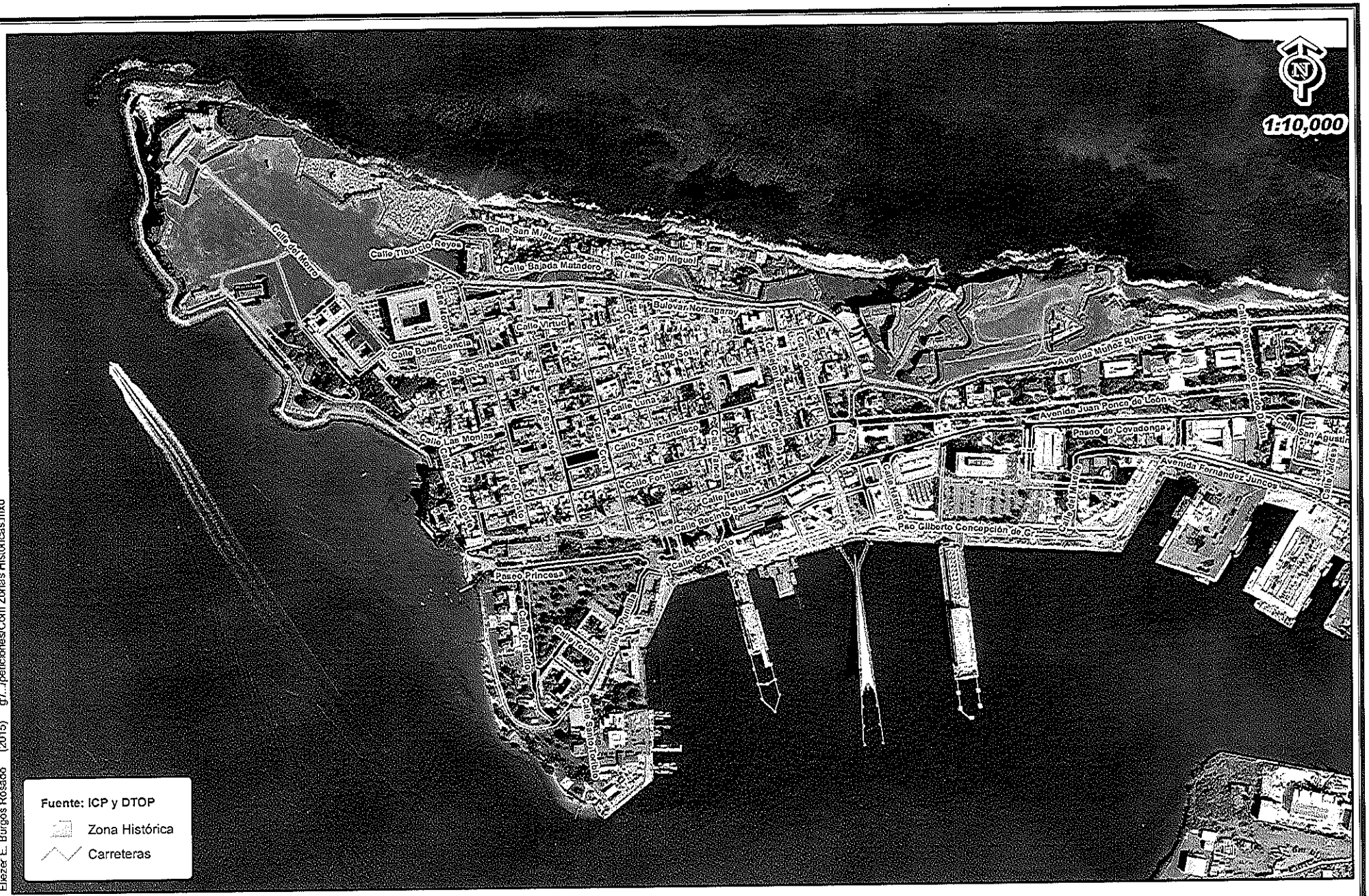

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Sistema de Información Geográfica

Zona Histórica de San Juan
San Juan, PR

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico



Eliezer E. Burgos Rosado (2015) g:/../peticiones/Com Zonas Historicas.mxd

Sistema de Información Geográfica

Zona Histórica
Vega Baja, PR

DEPARTAMENTO DE LA VIVIENDA
Estado Libre Asociado de Puerto Rico

ANNEX Q-3

ESTADO LIBRE ASOCIADO DE PUERTO RICO
OFICINA DEL GOBERNADOR

JUNTA DE PLANIFICACION
SANTURCE, PUERTO RICO

REGLAMENTO DE ORDENACION DE LA INFRAESTRUCTURA EN EL ESPACIO PUBLICO

(REGLAMENTO DE PLANIFICACION NUMERO 22)

VIGENCIA

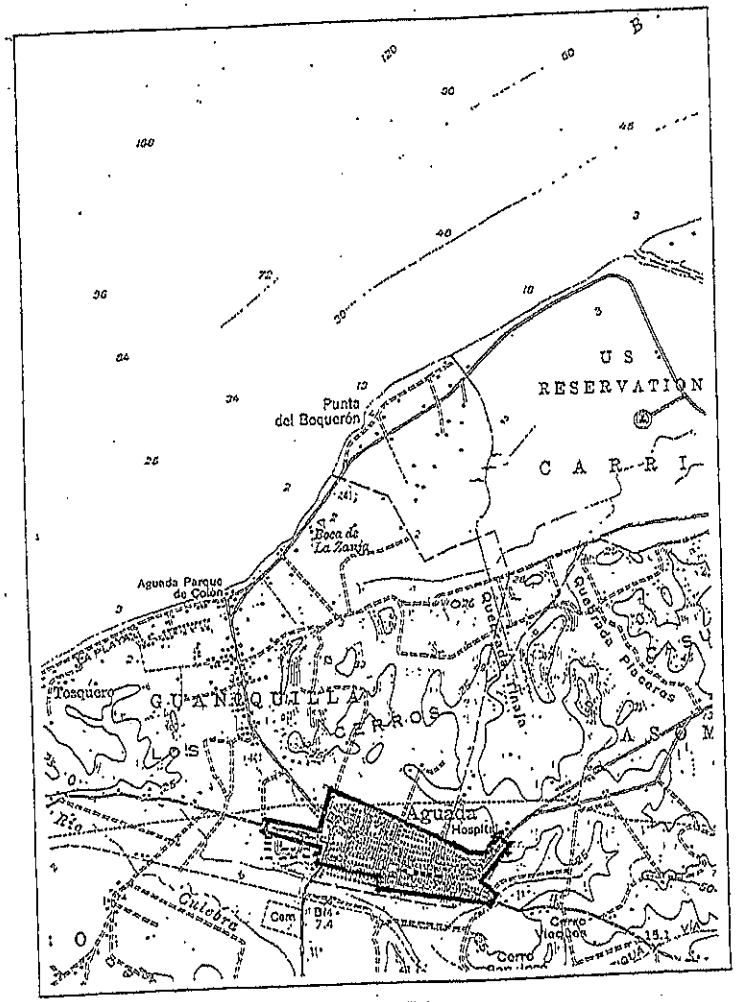
29 de noviembre de 1992



ADJUNTAS

A1-1

ANNEX Q-3



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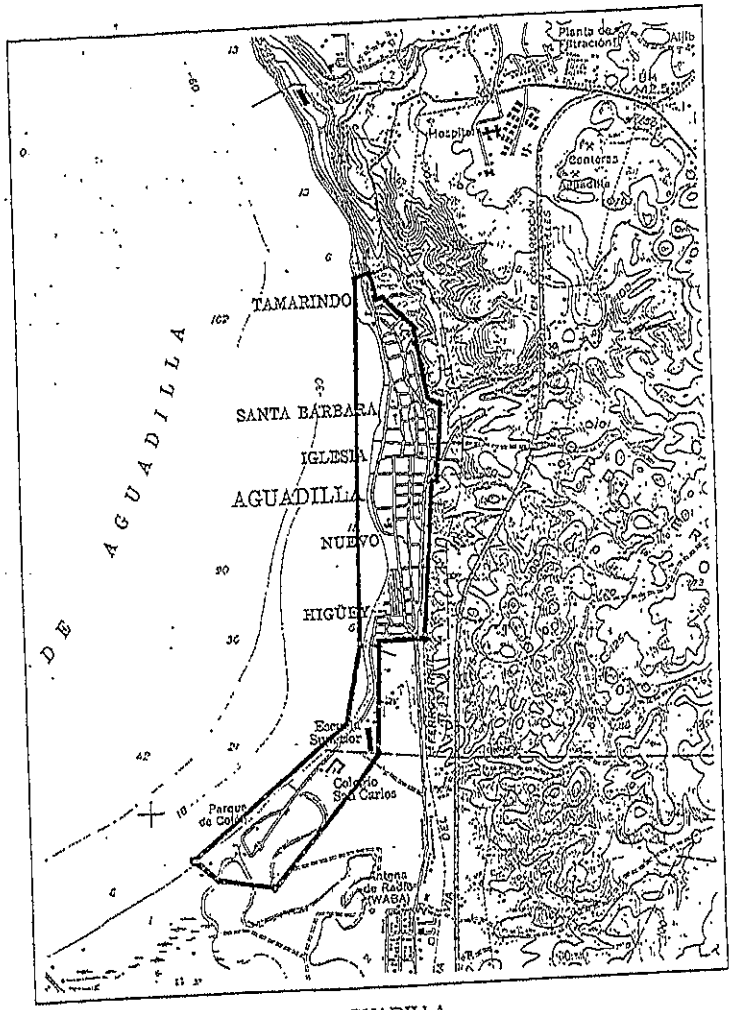
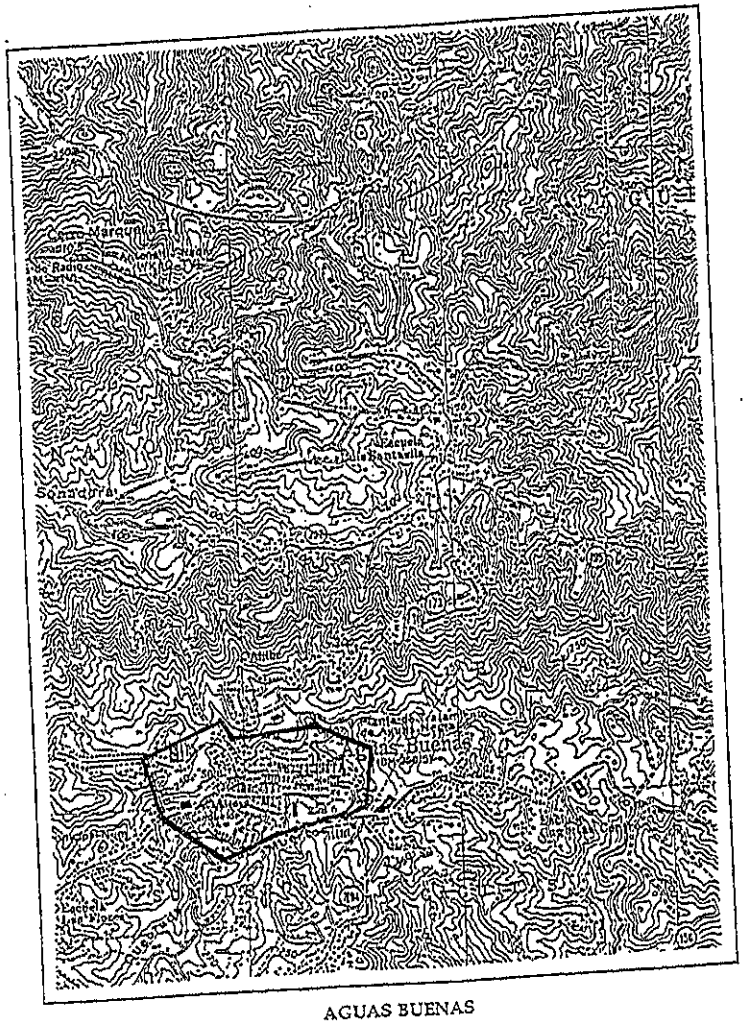
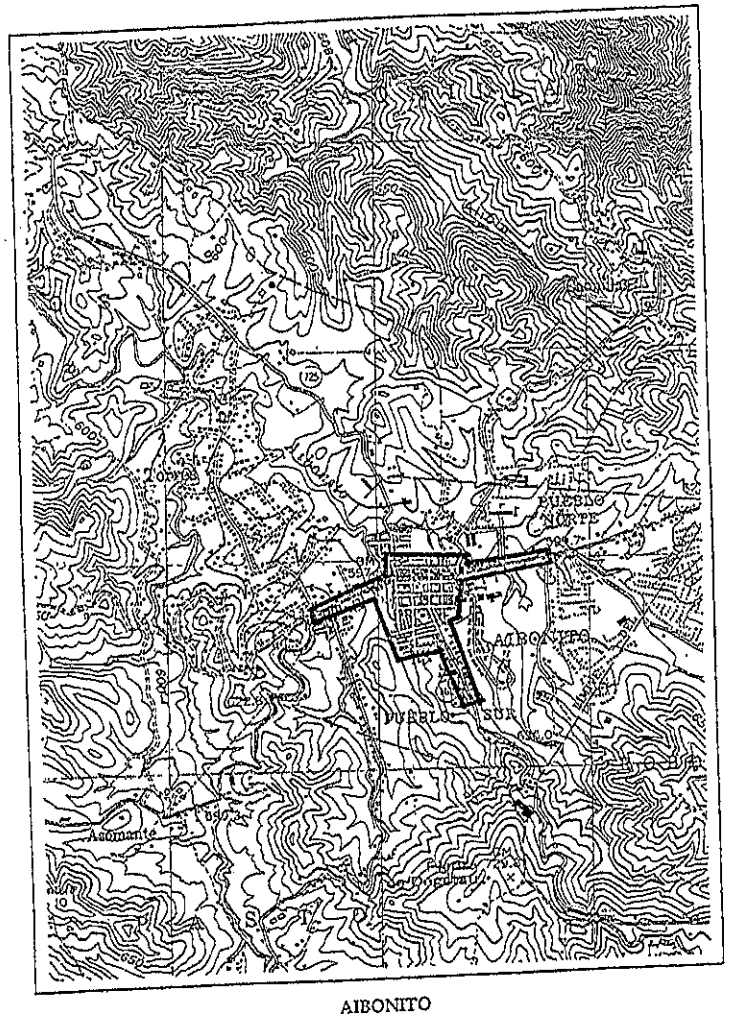


AGUADILLA
A1–3



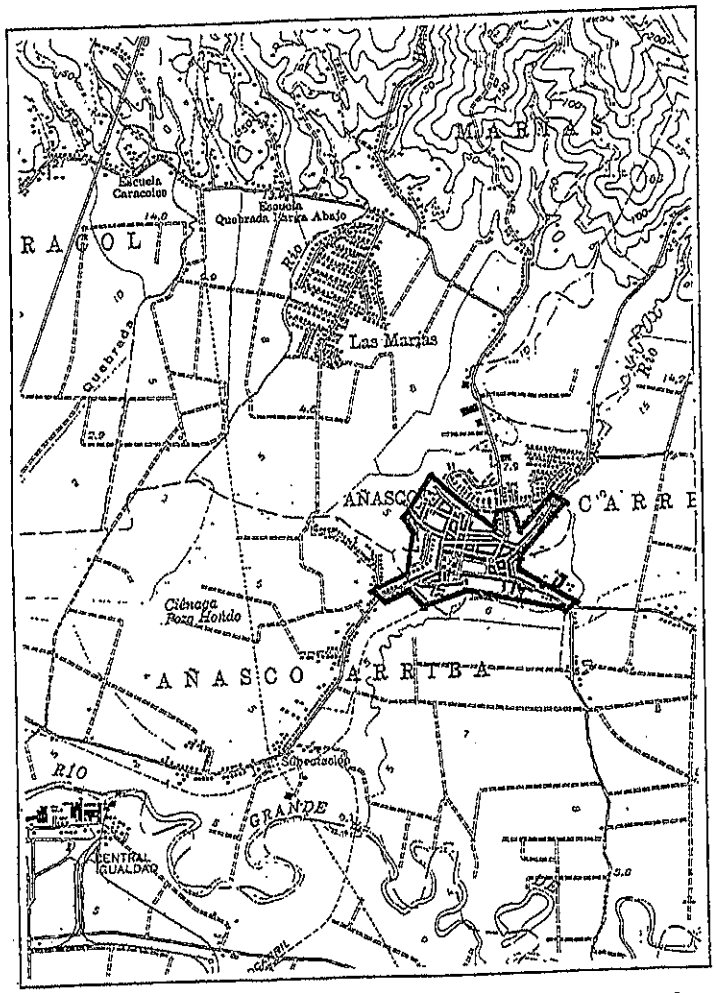
AGUAS BUENAS

A1–4

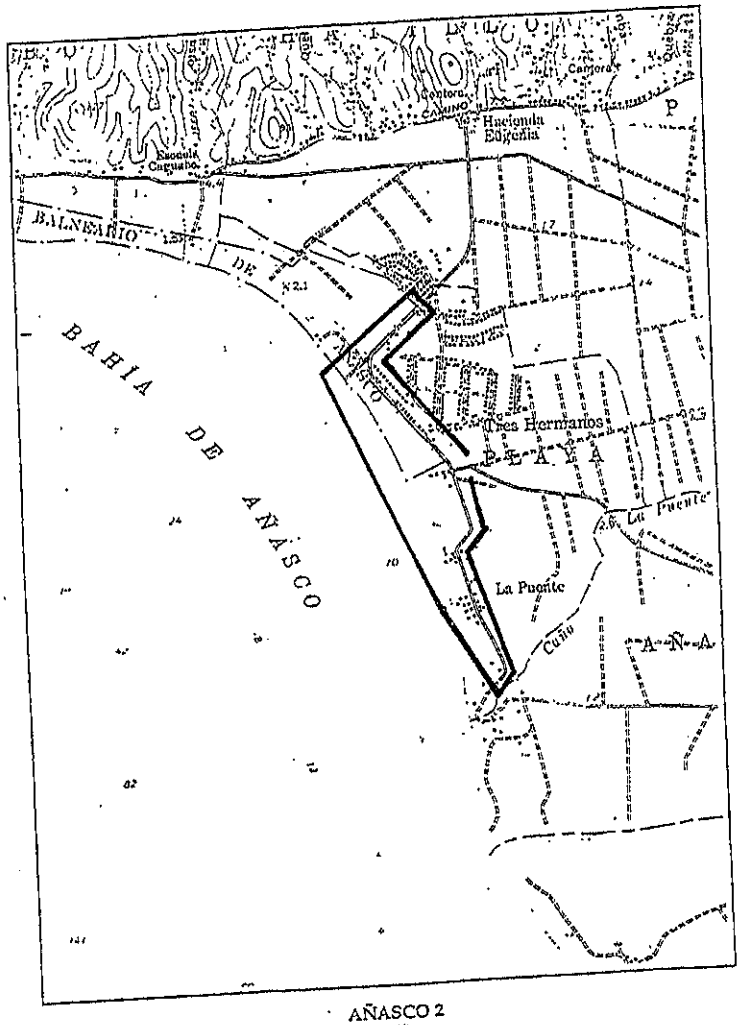


AIBONITO

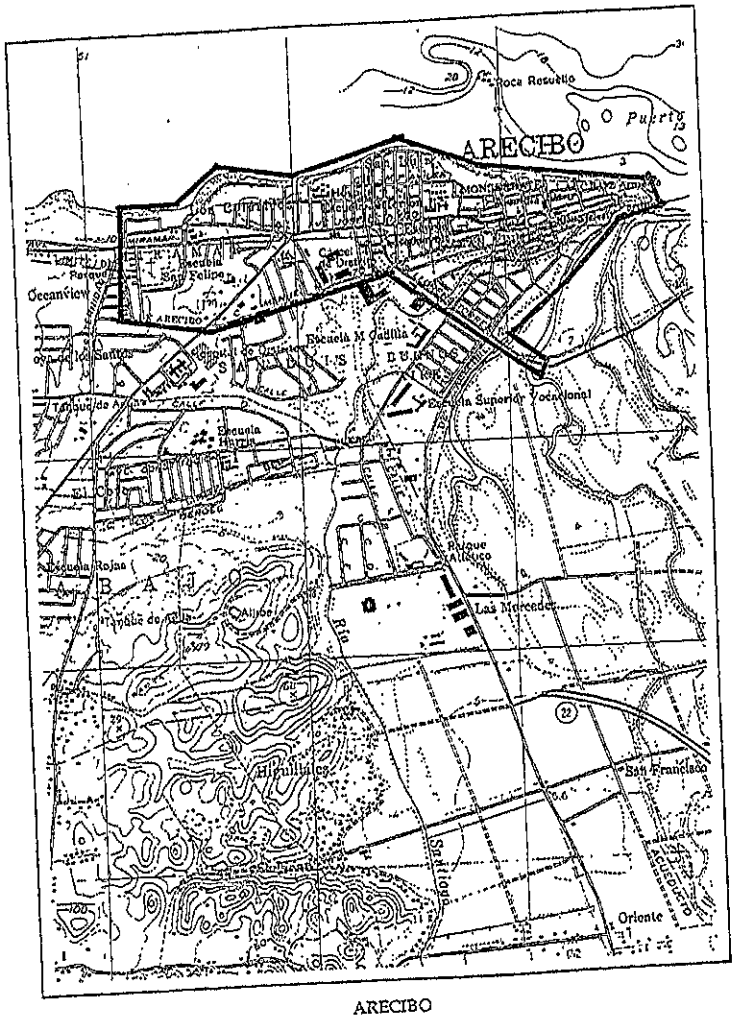
A1–5



AÑASCO 1
CENTRO
A1–6

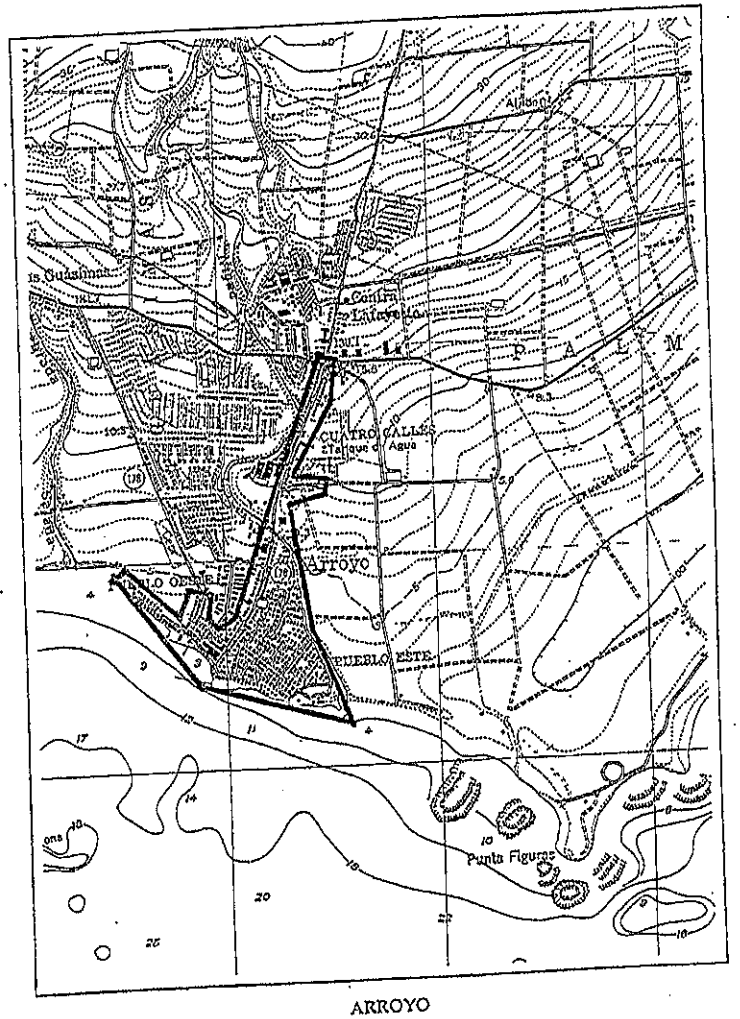


AÑASCO 2
PLAYA
A1–7



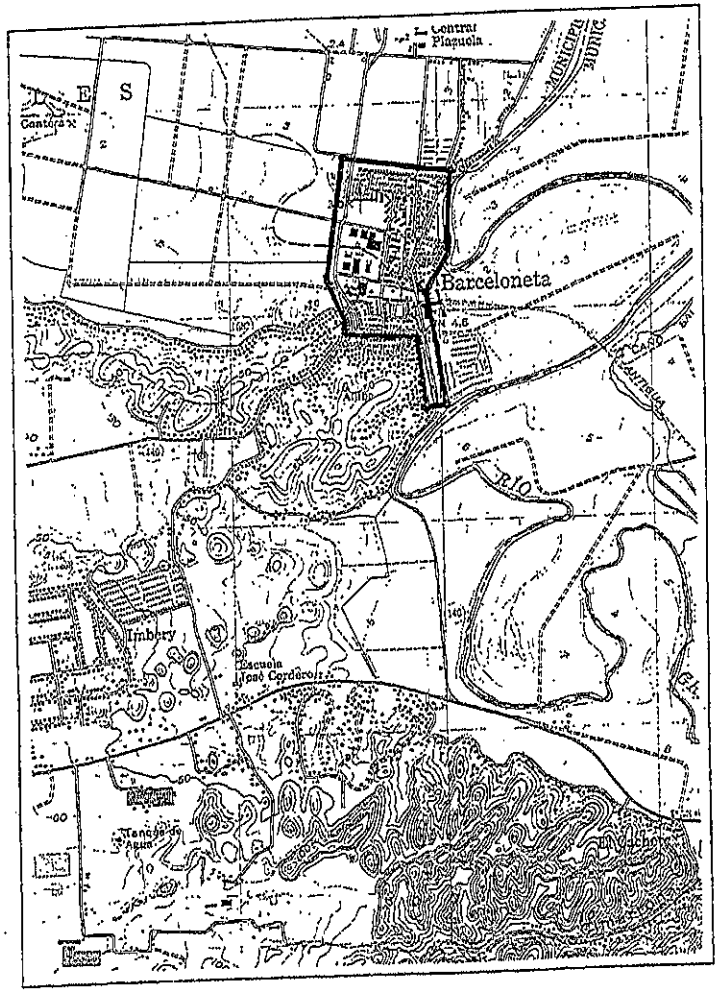
ARECIBO

A1–8



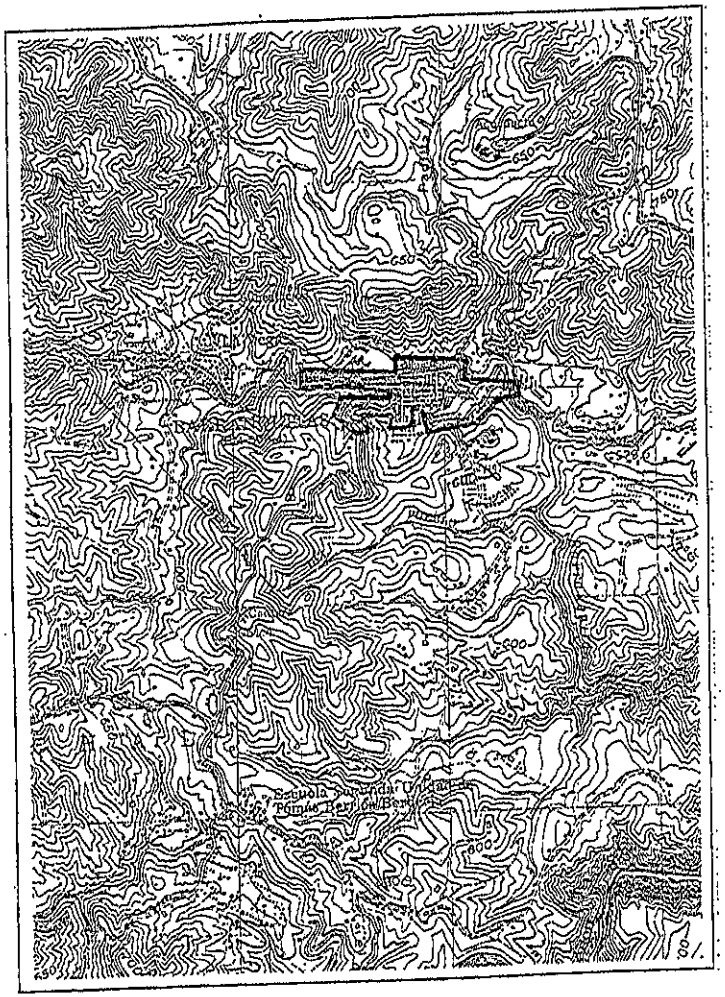
ARROYO

A1–9



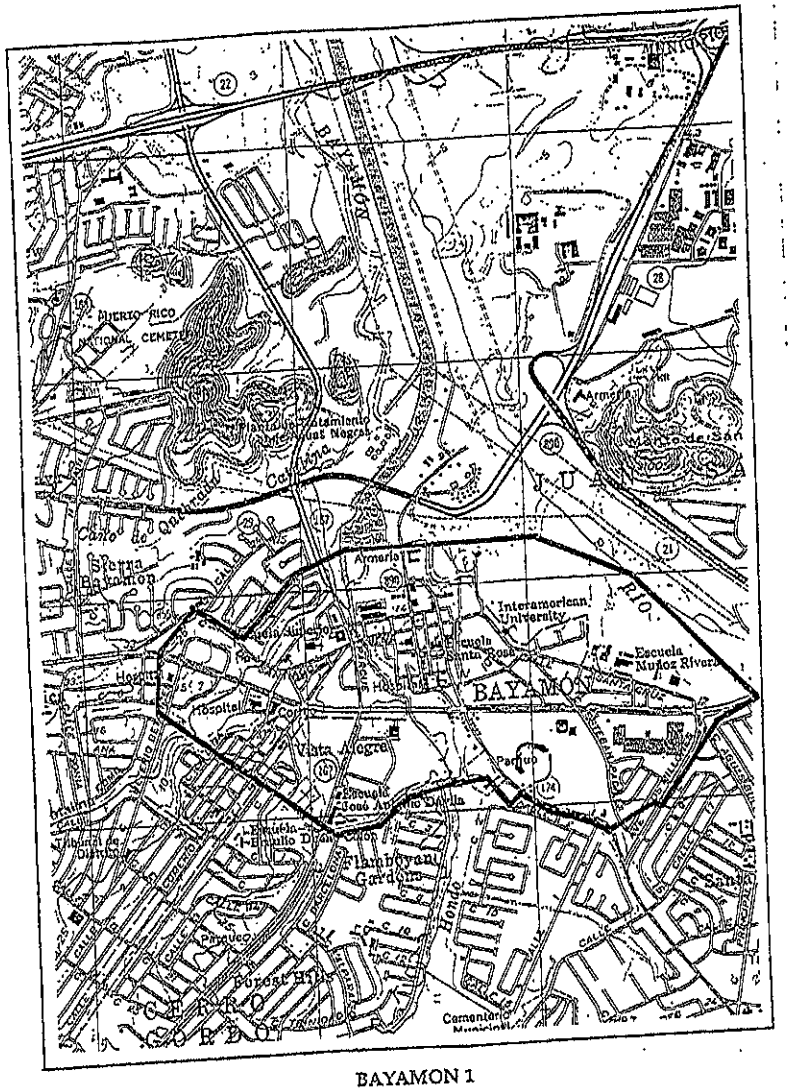
BARCELONETA

A1–10

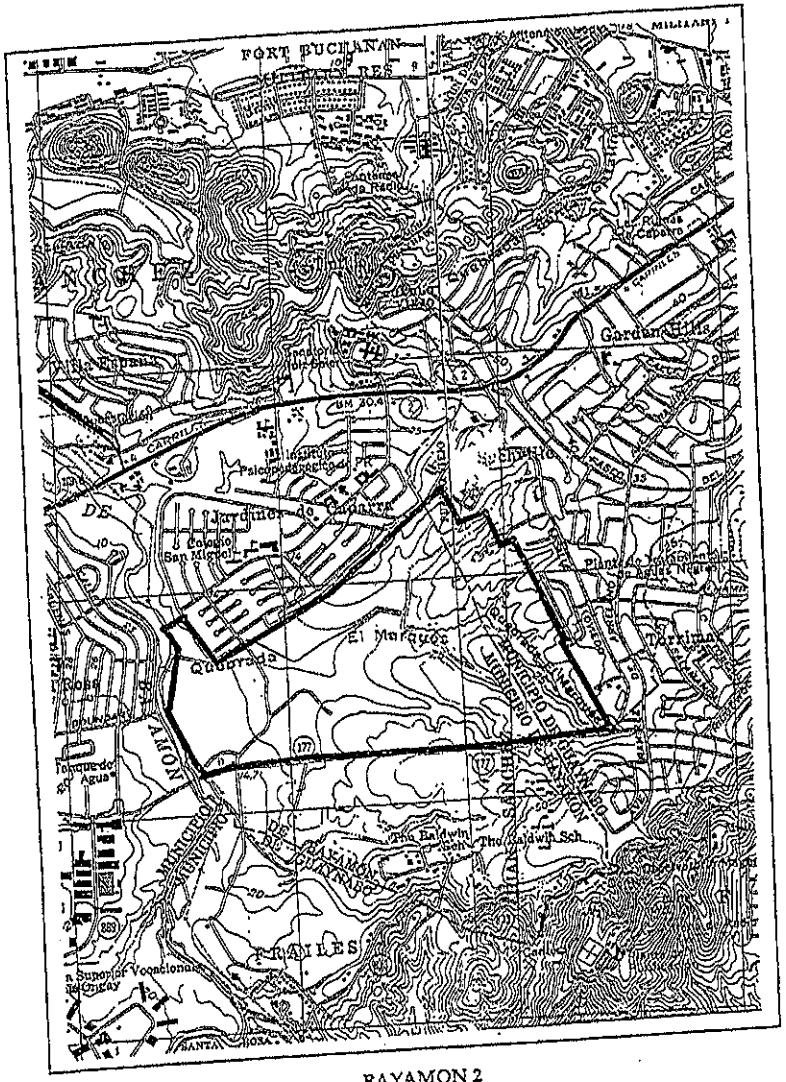


BARRANQUITAS

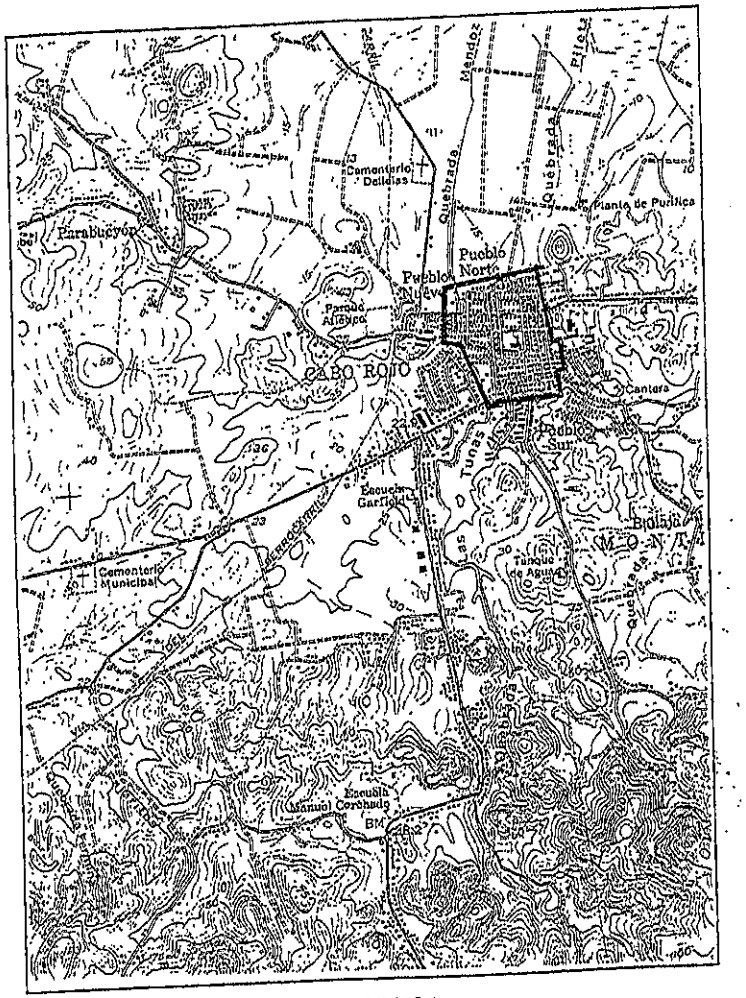
A1–11



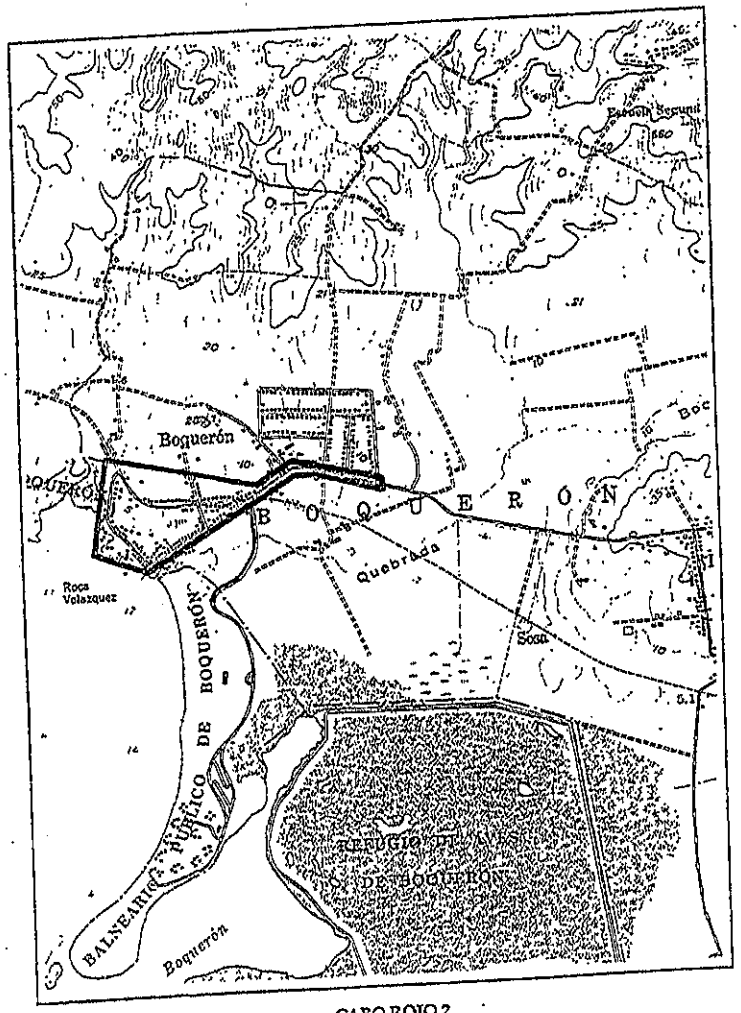
BAYAMON 1
CENTRO



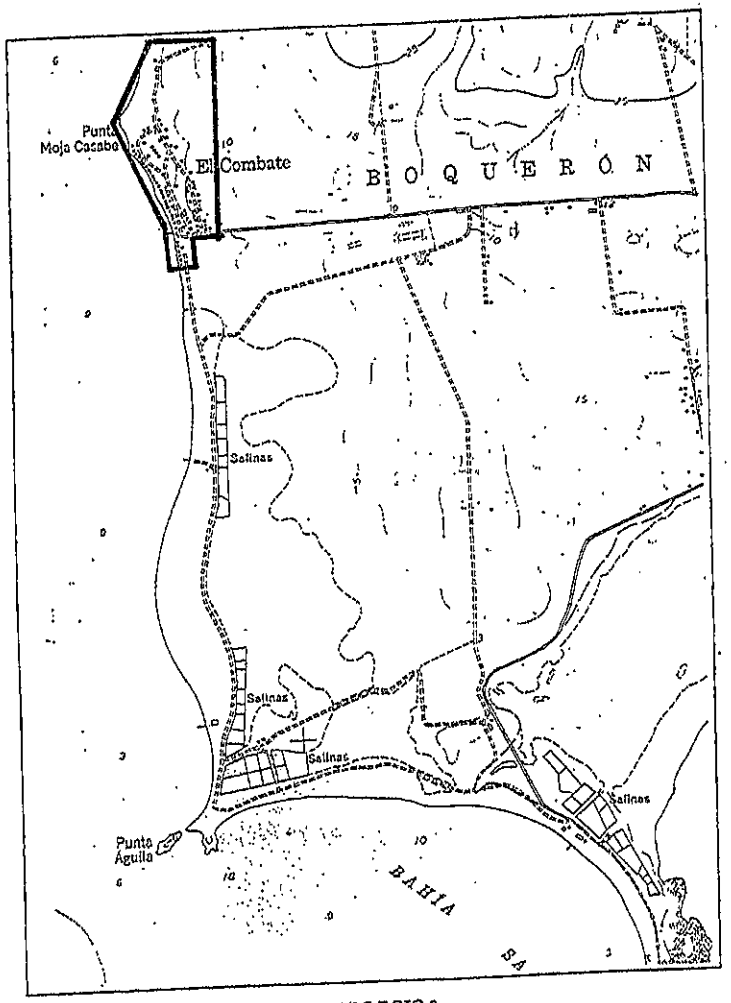
BAYAMON 2
RIO BAYAMON
A1–13



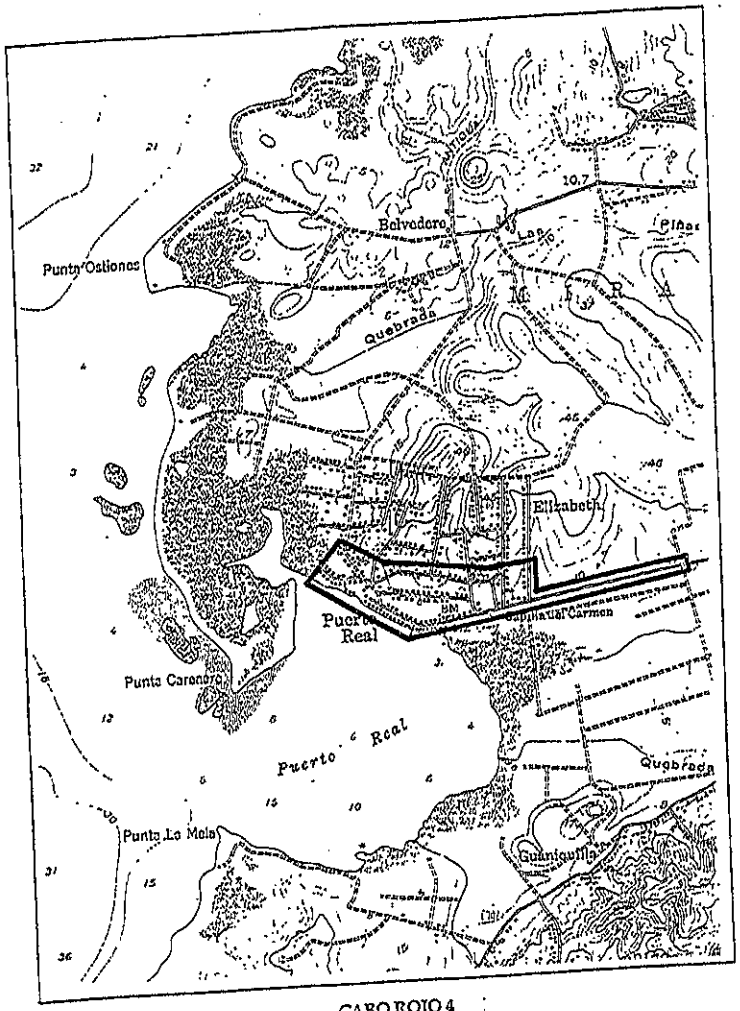
CABO ROJO 1
CENTRO
A1–14



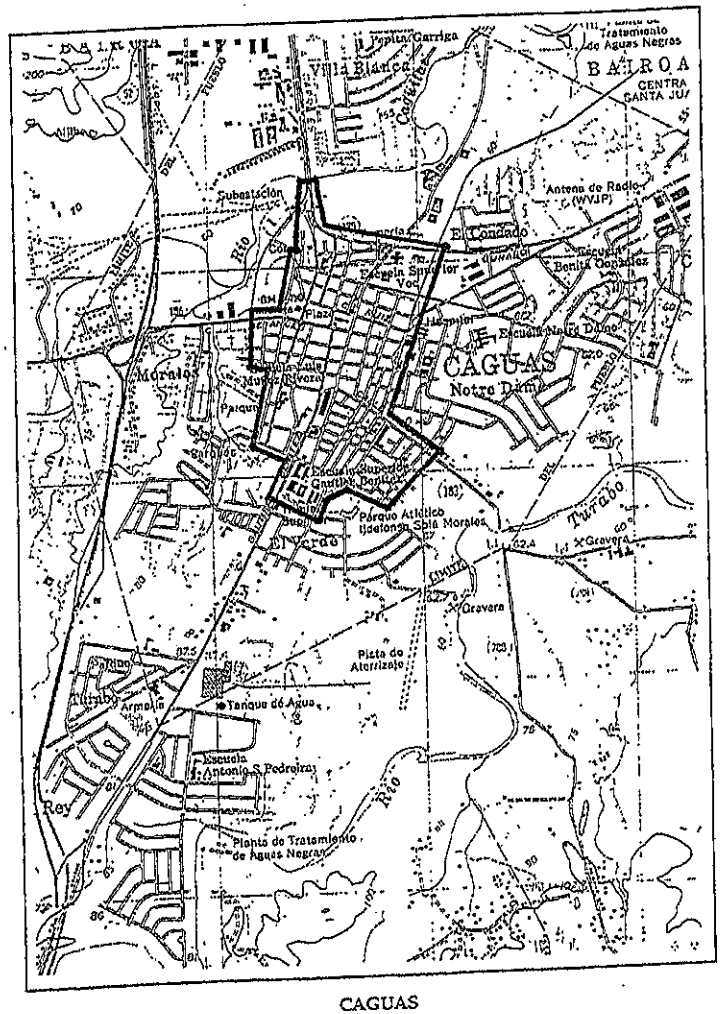
CABO ROJO 2
BOQUERON
A1–15



CABO ROJO 3
EL COMBATE
A1–16

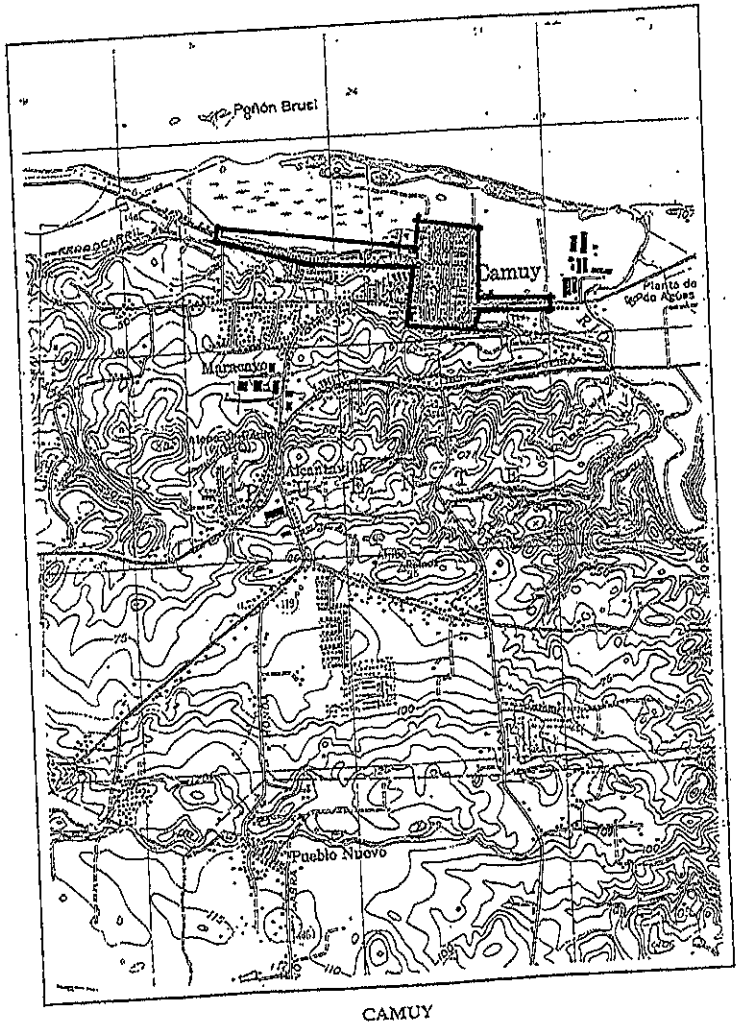


CABO ROJO 4
PUERTO REAL
A1–17



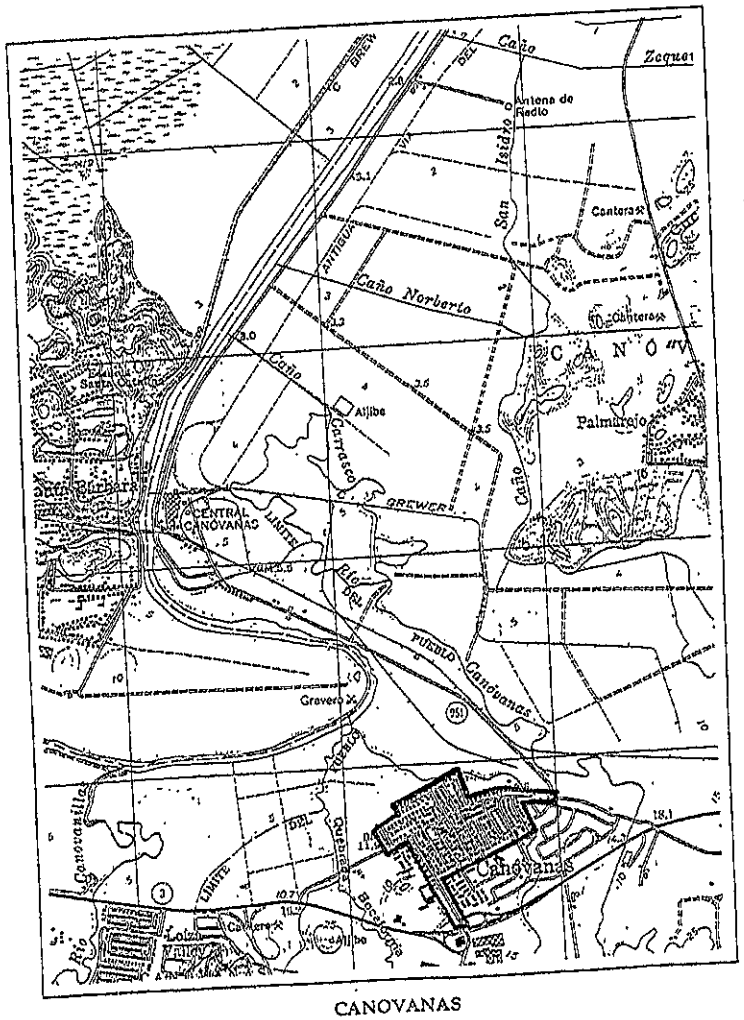
CAGUAS

A1-18



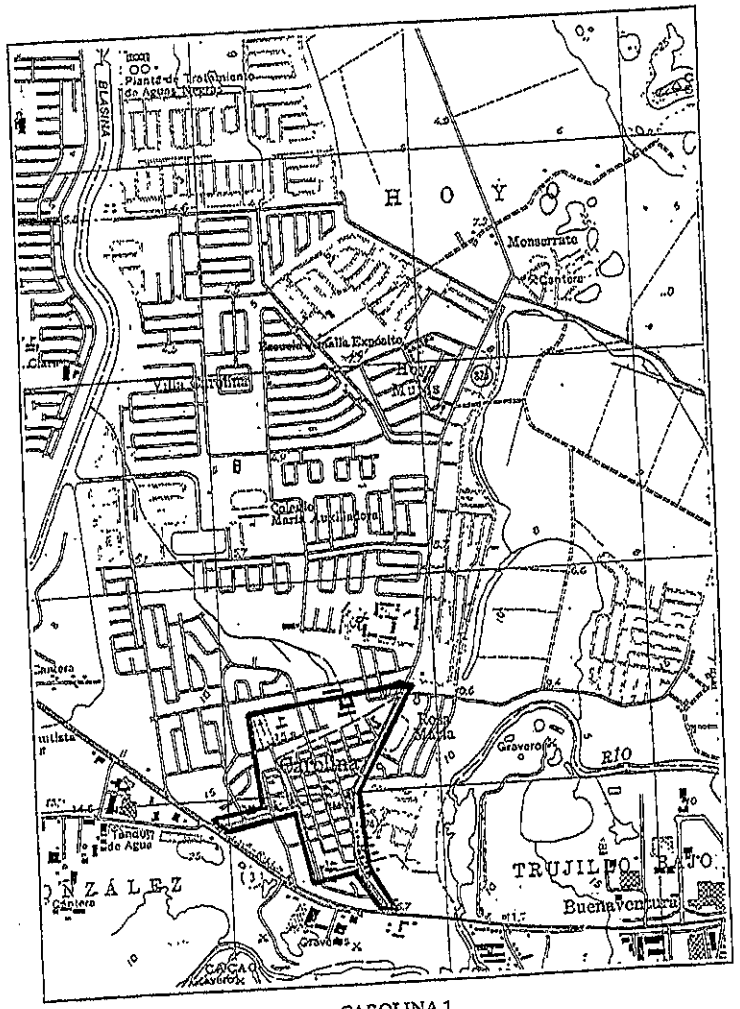
CAMUY

A1-19



CANOVANAS

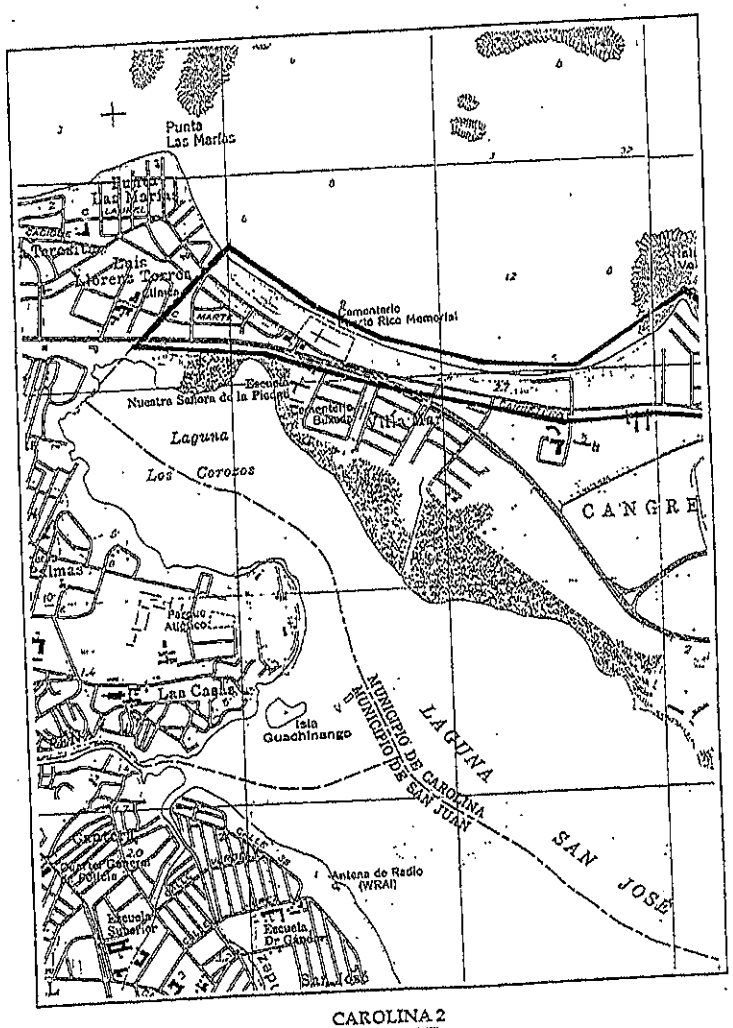
A1–20



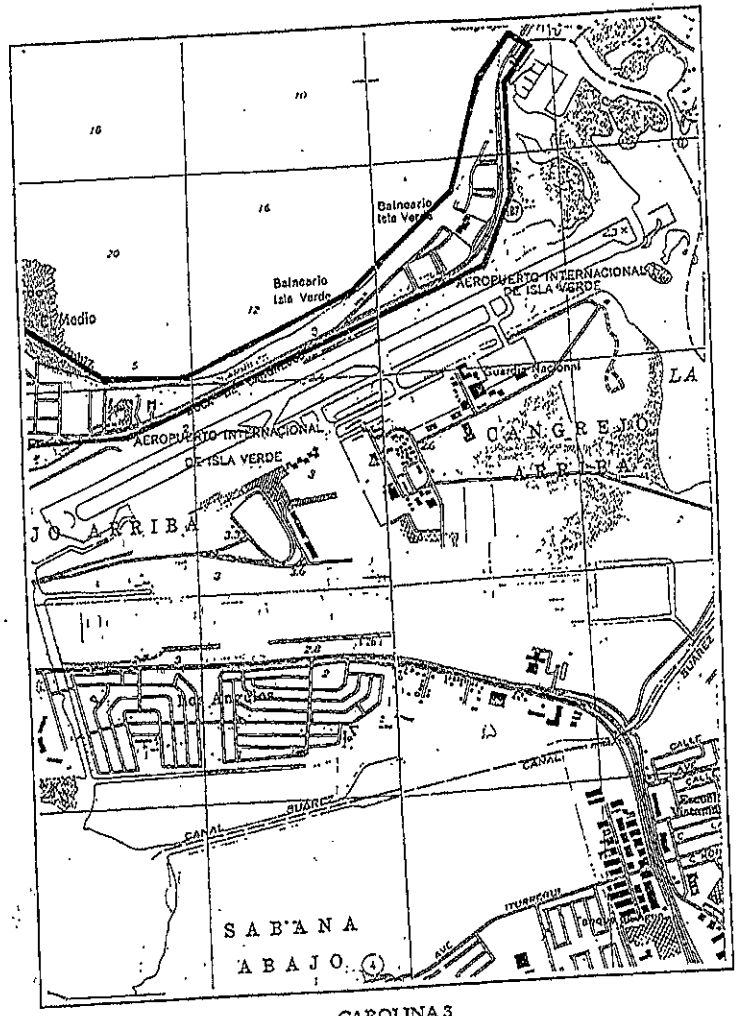
CAROLINA 1

CENTRO

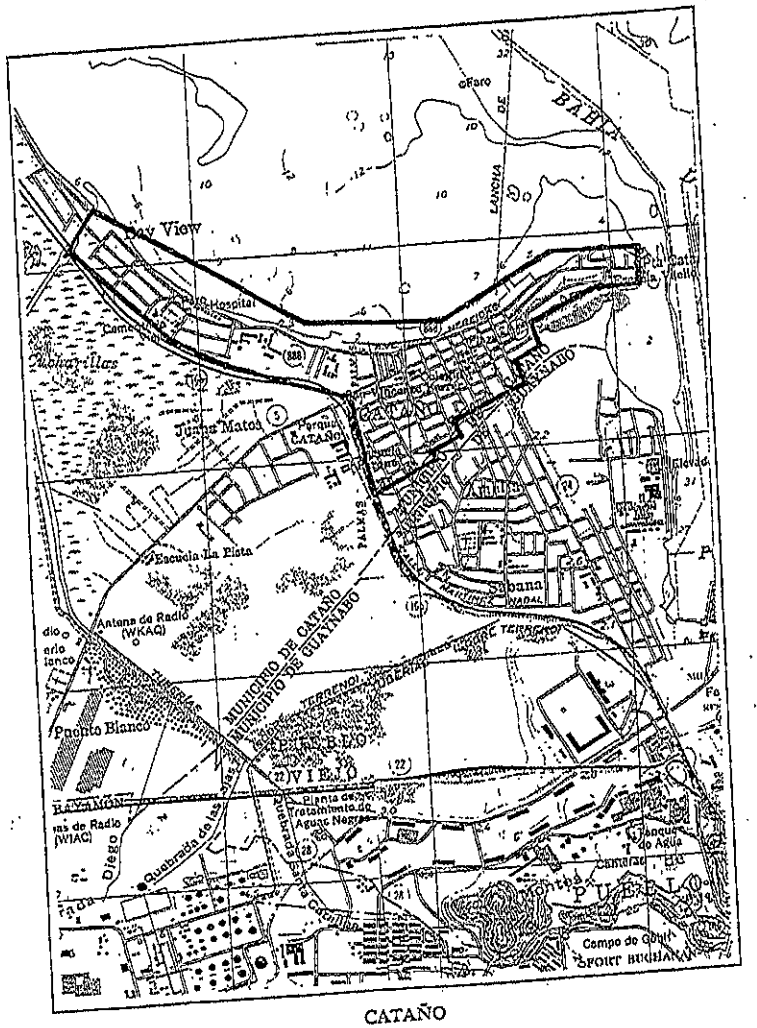
A1–21



CAROLINA 2
ISLA VERDE OESTE
A1–22

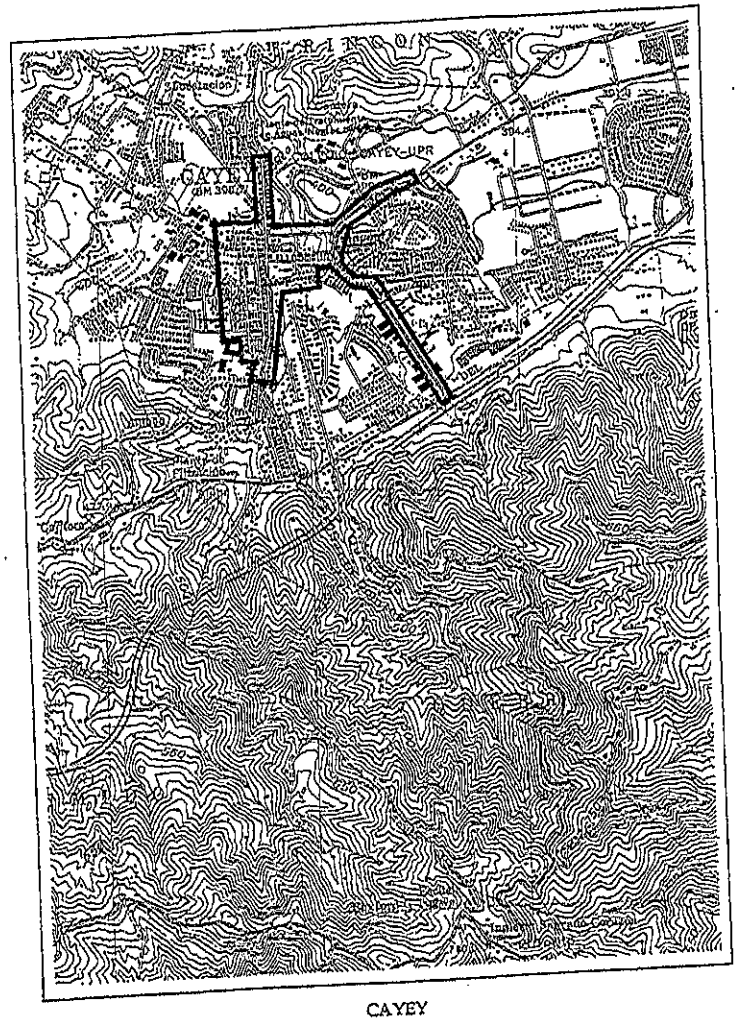


CAROLINA 3
ISLA VERDE ESTE
A1–23



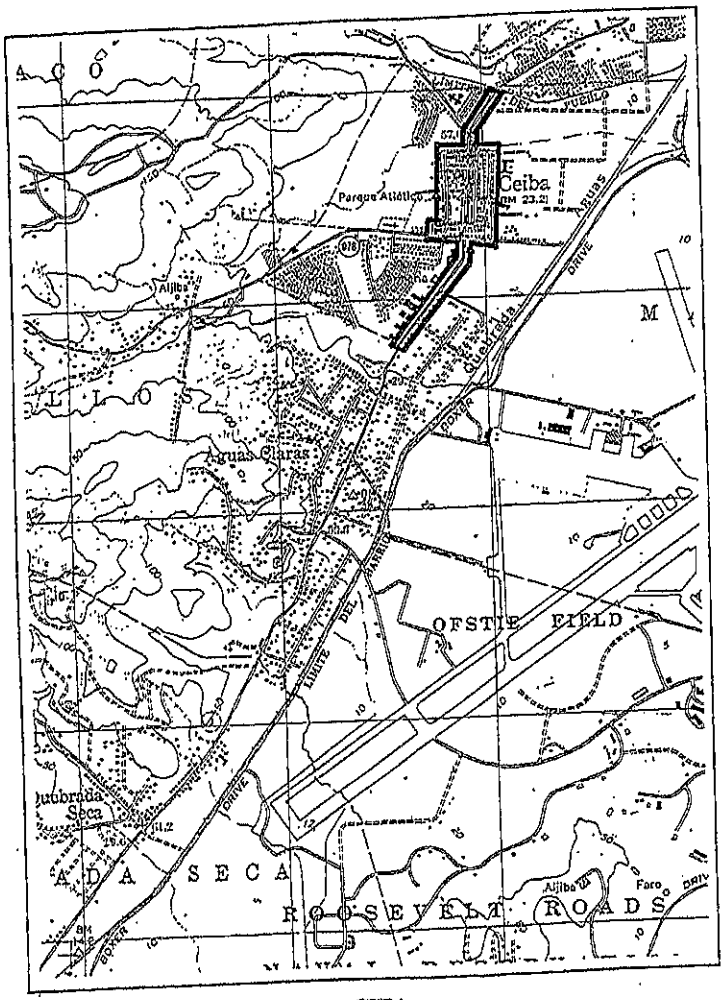
CATAÑO

A1-24



CAYEY

A1-25



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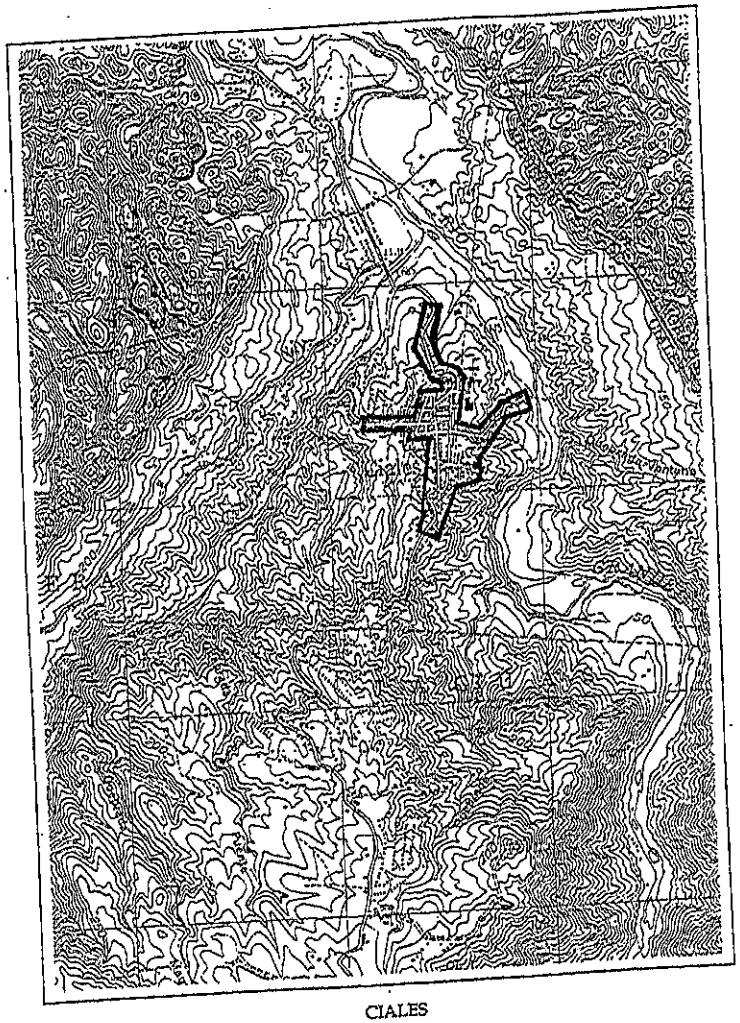

CIALES
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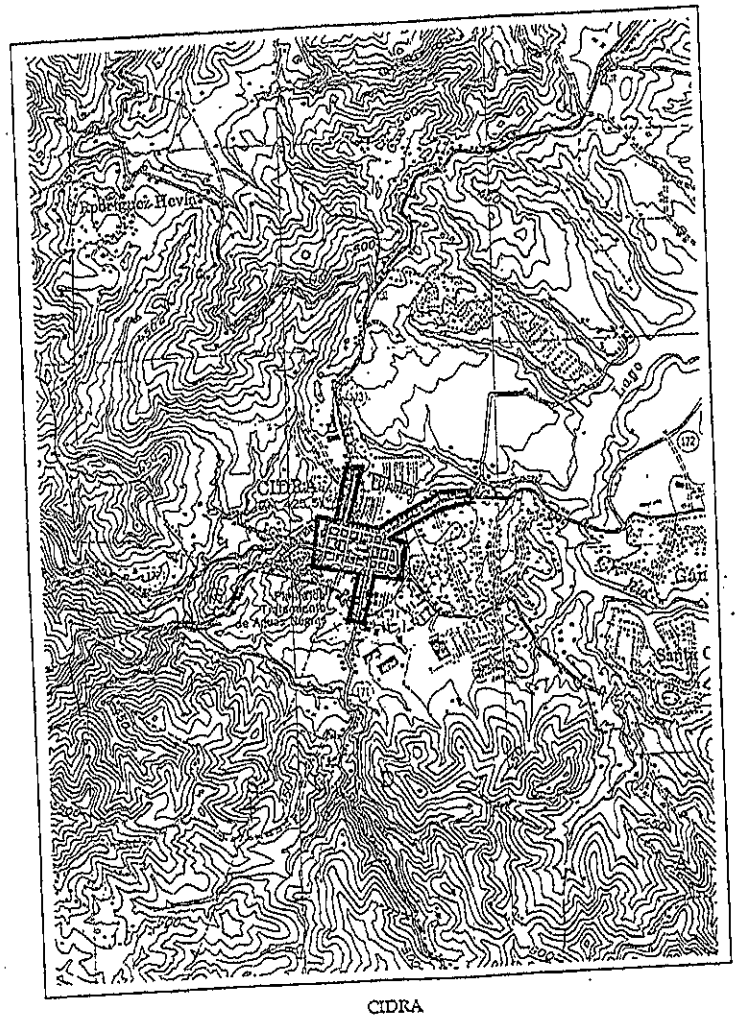
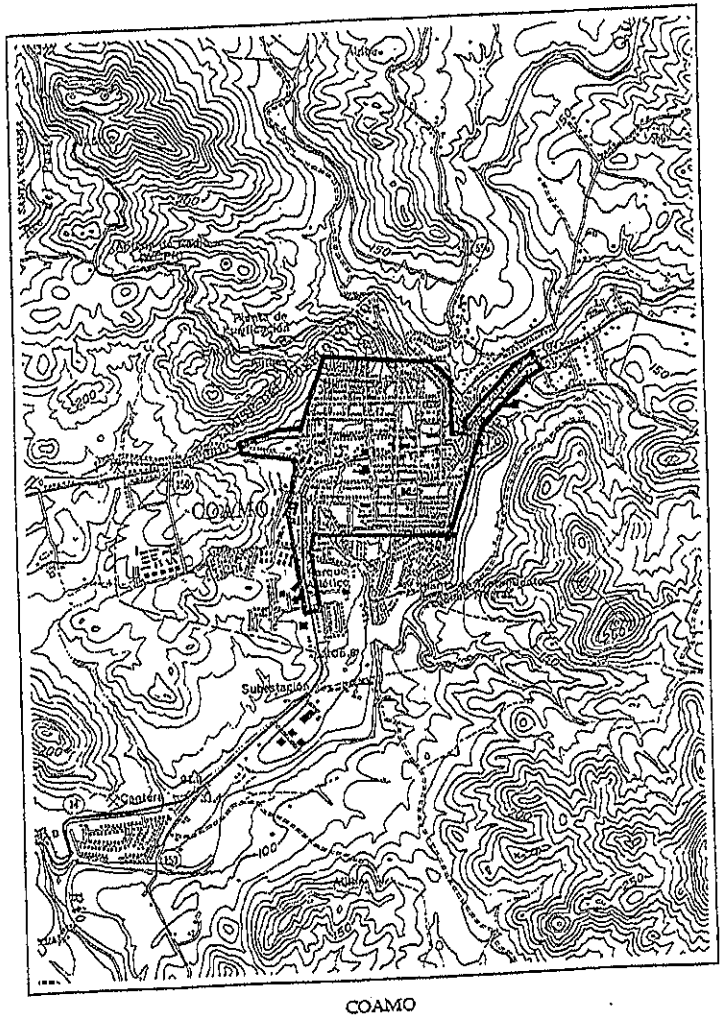


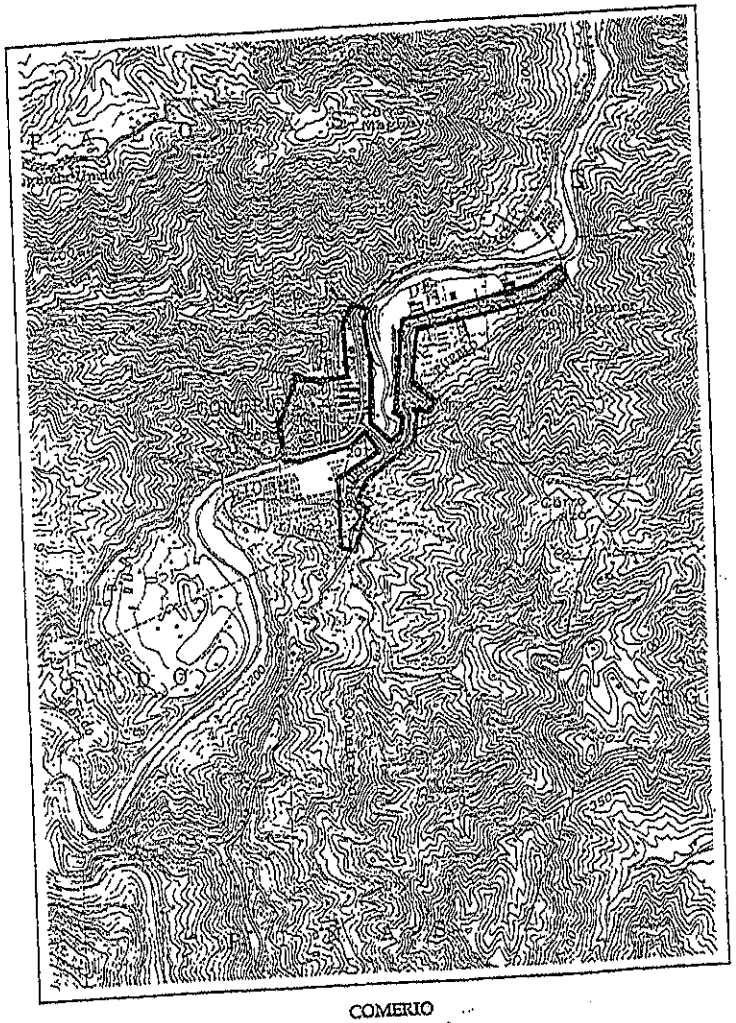
CIDRA

A1-28



COAMO

A1-29



COMERIO
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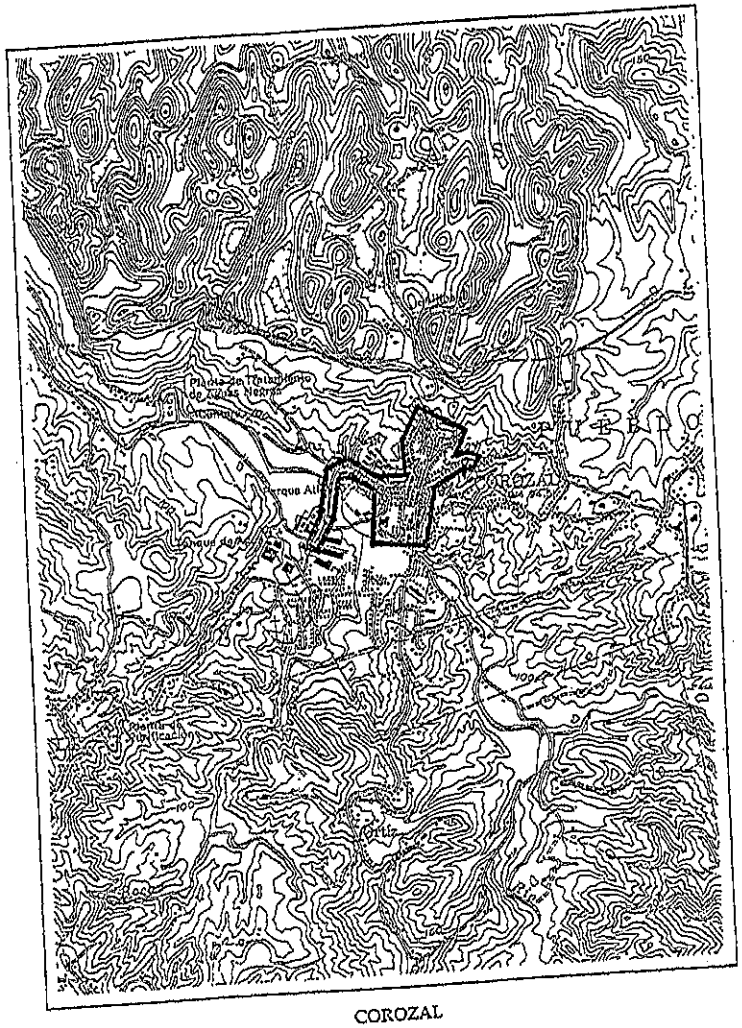
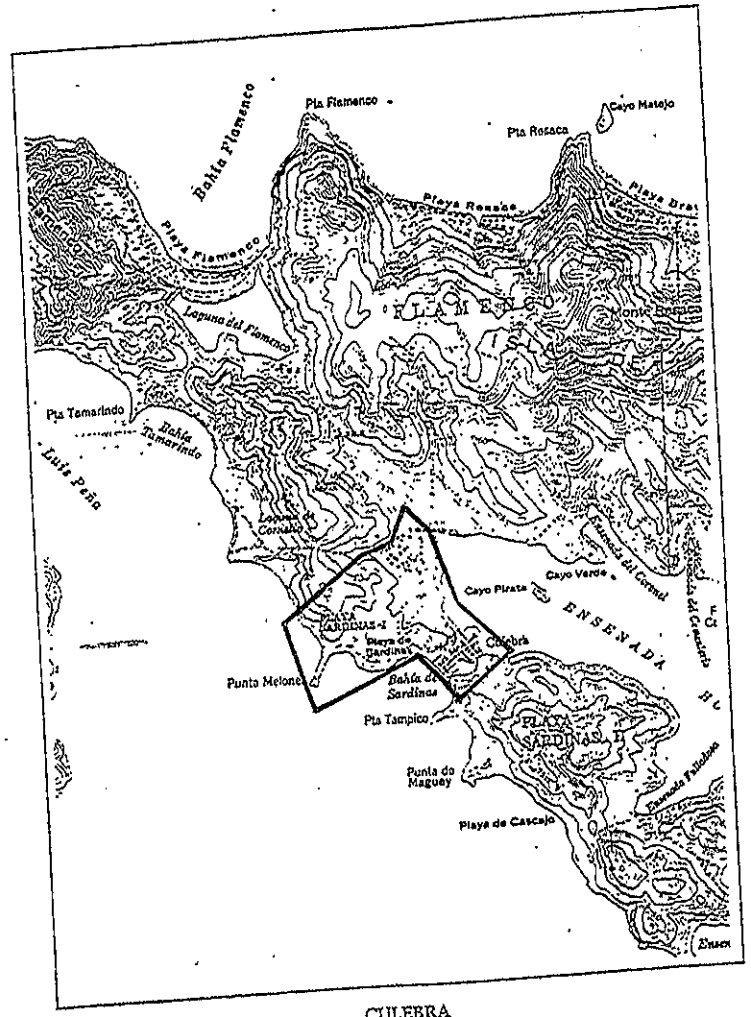


COROZAL
A1-31



CULEBRA
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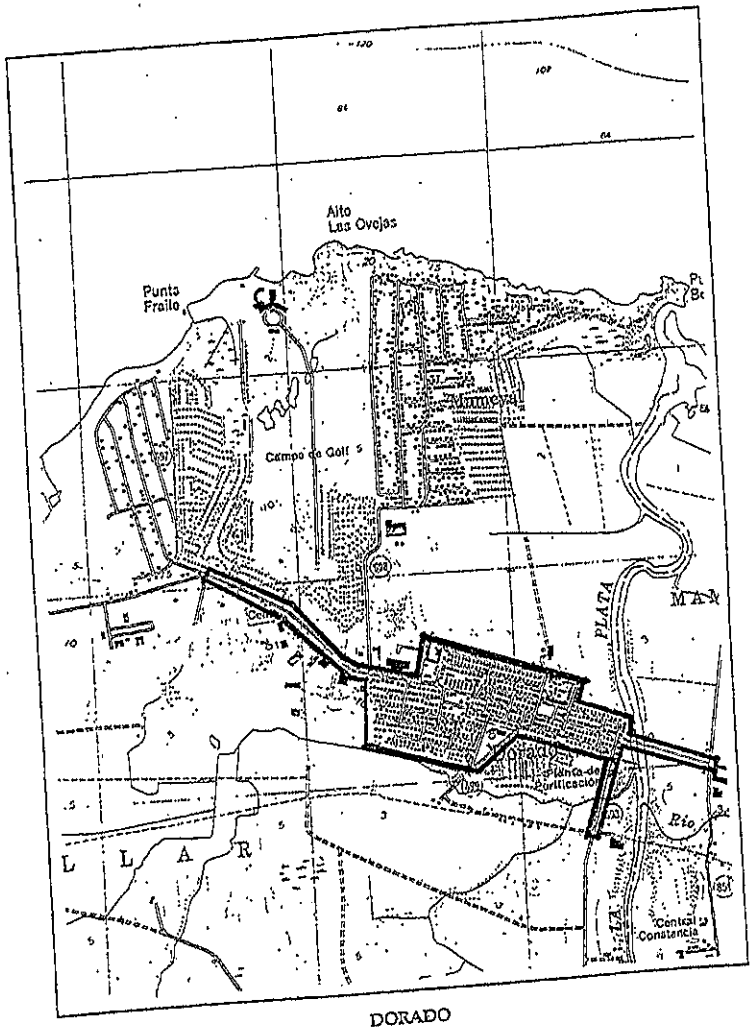
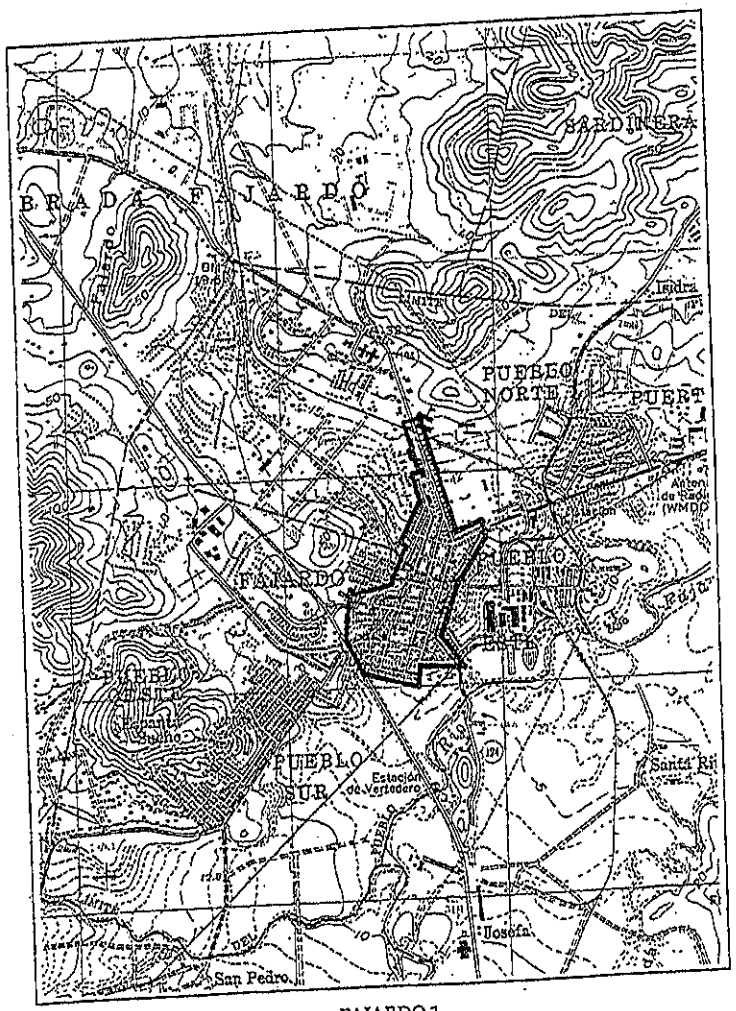


DORADO
A1-33



FAJARDO 1
CENTRO
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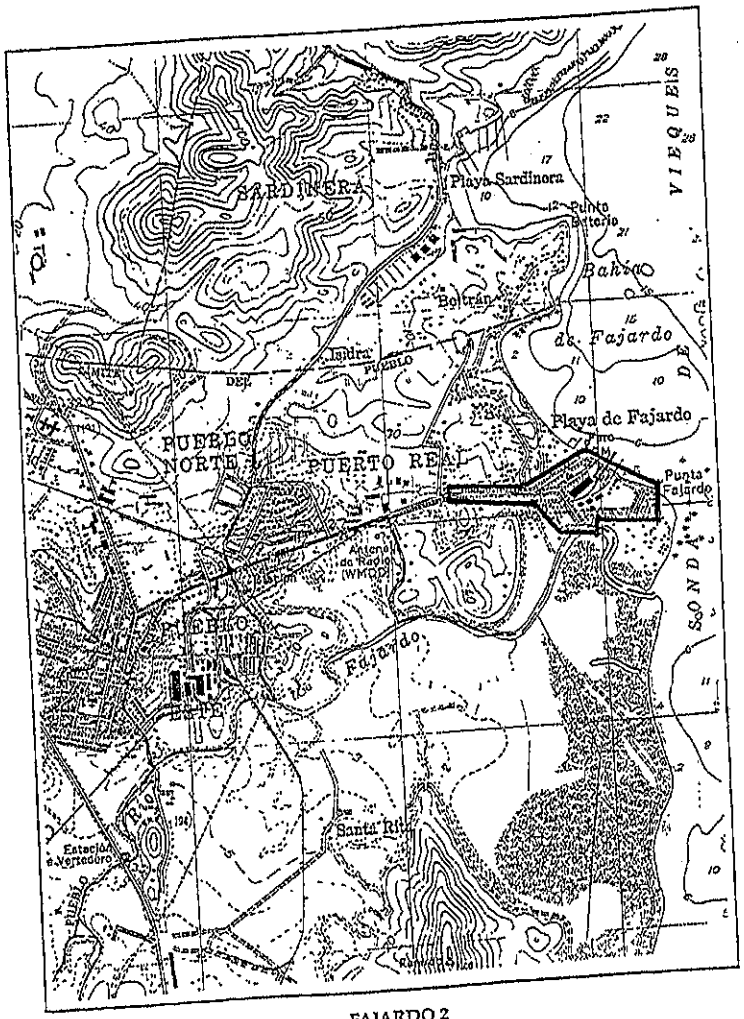
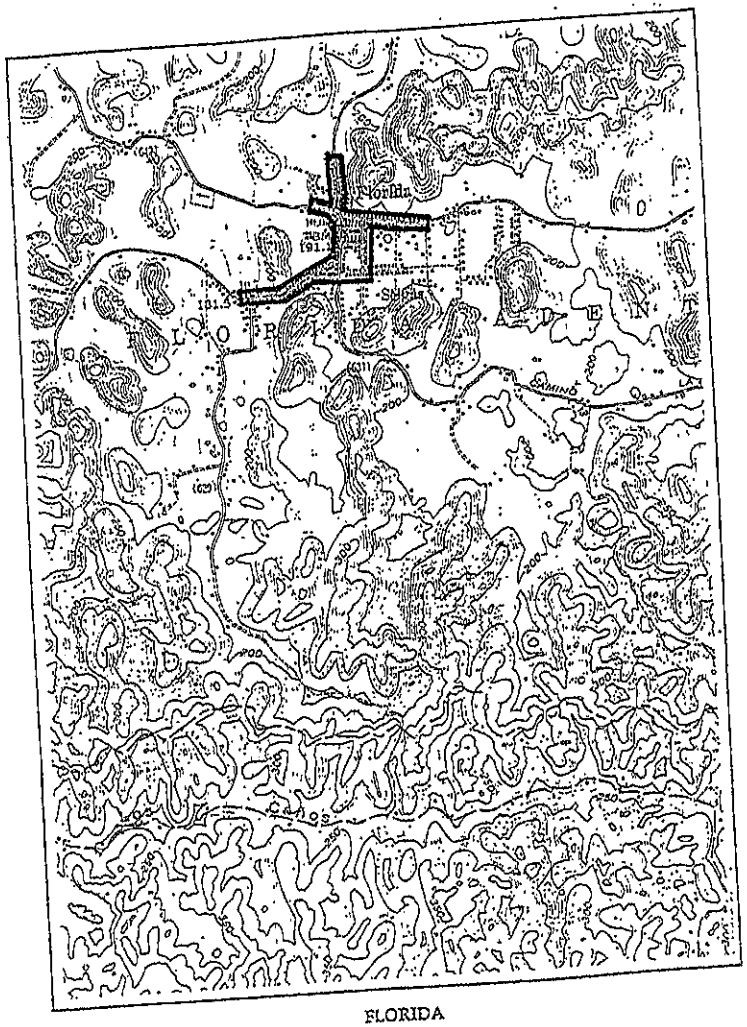
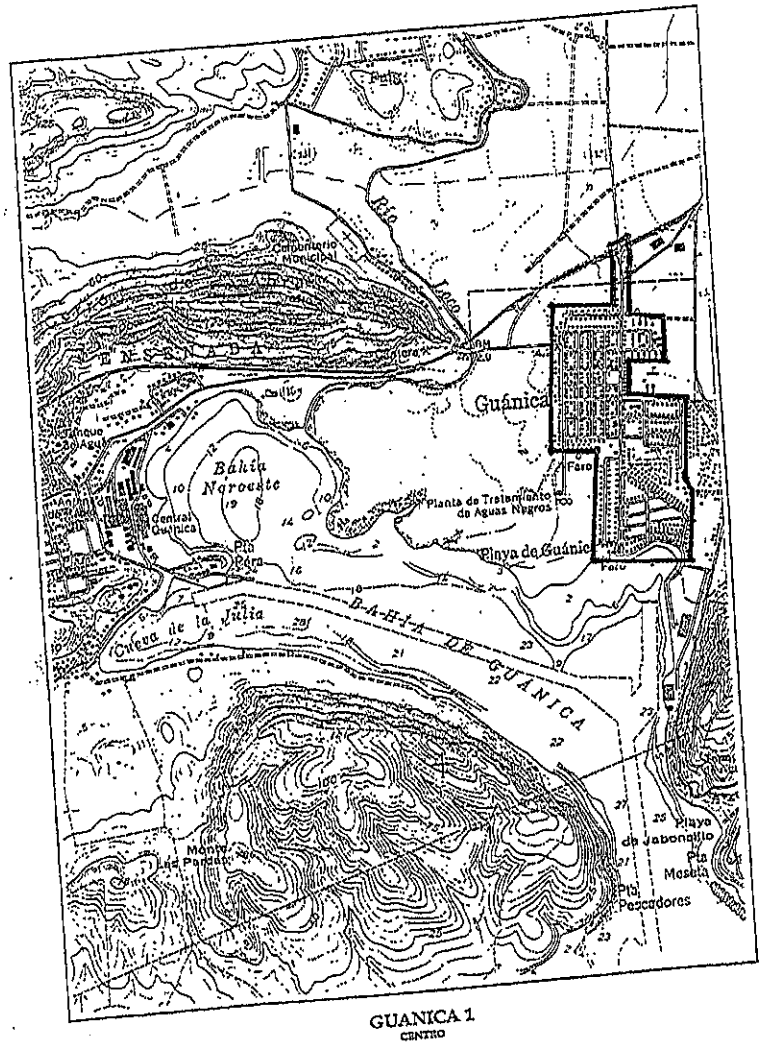


FAJARDO 2
PLAYA
A1–35



FLORIDA

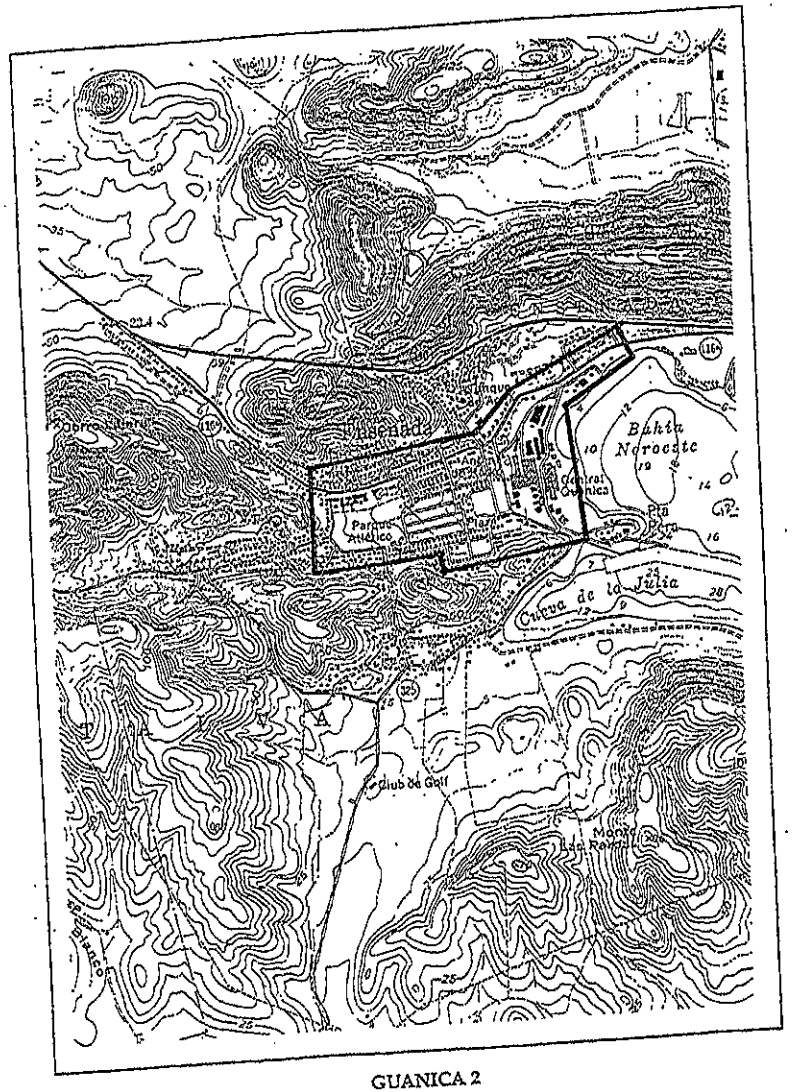
A1–36



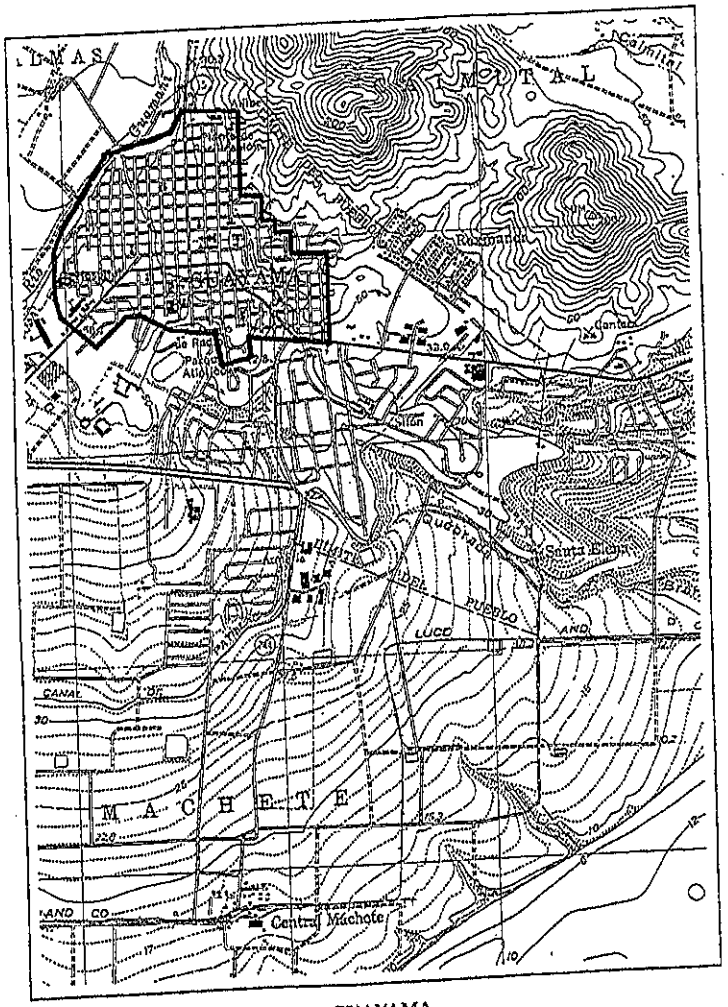
GUANICA 1

CENTRO

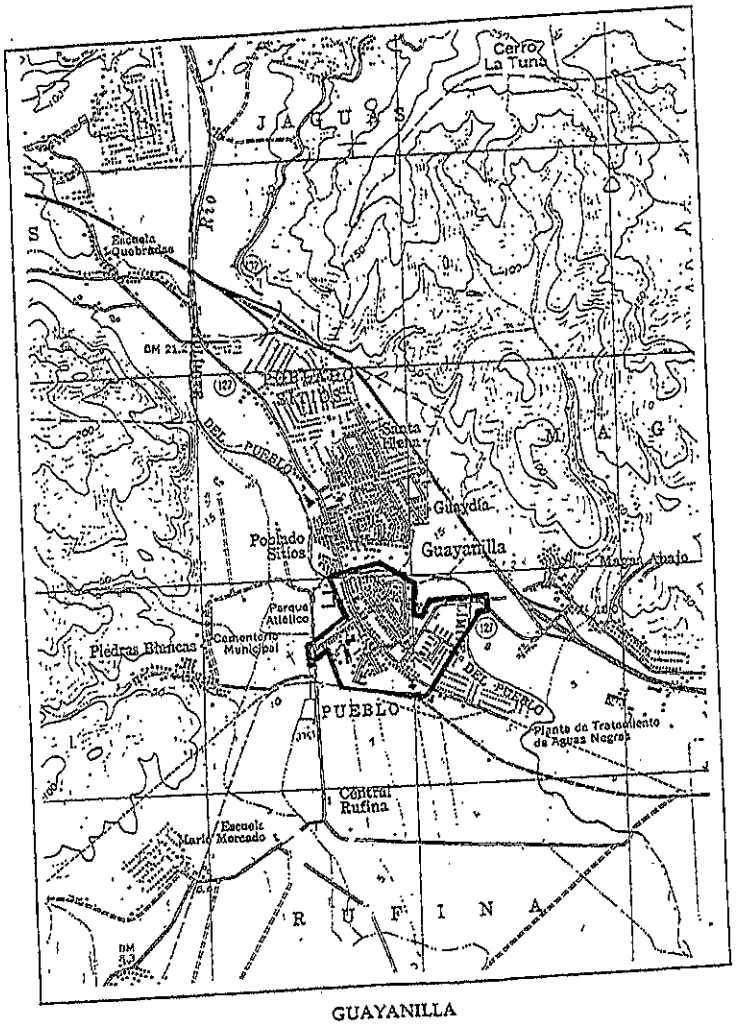
A1–37



GUANICA 2
ENSENADA
A1-38

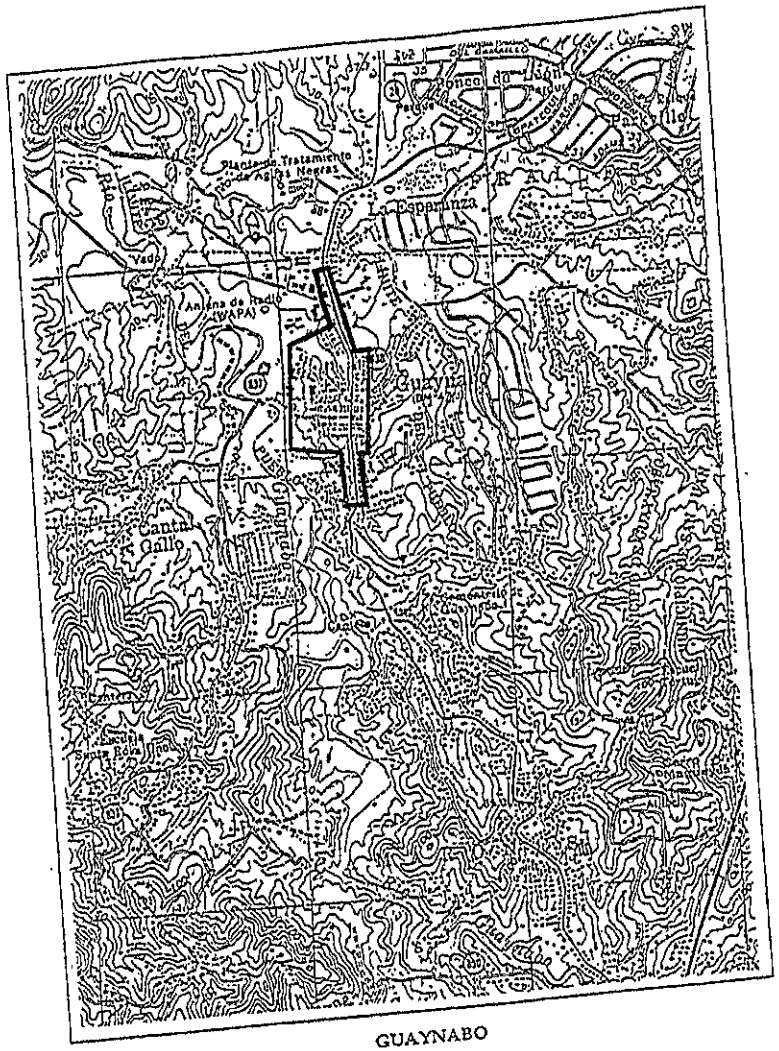


GUAYAMA
A1-39



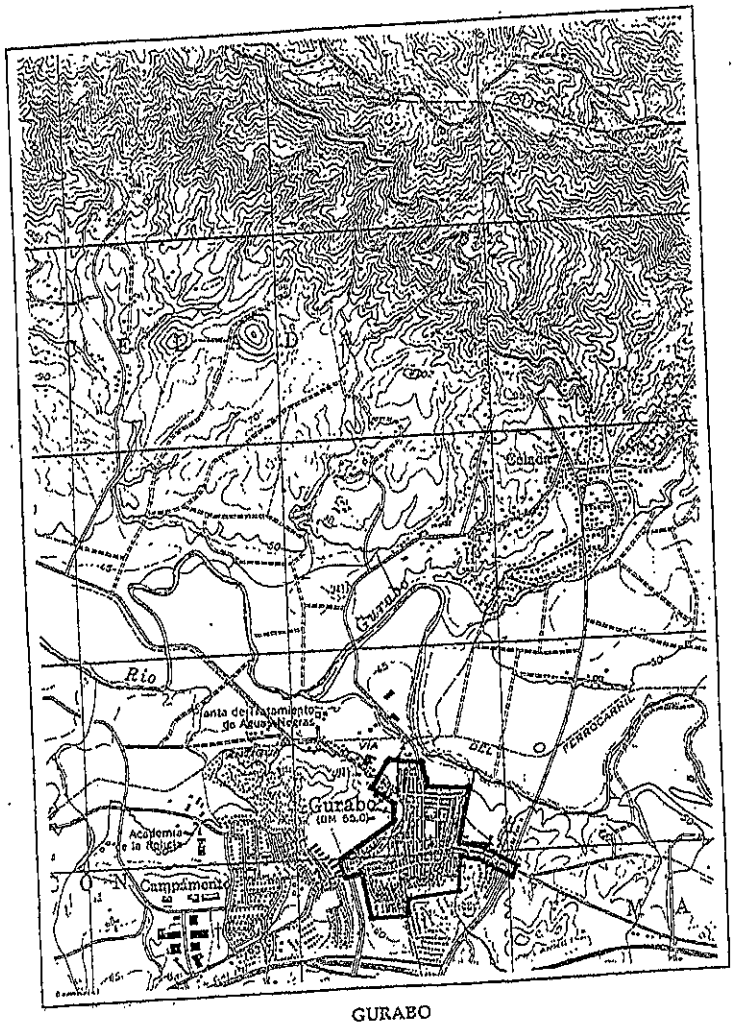
GUAYANILLA

A1–40



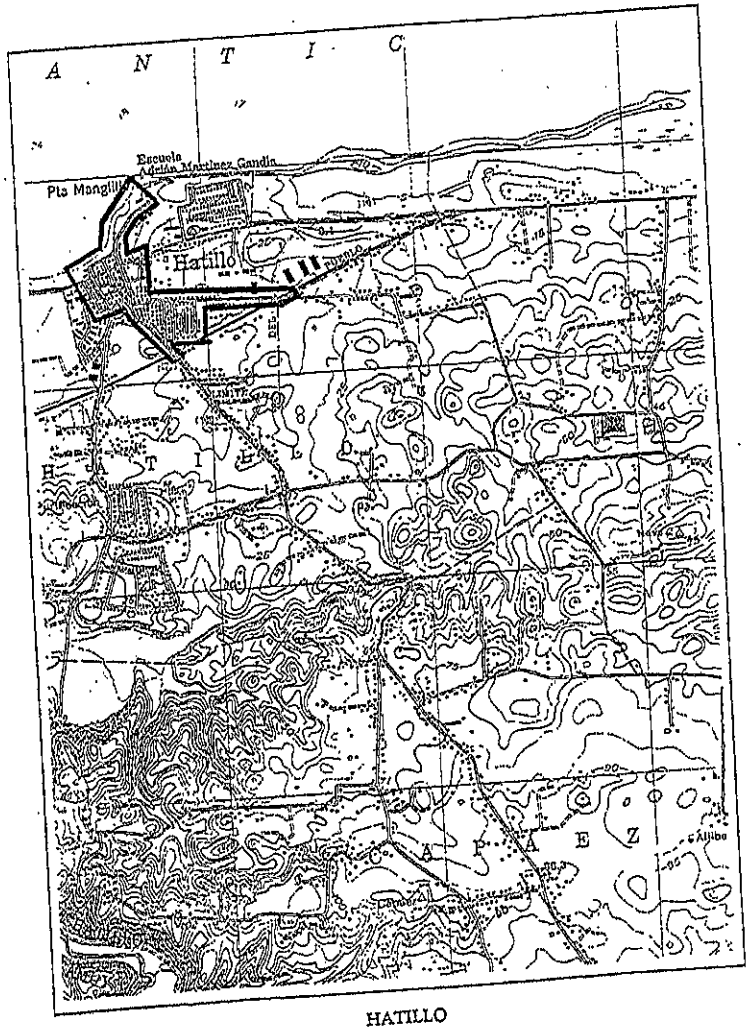
GUAYNABO

A1–41



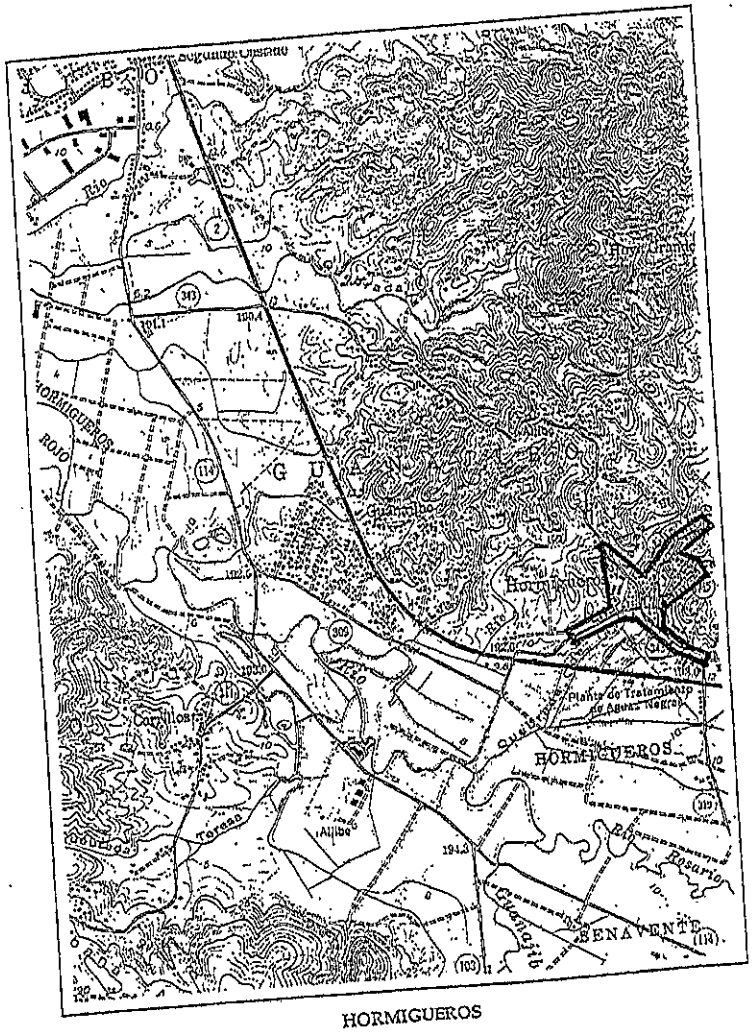
GURABO

A1–42



HATILLO

A1–43


HORMIGUEROS
Río Rosario
Planta de Tratamiento de Aguas Negras
Quebrada Guayacán
Río Torcaza
Río Ovejas
Río Cauca
Río Palo
Río Desbaratado
Río Guachal
Río Fraile
Río Hormigueros
Río Rojo
Río Cañaveralejo
Río Meléndez
Río Lili
Río Cali
Río Aguacatal
Río Pance
Río Jamundí
Río Claro
Río Amaime
Río Bolo
Río Fraile
Río Guabas
Río Sabaletas
Río Sonso
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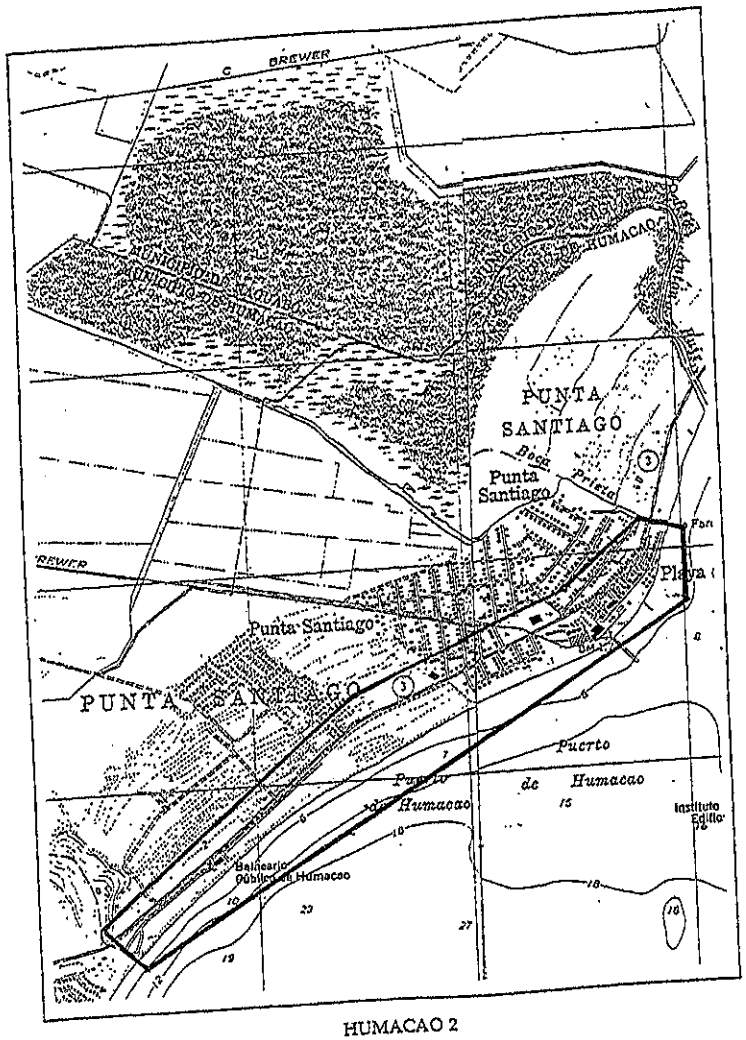
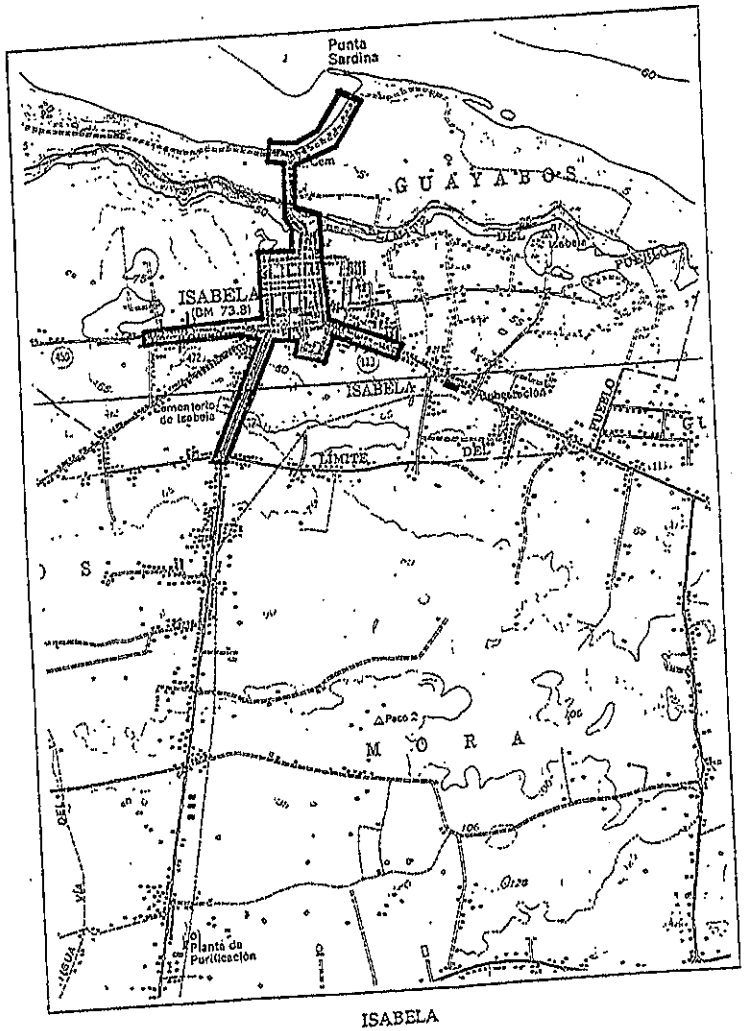
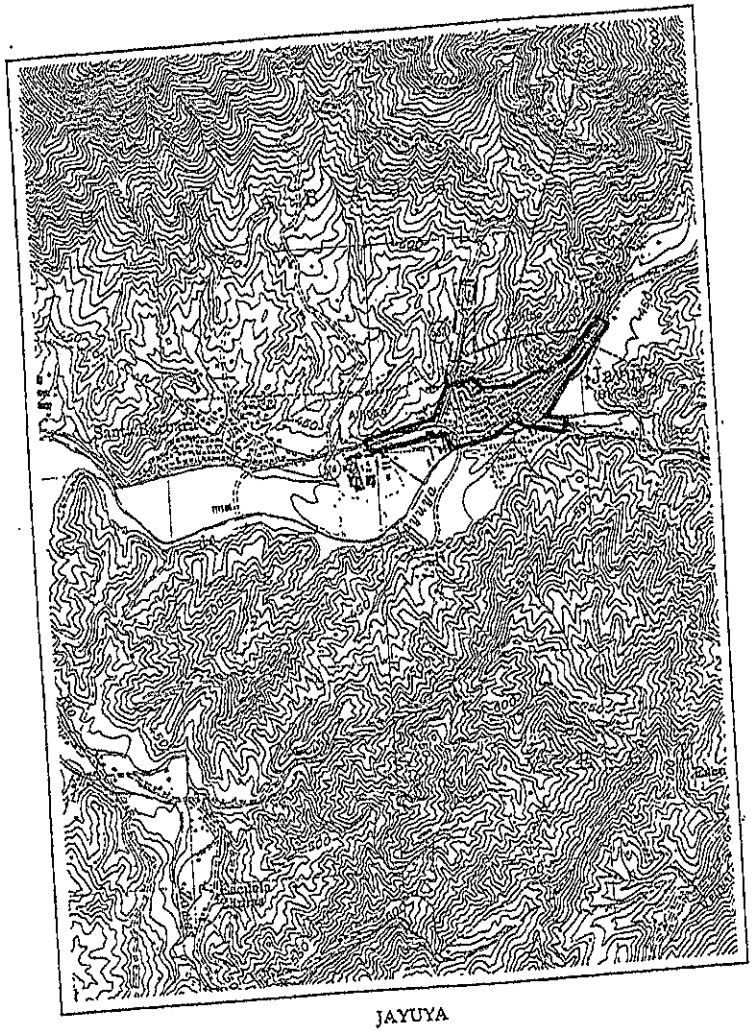
Río Tuluá
Río Morales
Río Bugalagrande
Río Zabaletas
Río Frayle



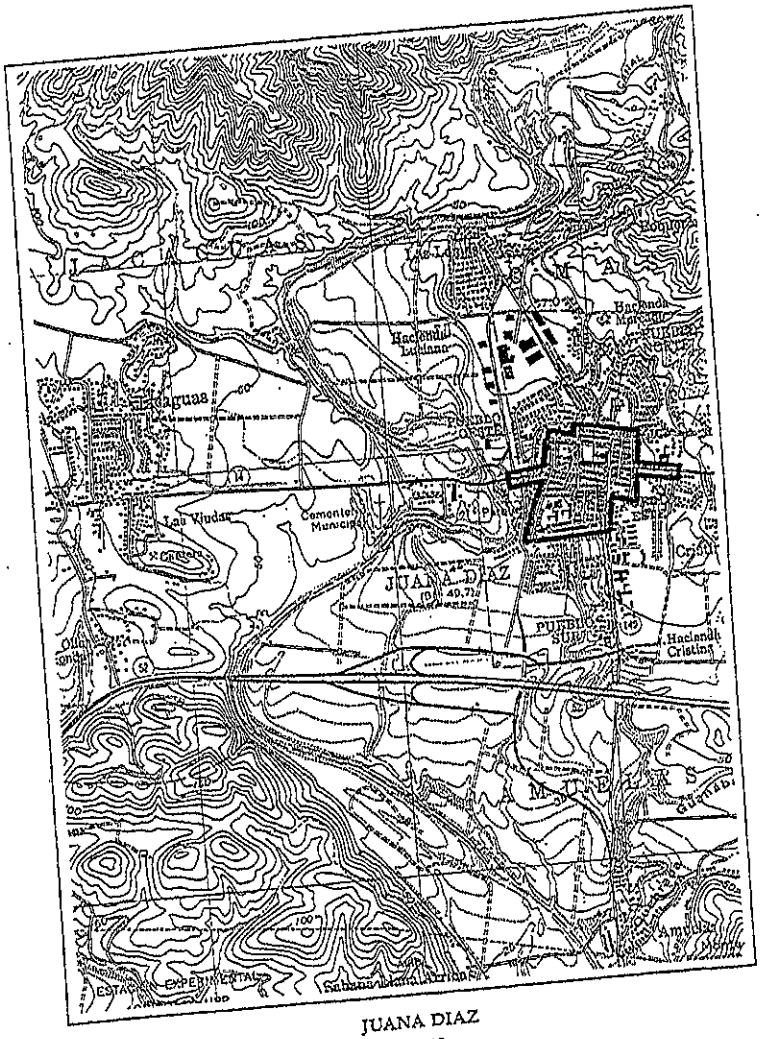
HUMACAO 2
PLAYA
A1–46



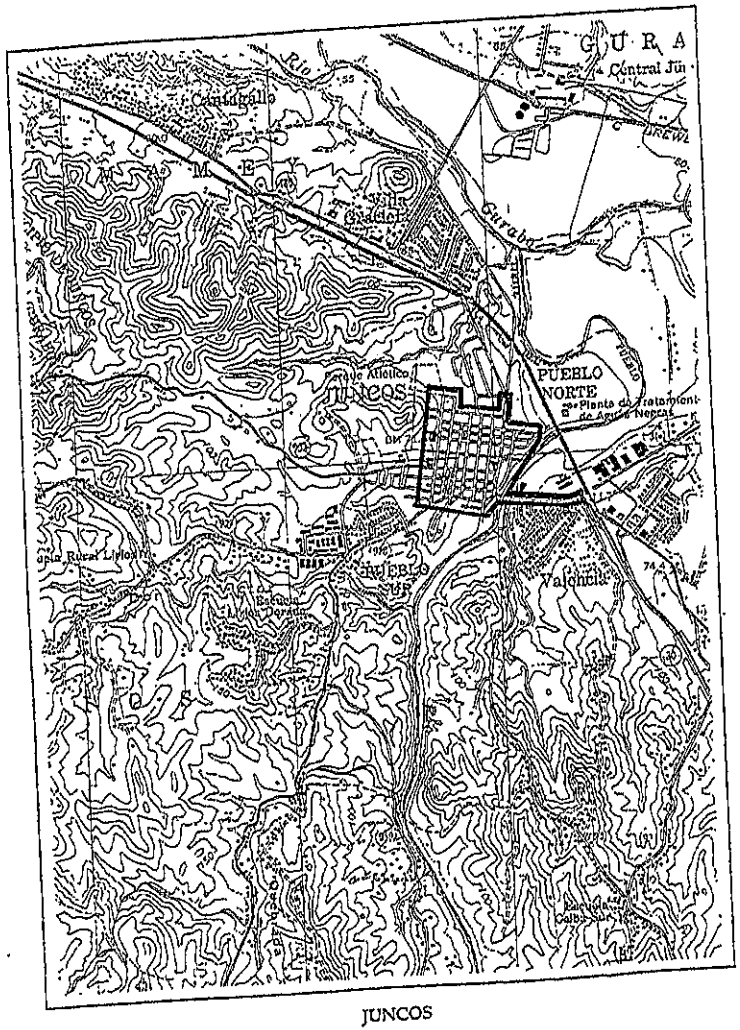
ISABELA
A1–47



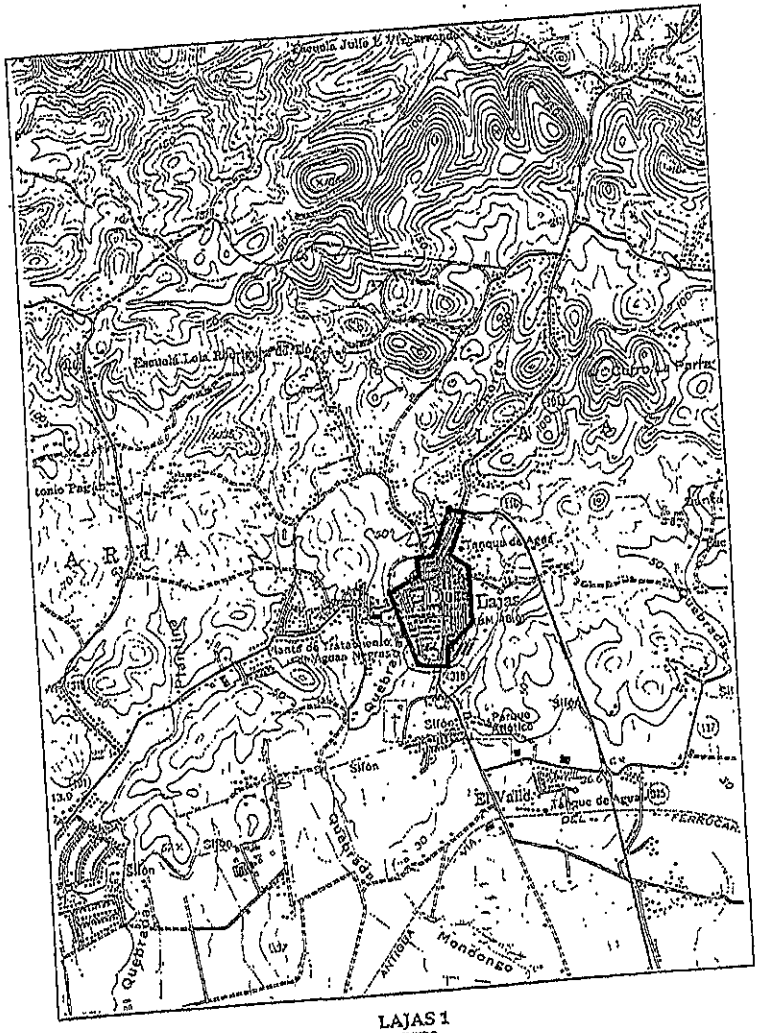
JAYUYA
A1–48



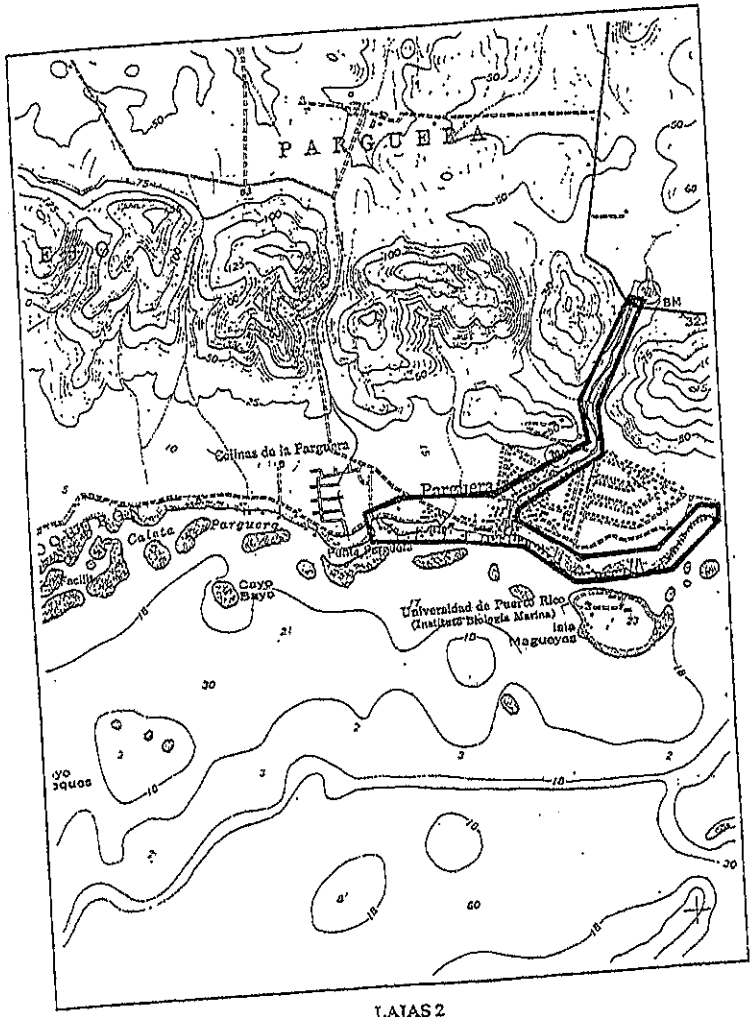
JUANA DIAZ
A1–49



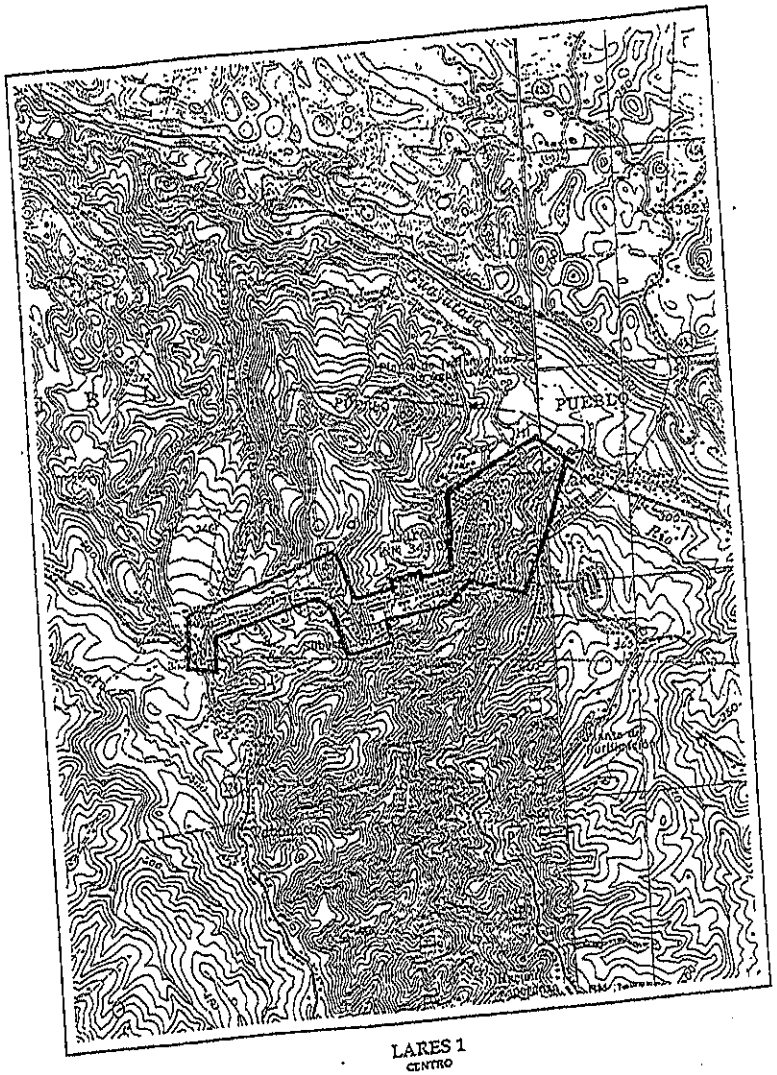
JUNCOS
A1–50



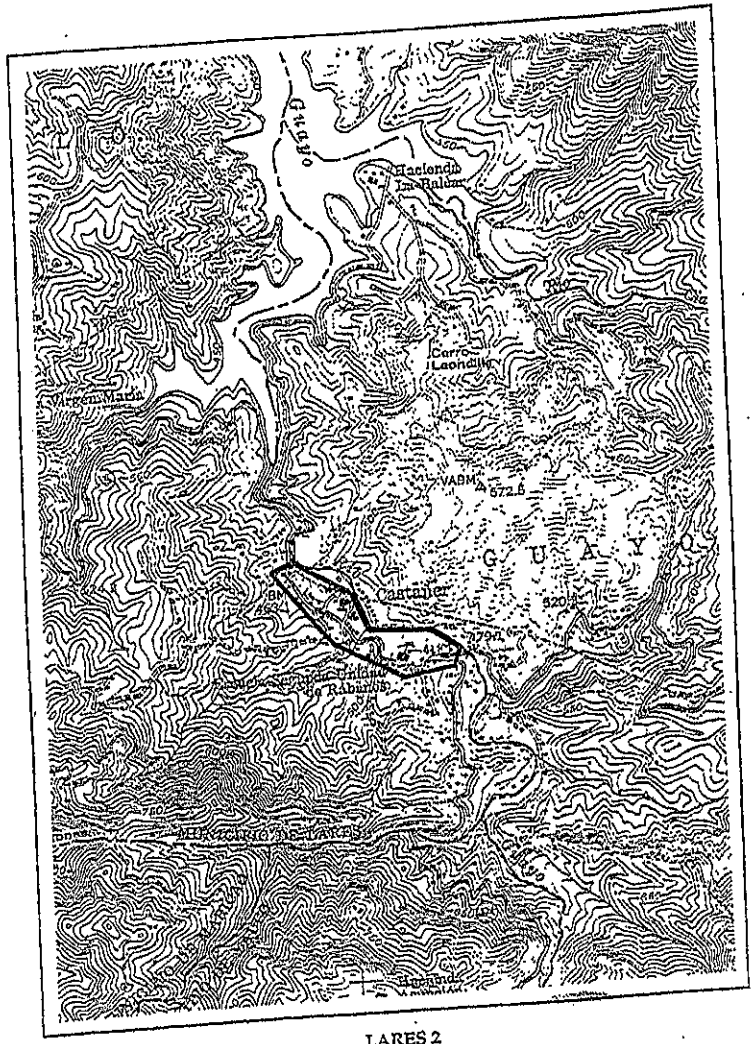
LAJAS 1
CENTRO
A1–51



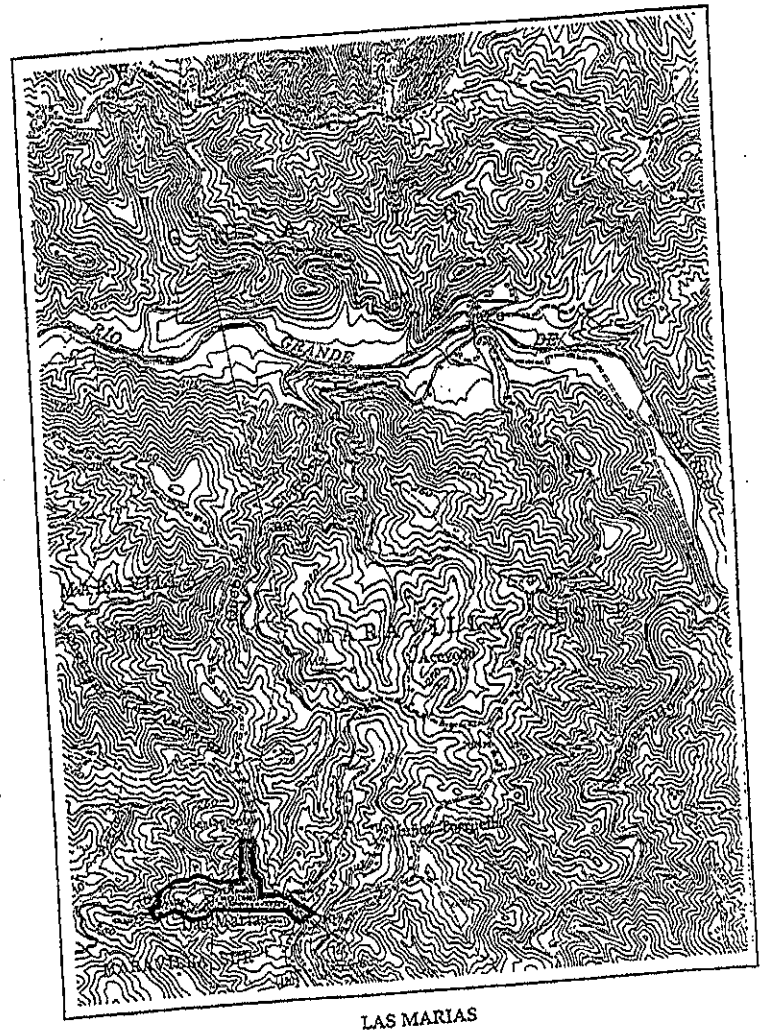
LAJAS 2
LA PARGUERA
A1–52



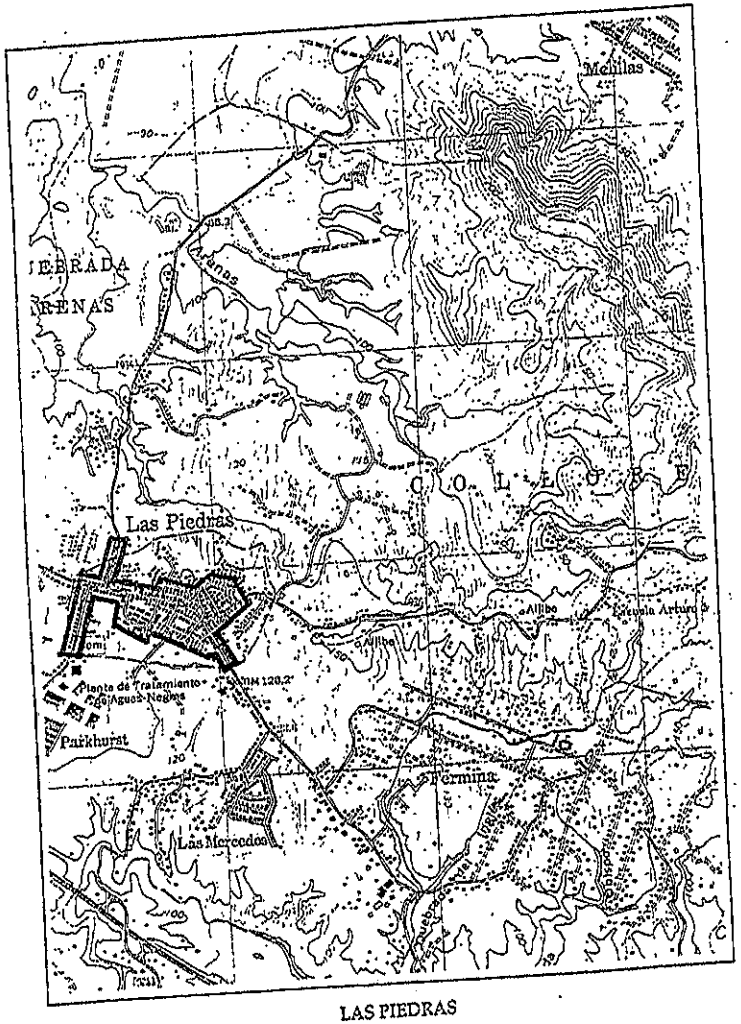
LARES 1
CENTRO
A1–53



LARES 2
CASTAÑER
A1–54



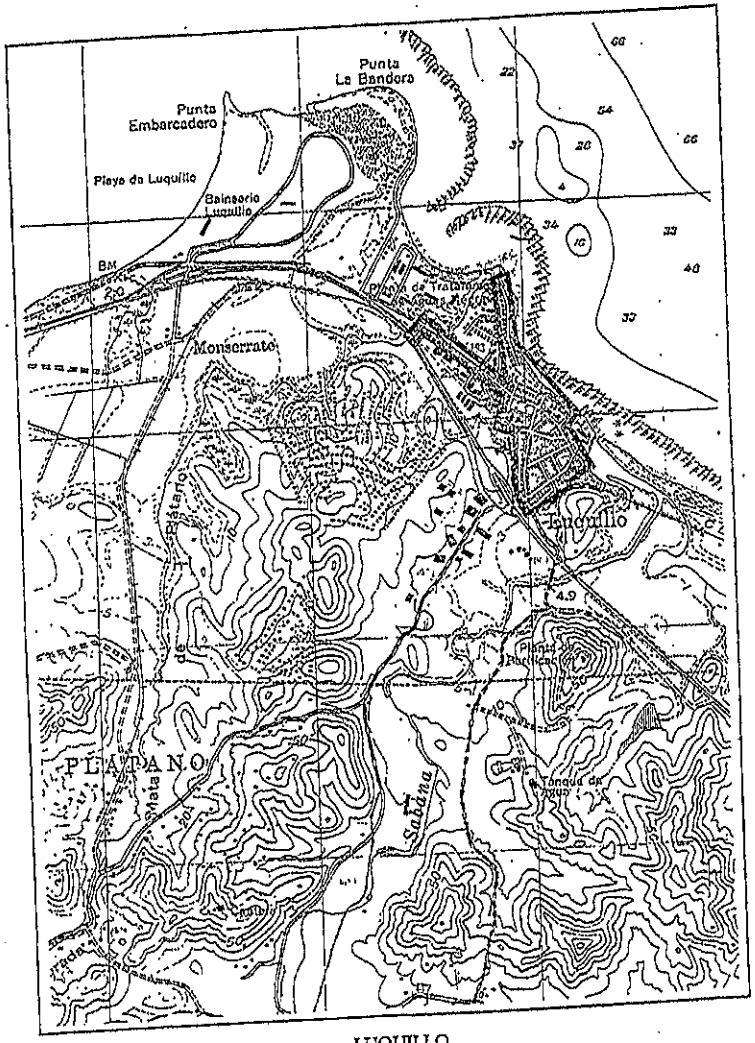
LAS MARIAS
A1–55



LAS PIEDRAS
A1–56

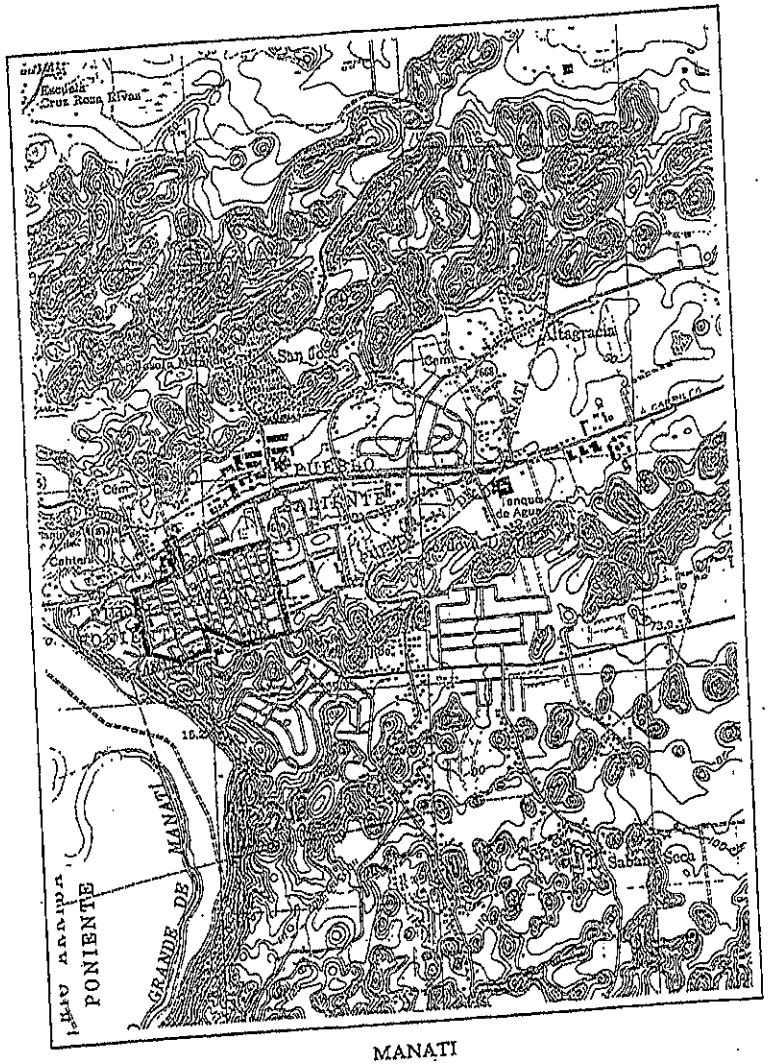


LOIZA
A1–57



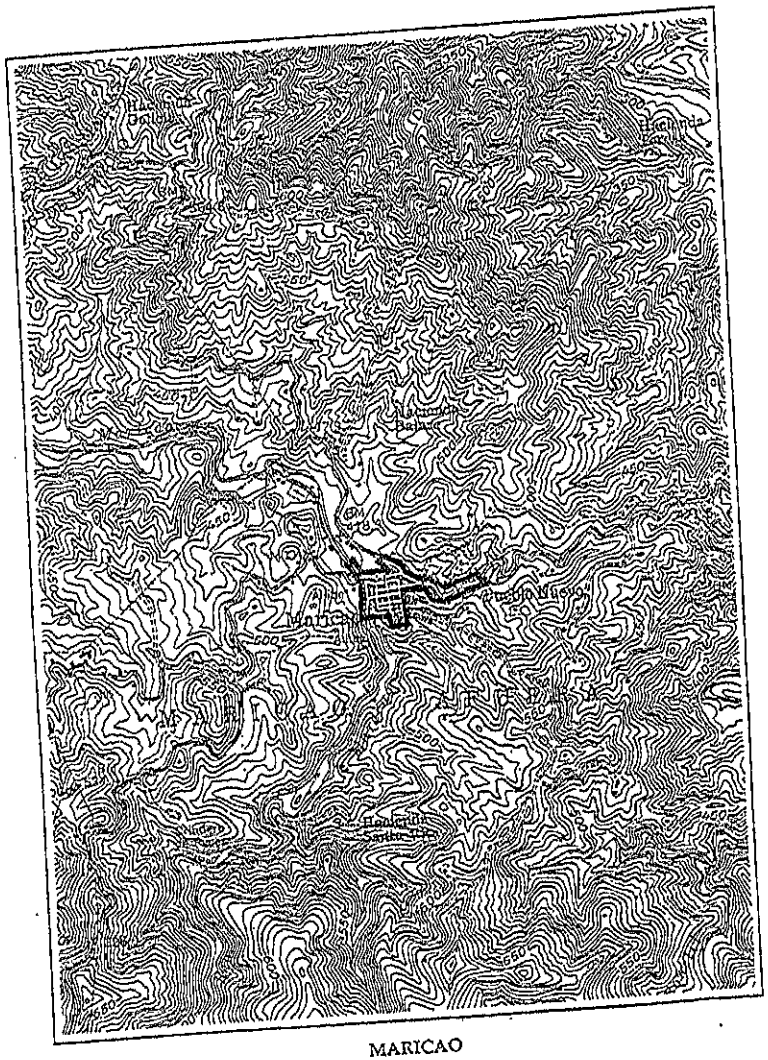
LUQUILLO

A1–58



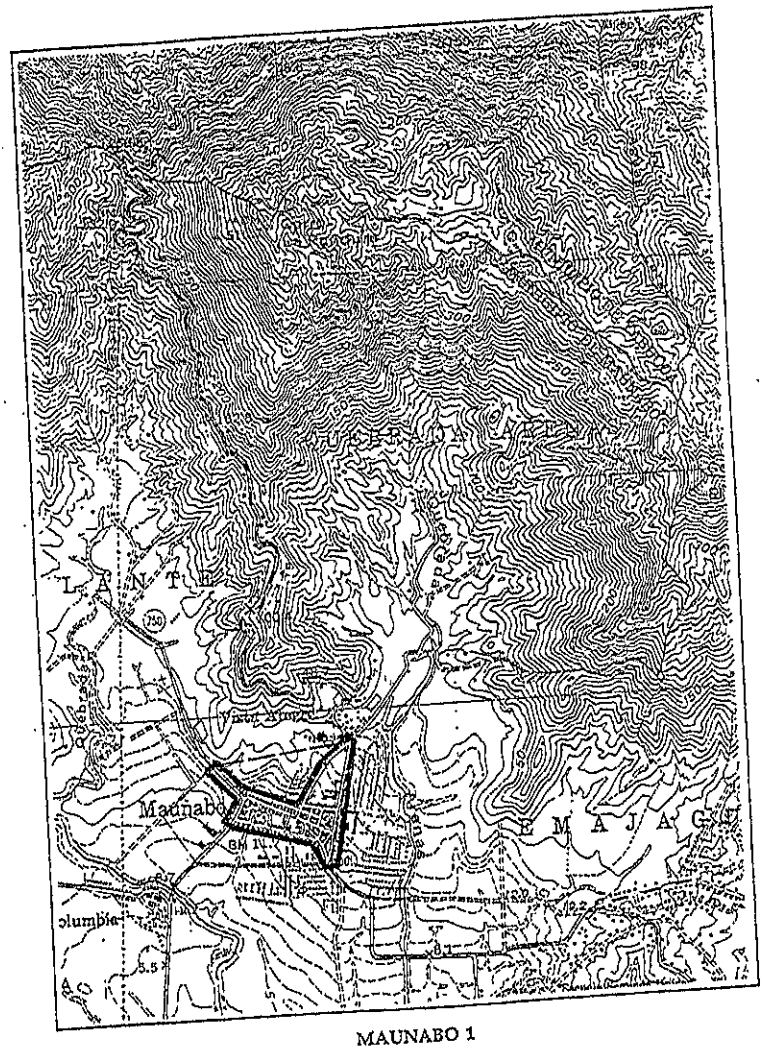
MANATI

A1–59



MARICAO

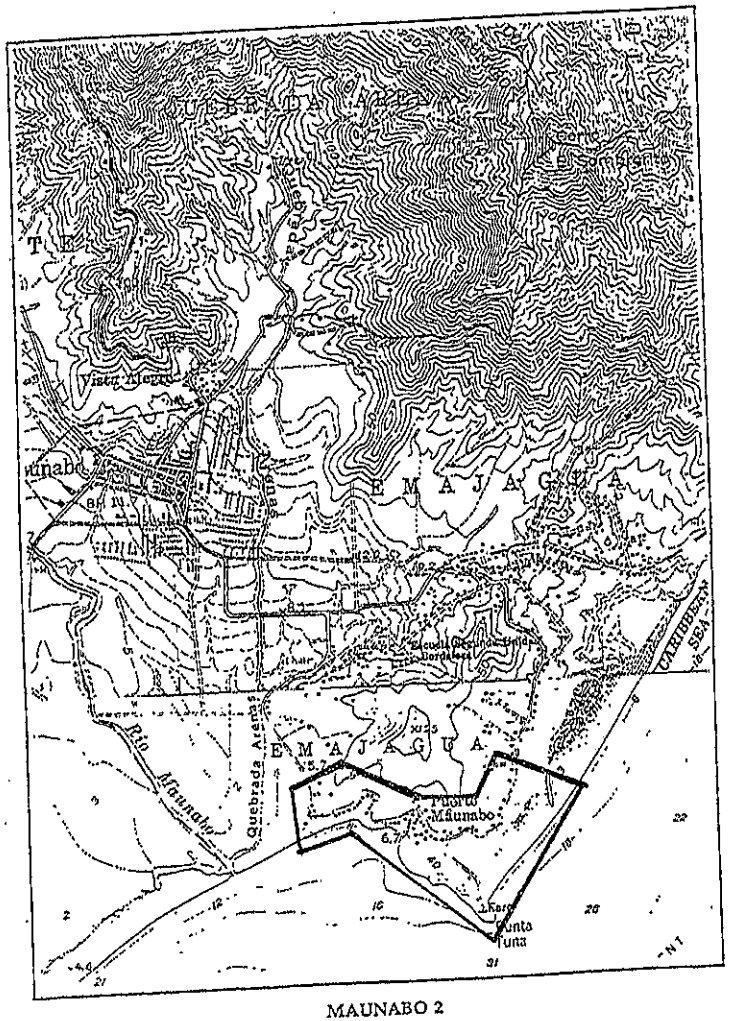
A1–60



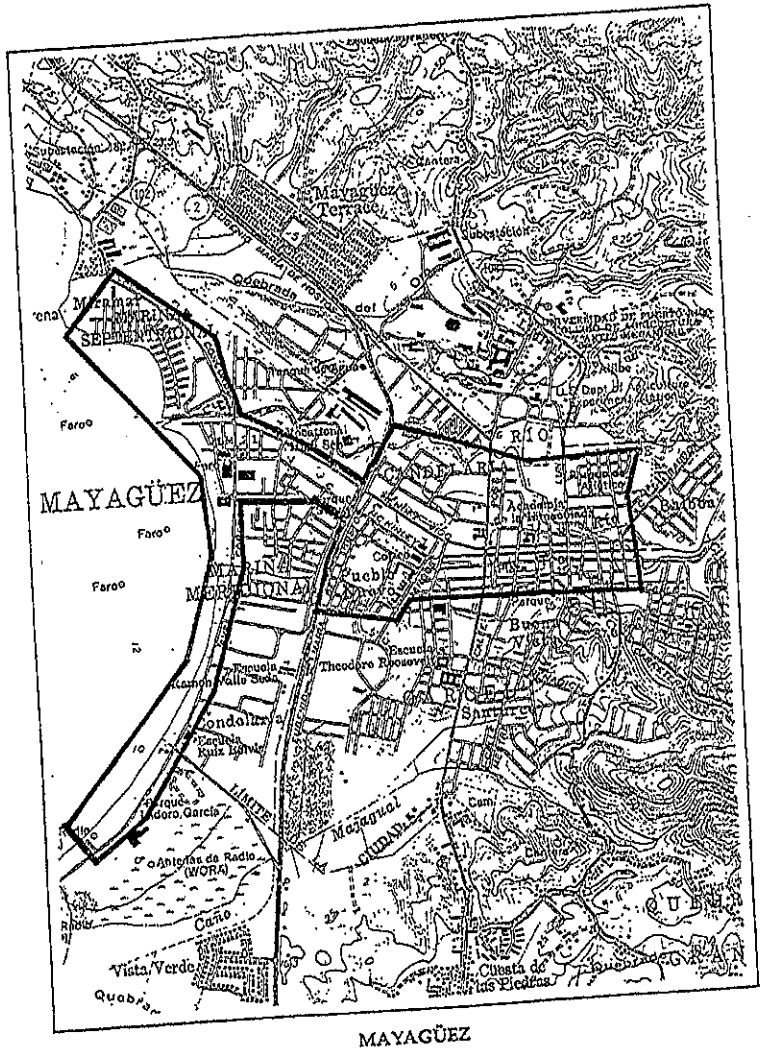
MAUNABO 1

CENTRO

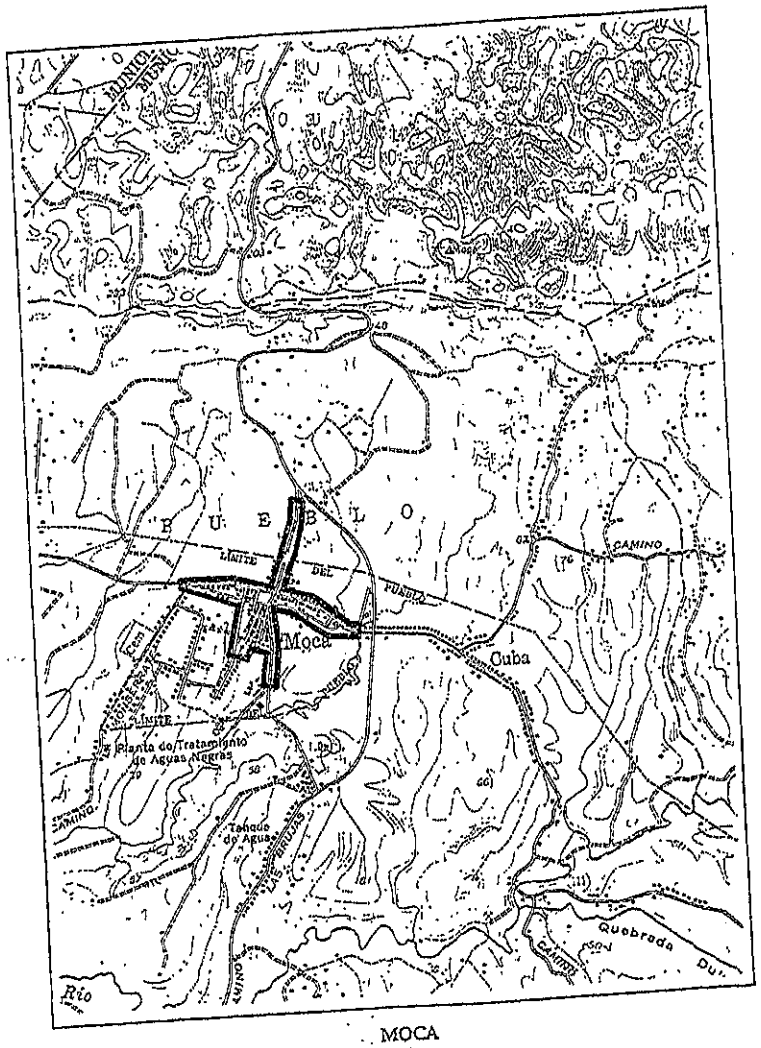
A1–61



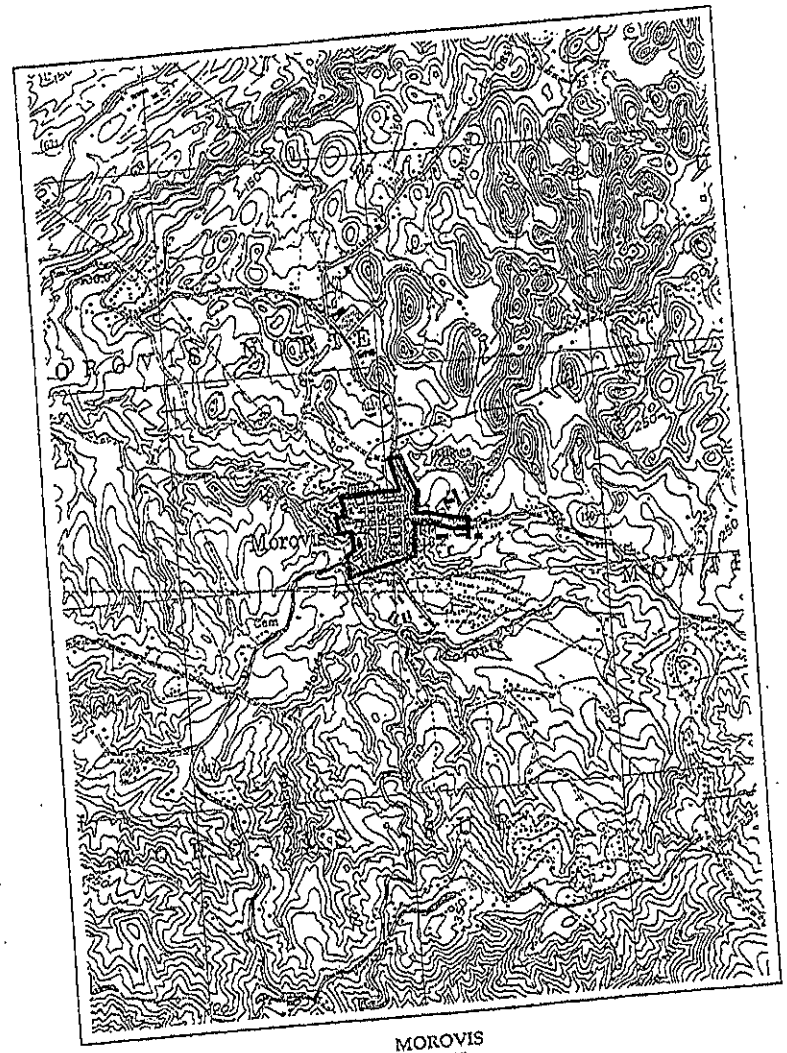
MAUNABO 2
PLAYA
A1–62



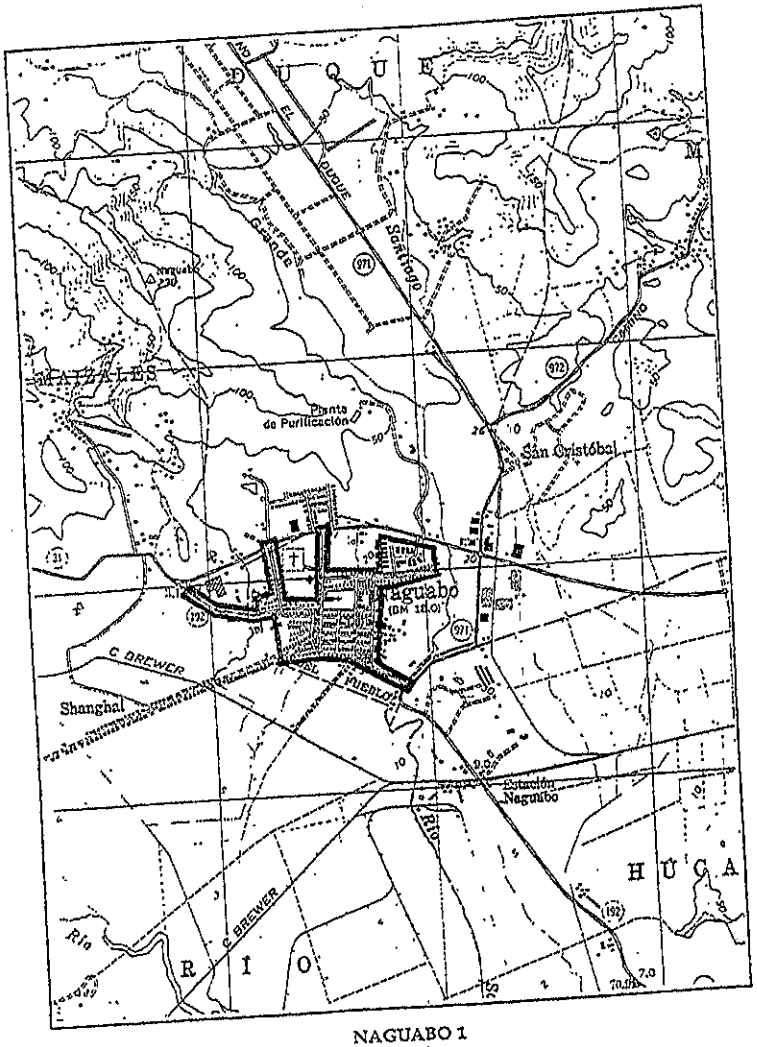
MAYAGÜEZ
A1–63



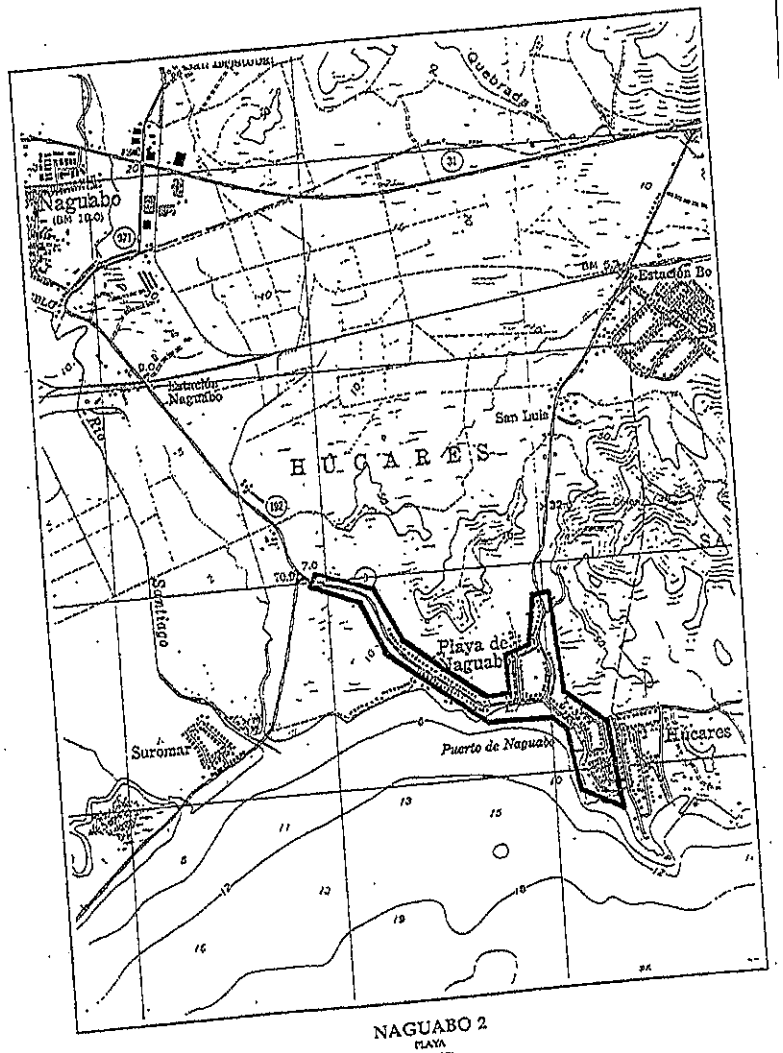
MOCA
A1-64



MOROVIS
A1-65



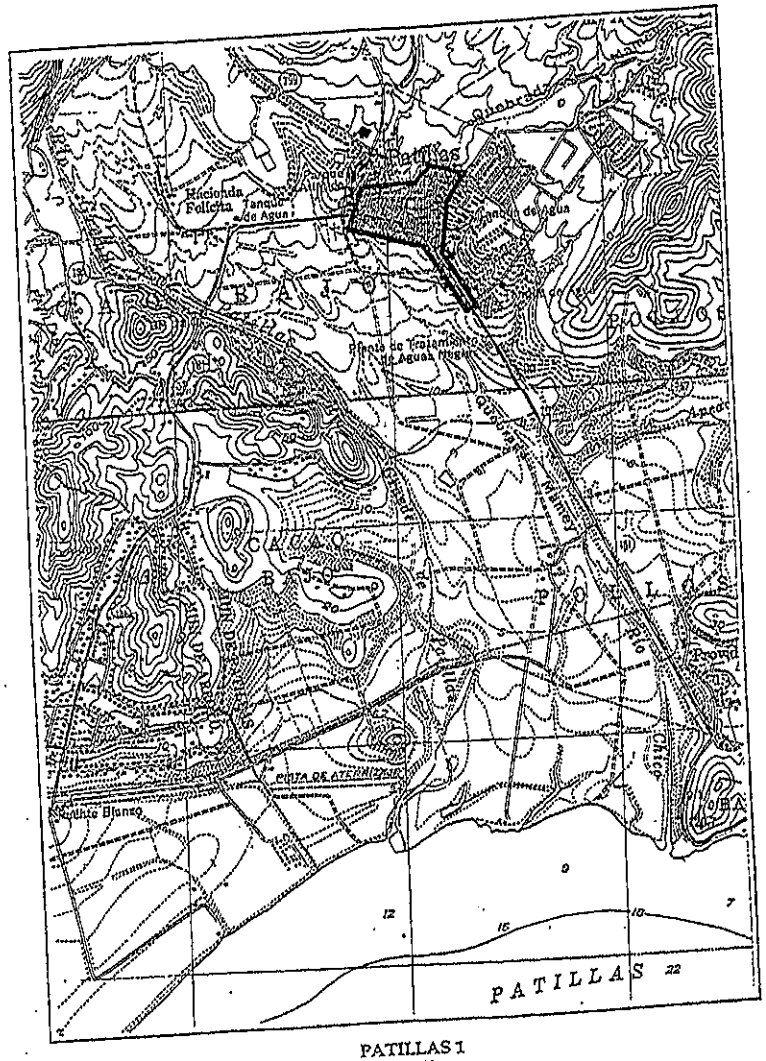
NAGUABO 1
CENTRO
A1-65



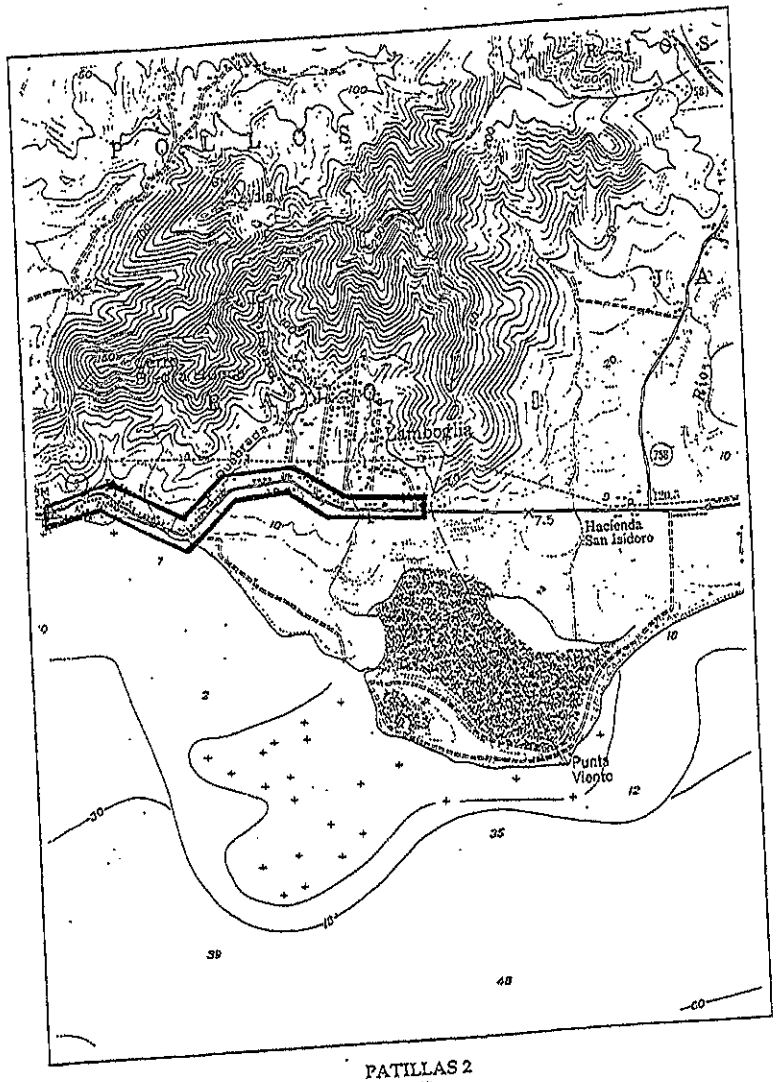
NAGUABO 2
PLAYA
A1-67

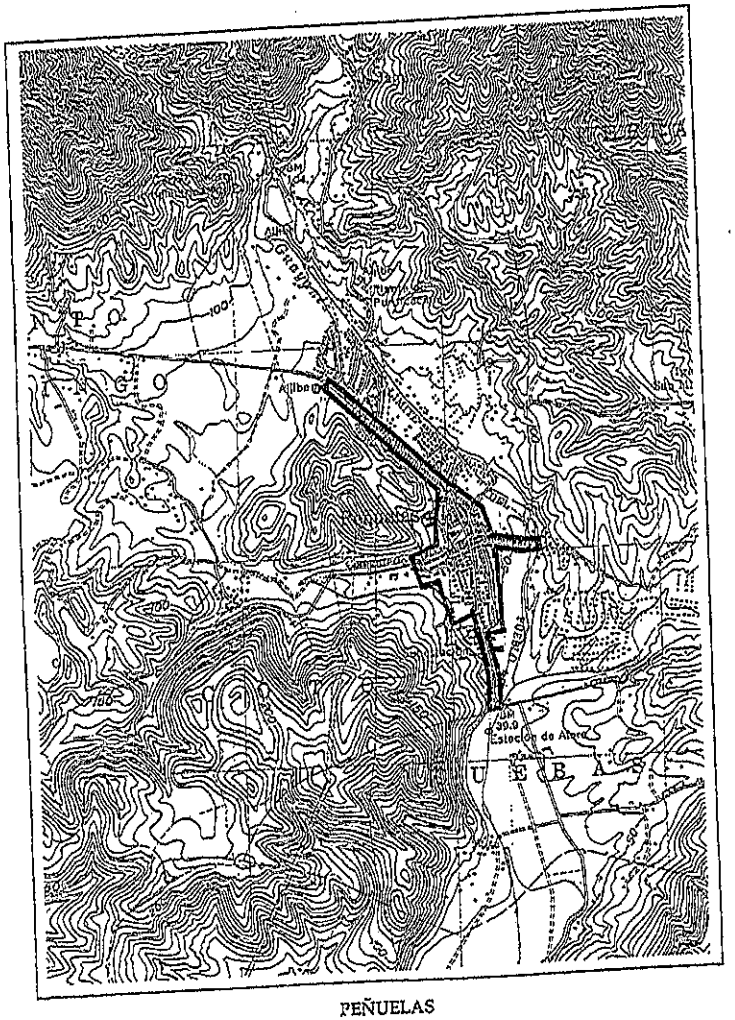
OROCOVIS
A1-69

NARANJITO
A1-68

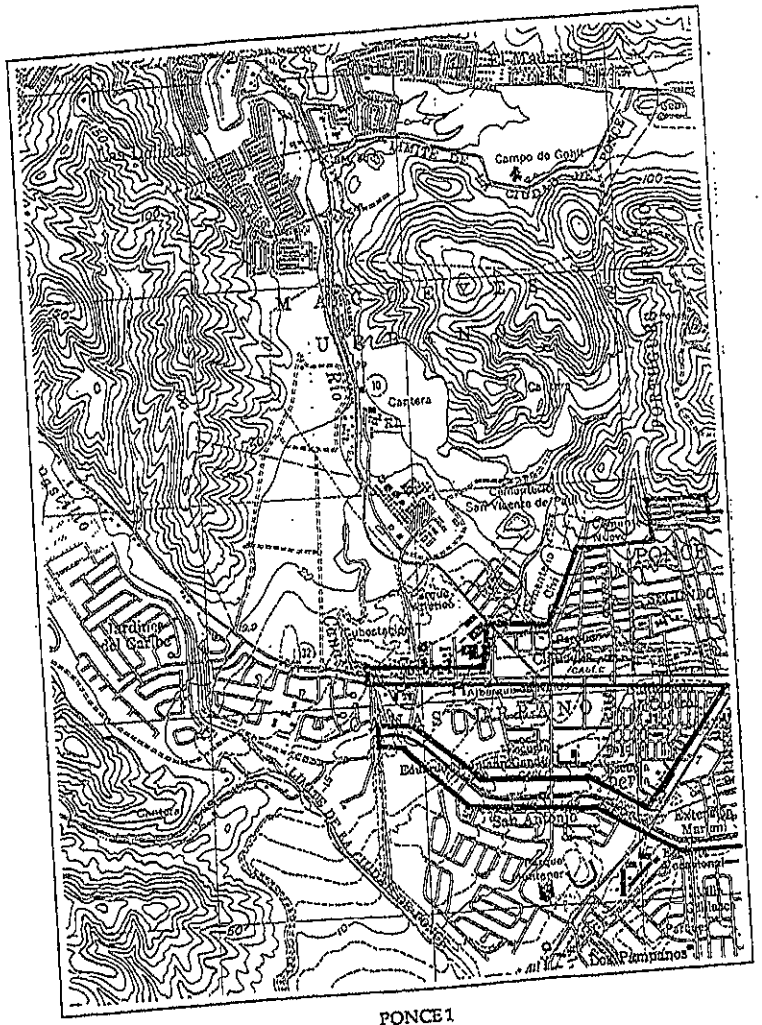


PATILLAS 1
CENTRO
A1–70

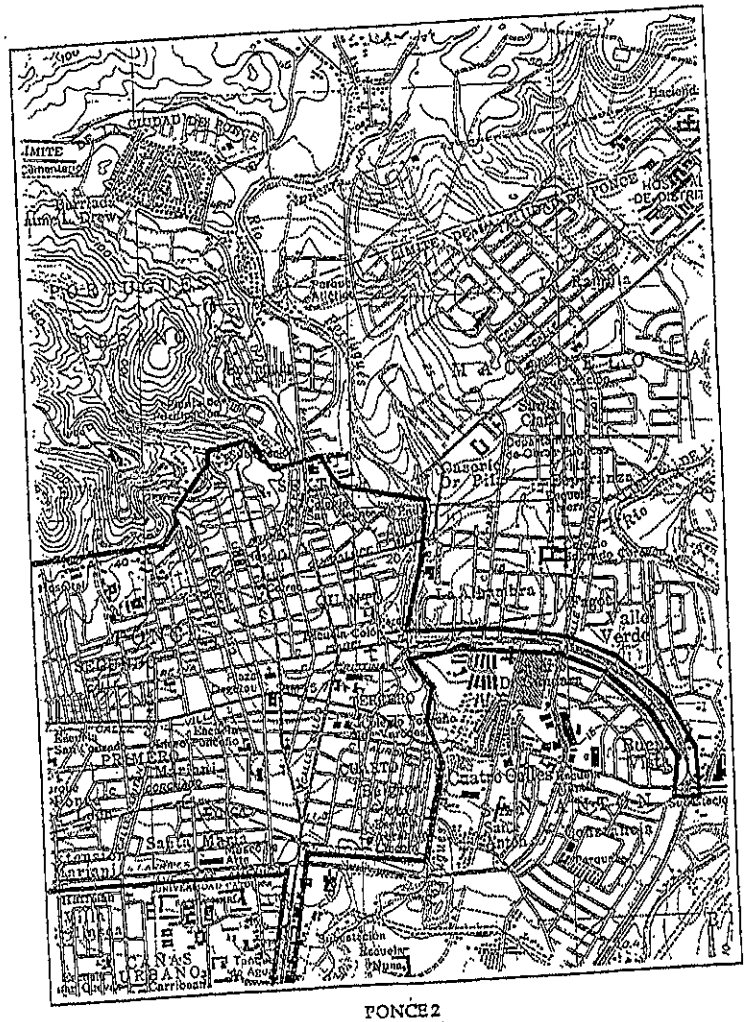

Lamboglia
Hacienda San Isidoro
Punta Viento
Río
Río
Río
Río
Quebrada
Arroyo
PUERTO RICO
PUERTO RICO
PUERTO RICO



PEÑUELAS
A1–72



PONCE 1
CENTRO - OESTE
A1–73


LIMITE
CIUDAD DE PONCE
Hacienda
PONCE HOSPITAL DE SIFILIS
Parque Alma L. Drew
Río
Plaza
Parque Central
Plaza Degetau
Plaza Las Delicias
Plaza Muñoz Rivera
Plaza Las Palmas
Plaza Cristo
Plaza Las Tres Fuentes
Plaza Las Cuatro Calles
Plaza Las Cuatro Estaciones
Plaza Las Cuatro Esquinas
Plaza Las Cuatro Puertas
Plaza Las Cuatro Torres
Plaza Las Cuatro Columnas
Plaza Las Cuatro Fuentes
Plaza Las Cuatro Estatuas
Plaza Las Cuatro Banderas
Plaza Las Cuatro Luces
Plaza Las Cuatro Flores
Plaza Las Cuatro Aguas
Plaza Las Cuatro Vientos
Plaza Las Cuatro Estaciones
Plaza Las Cuatro Esquinas
Plaza Las Cuatro Puertas
Plaza Las Cuatro Torres
Plaza Las Cuatro Columnas
Plaza Las Cuatro Fuentes
Plaza Las Cuatro Estatuas
Plaza Las Cuatro Banderas
Plaza Las Cuatro Luces
Plaza Las Cuatro Flores
Plaza Las Cuatro Aguas
Plaza Las Cuatro Vientos
Valle Verde
Cuatro Calles
Cuatro Esquinas
Cuatro Puertas
Cuatro Torres
Cuatro Columnas
Cuatro Fuentes
Cuatro Estatuas
Cuatro Banderas
Cuatro Luces
Cuatro Flores
Cuatro Aguas
Cuatro Vientos
Santa María
Marianí
Alta
Baja
Nueva
Vieja
Grande
Pequeño
Pequeña
Norte
Sur
Este
Oeste
Central
Principal
Secundaria
Terciaria
Cuaternaria
Quinta
Sexta
Séptima
Octava
Novena
Décima
Undécima
Duodécima
Decimotercera
Decimocuarta
Decimoquinta
Decimosexta
Decimoséptima
Decimoctava
Decimonovena
Vigésima
Vigésima Primera
Vigésima Segunda
Vigésima Tercera
Vigésima Cuarta
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Vigésima Sexta
Vigésima Séptima
Vigésima Octava
Vigésima Novena
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Milésima Tercera
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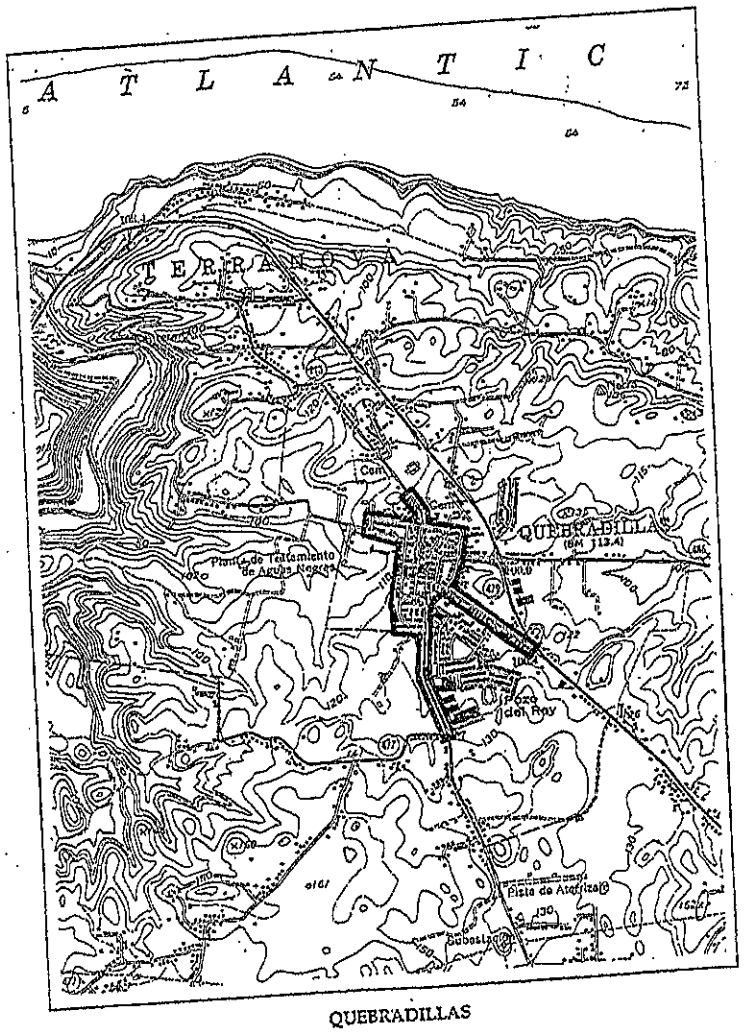
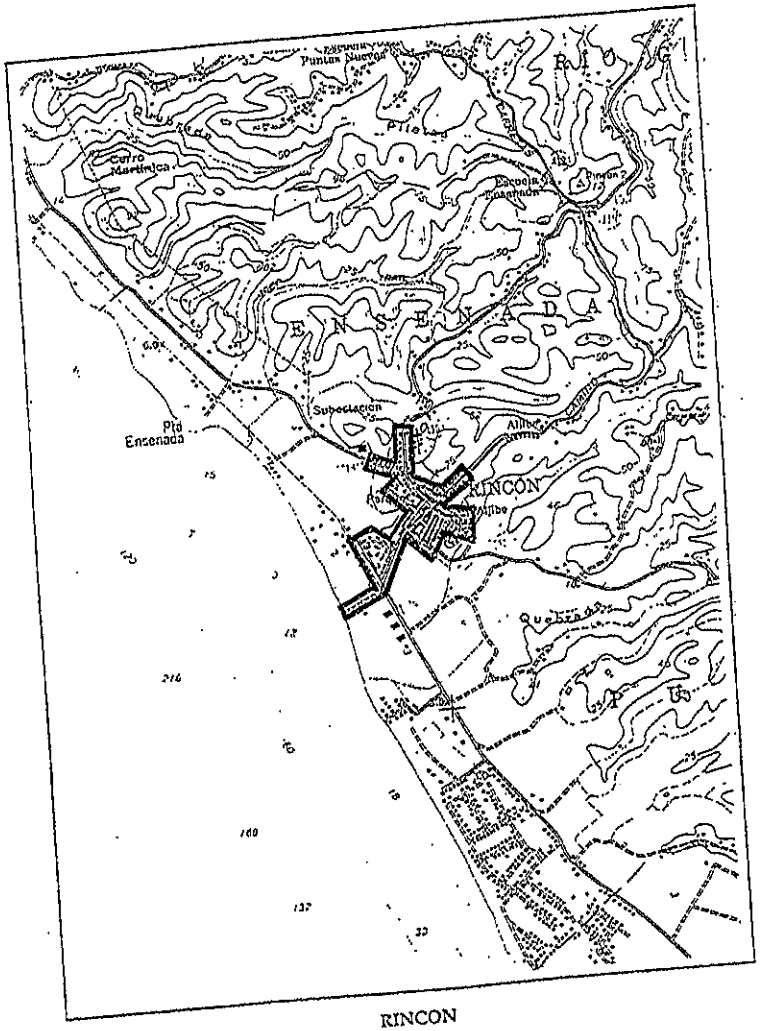
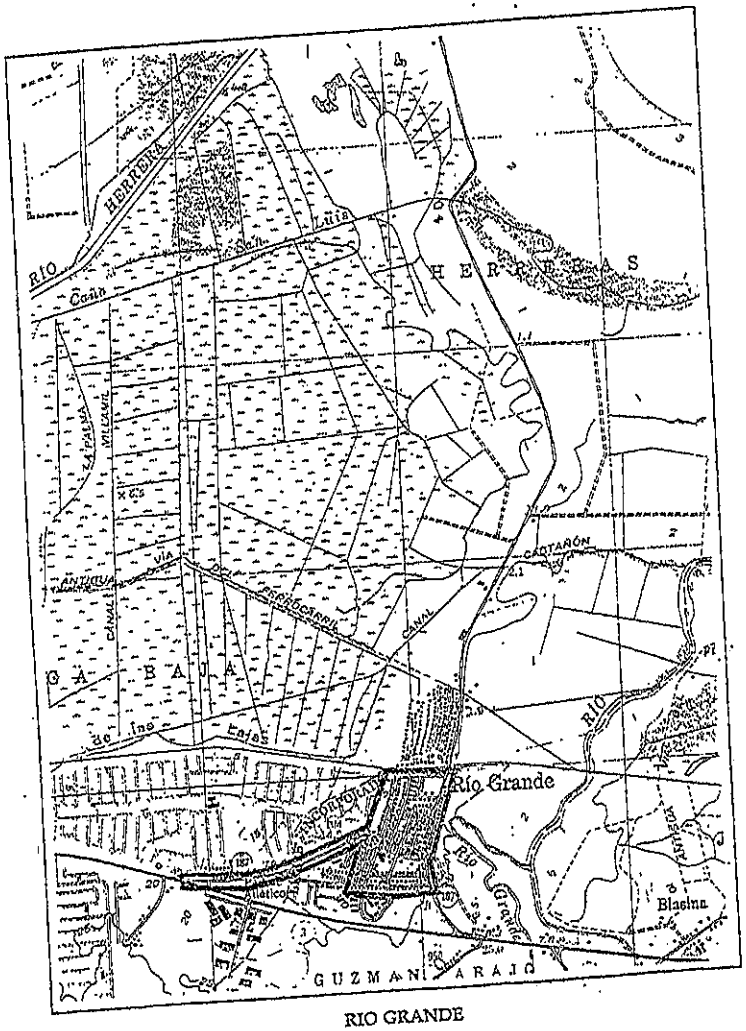
CANAS URBANO
CANAS URBANO
CANAS URBANO



QUEBRADILLAS
A1–76

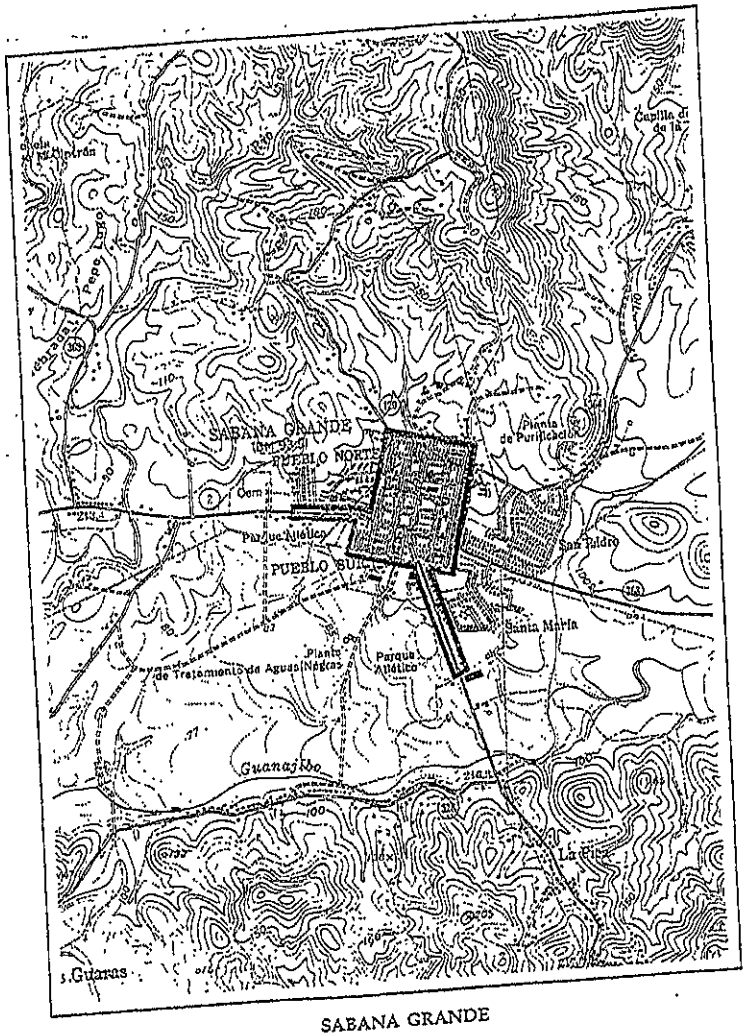


RINCON
A1–77



RIO GRANDE

A1–78

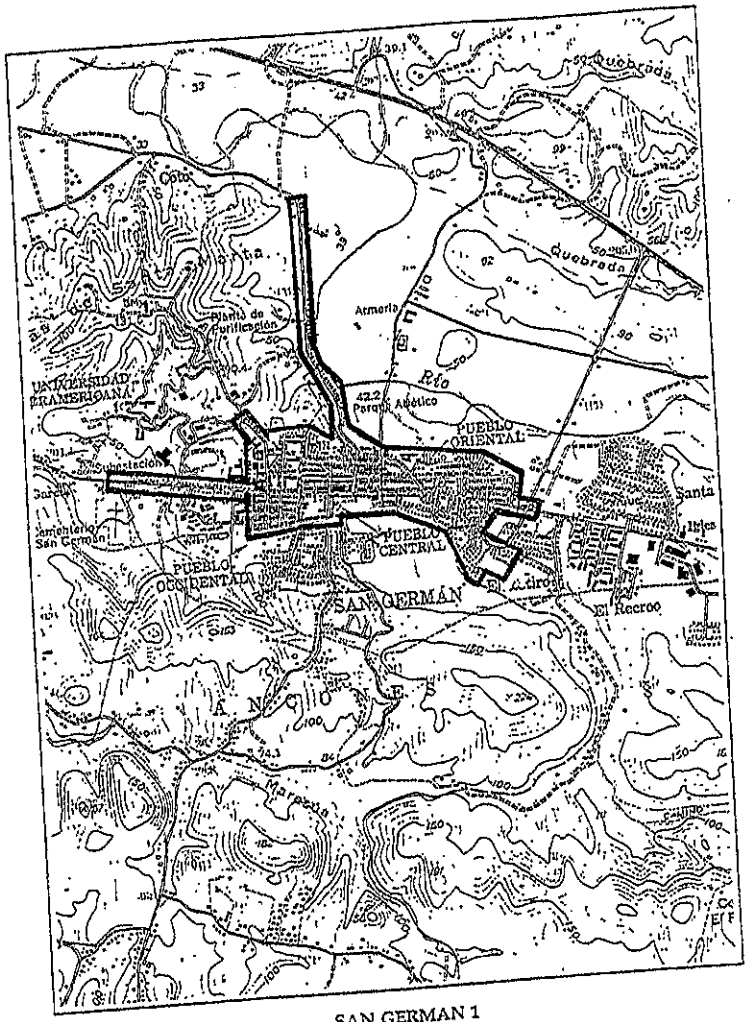


SABANA GRANDE

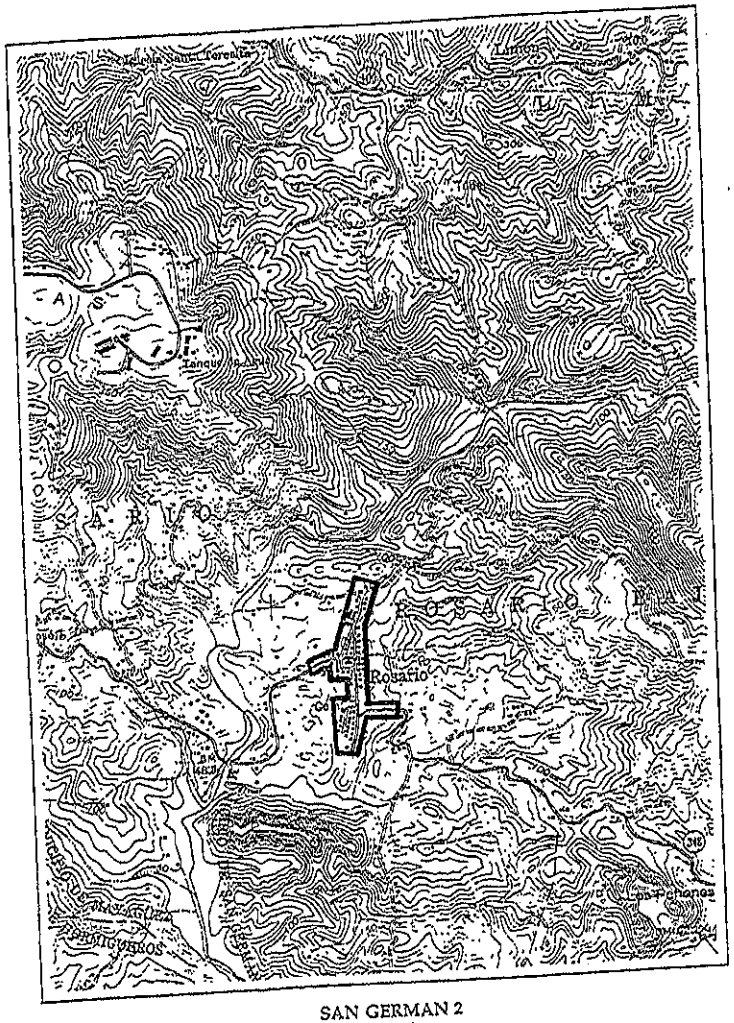
A1–79



SALINAS
A1-80



SAN GERMAN 1
CENTRO
A1-81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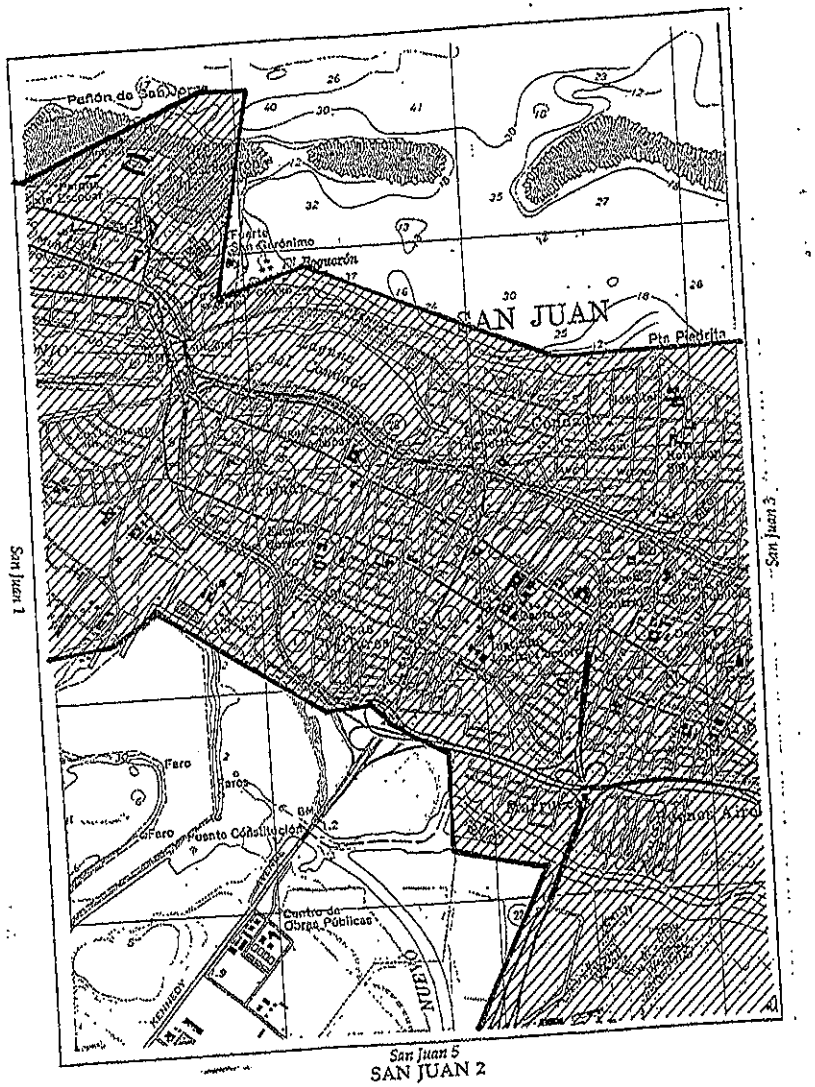
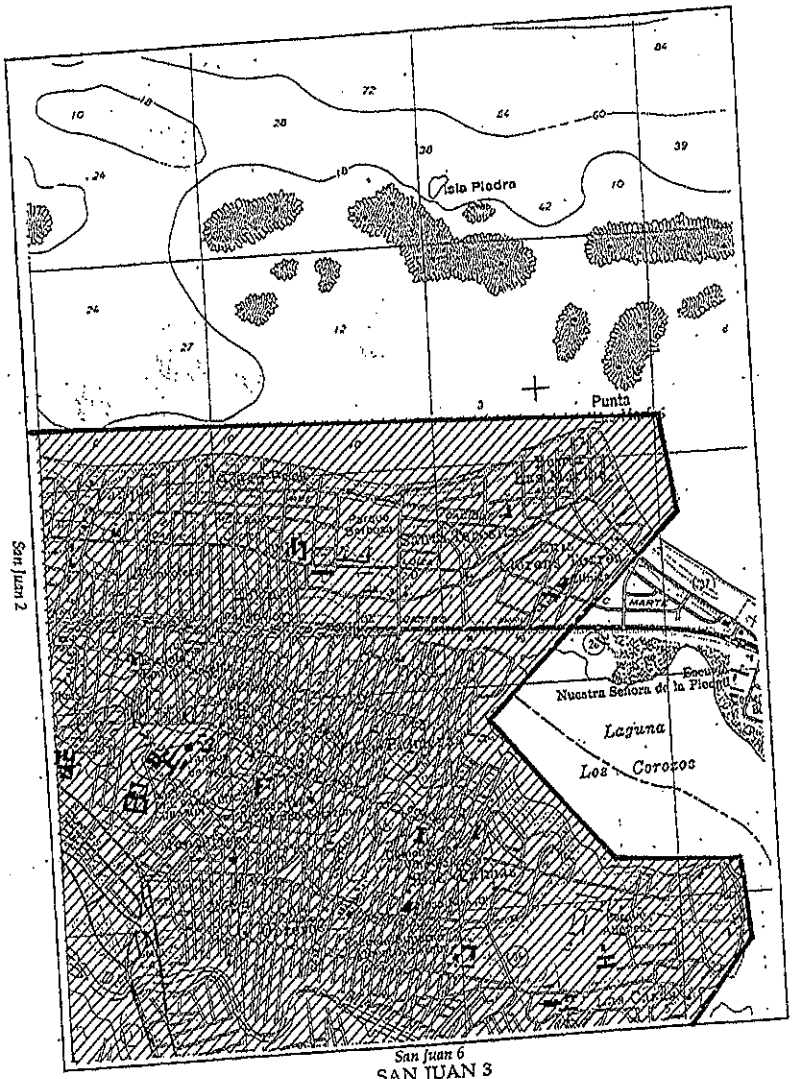
Tanque
Lomas
Cerro
Faro
Cruce
Cementerio
Cementerio
Cementerio



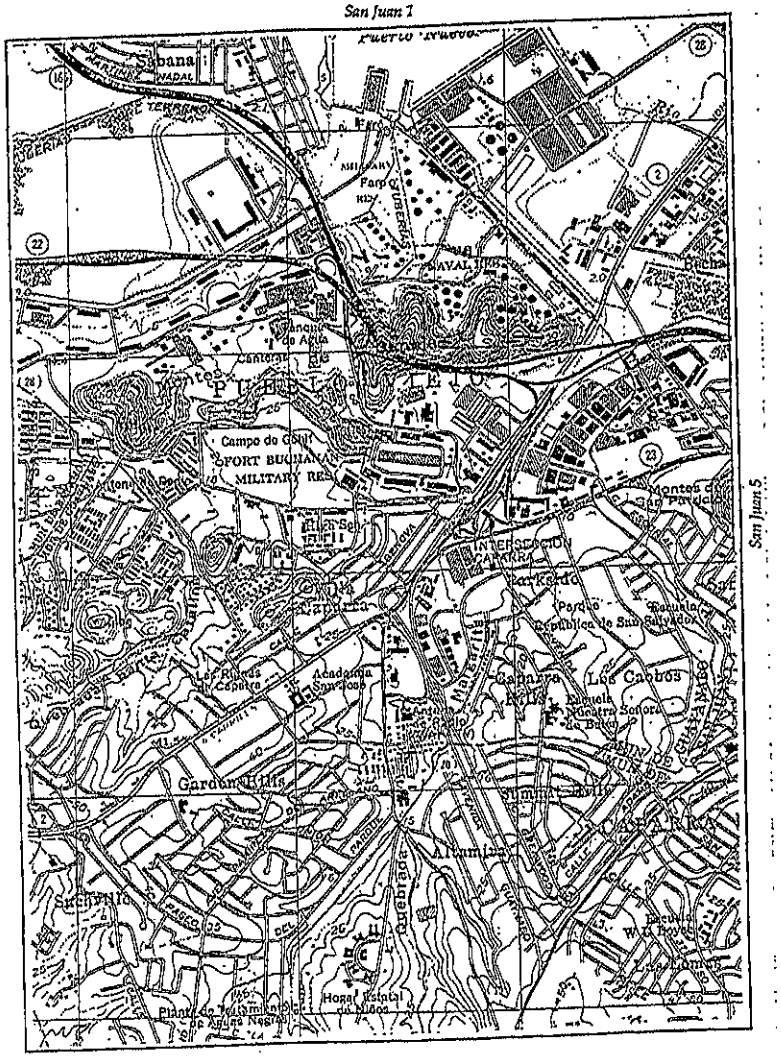
SAN JUAN 2

A1-84



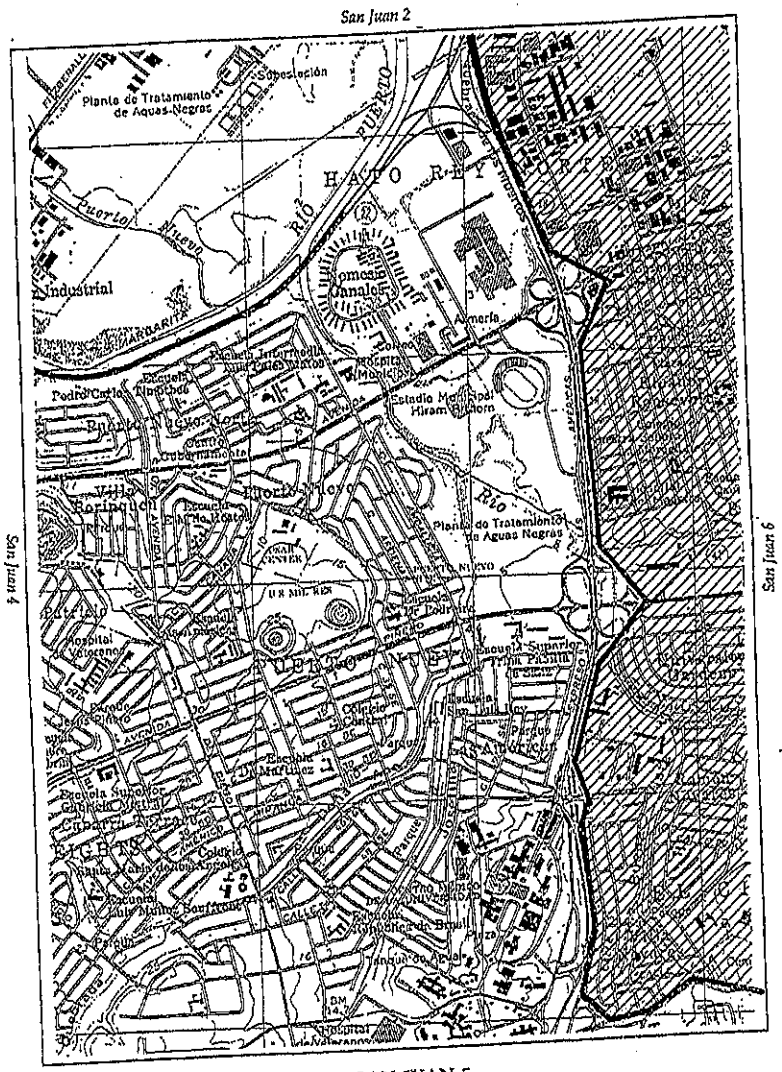
SAN JUAN 3

A1-85



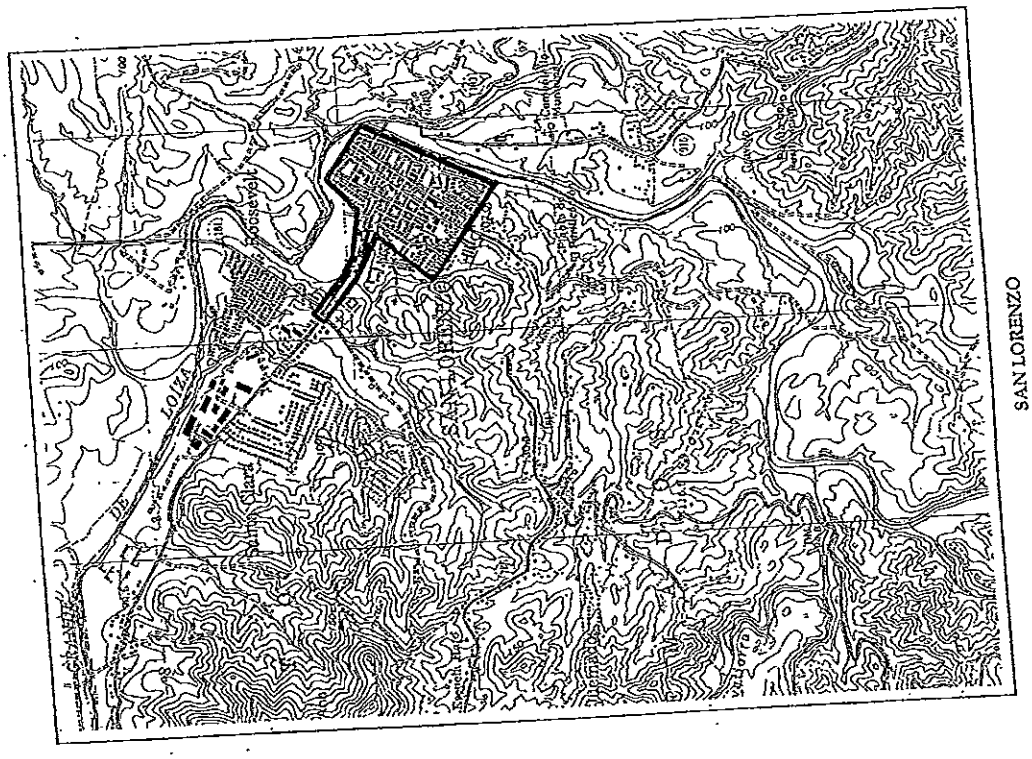
SAN JUAN 4

A1–86

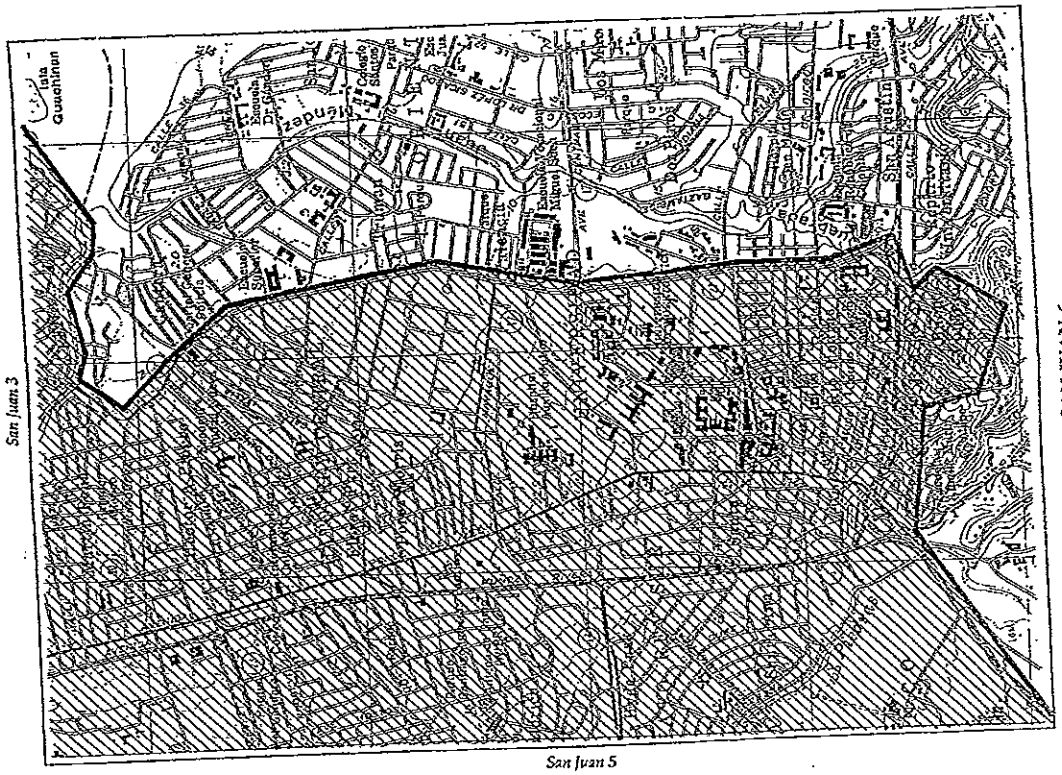


SAN JUAN 5

A1–87



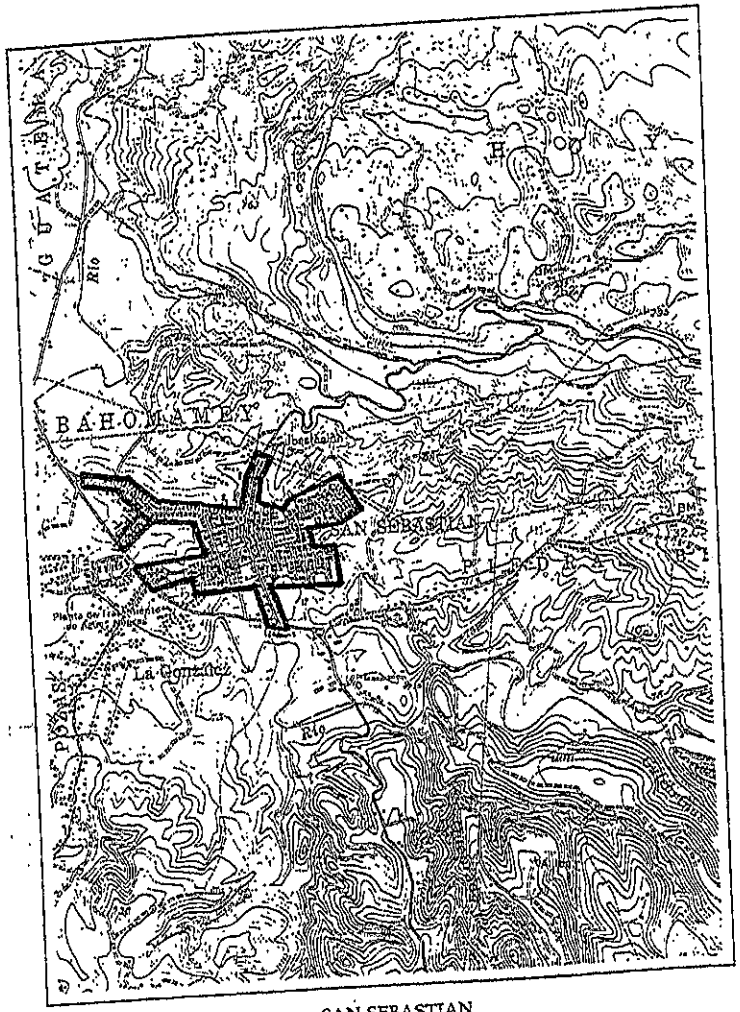
SAN LORENZO
A1–89



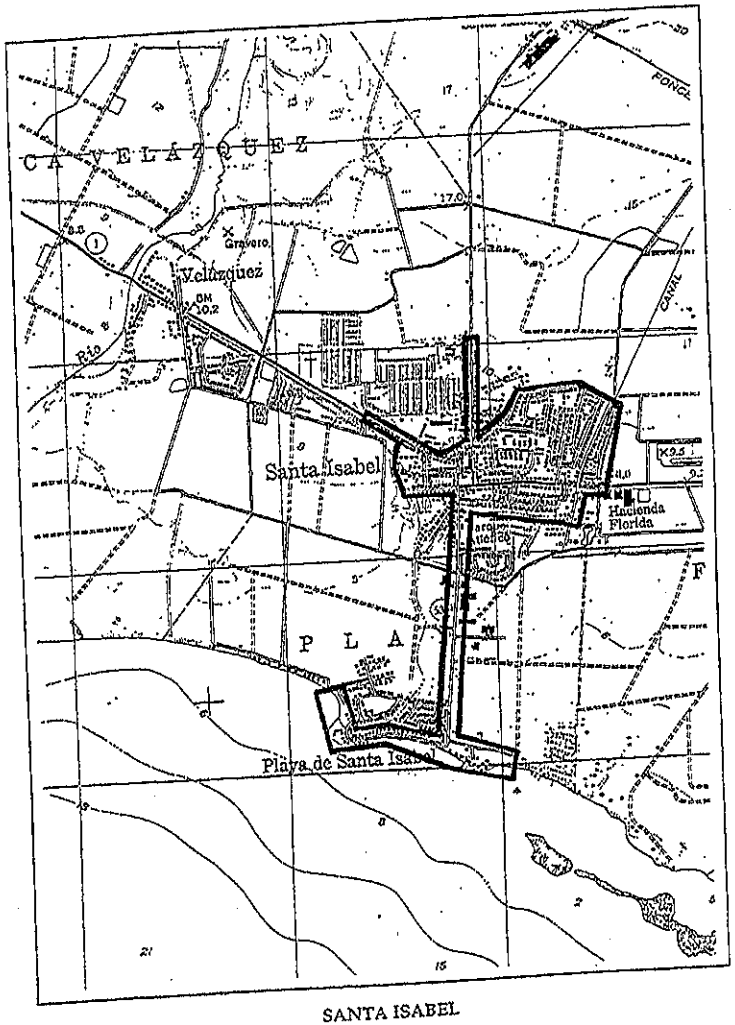
San Juan 3

San Juan 5

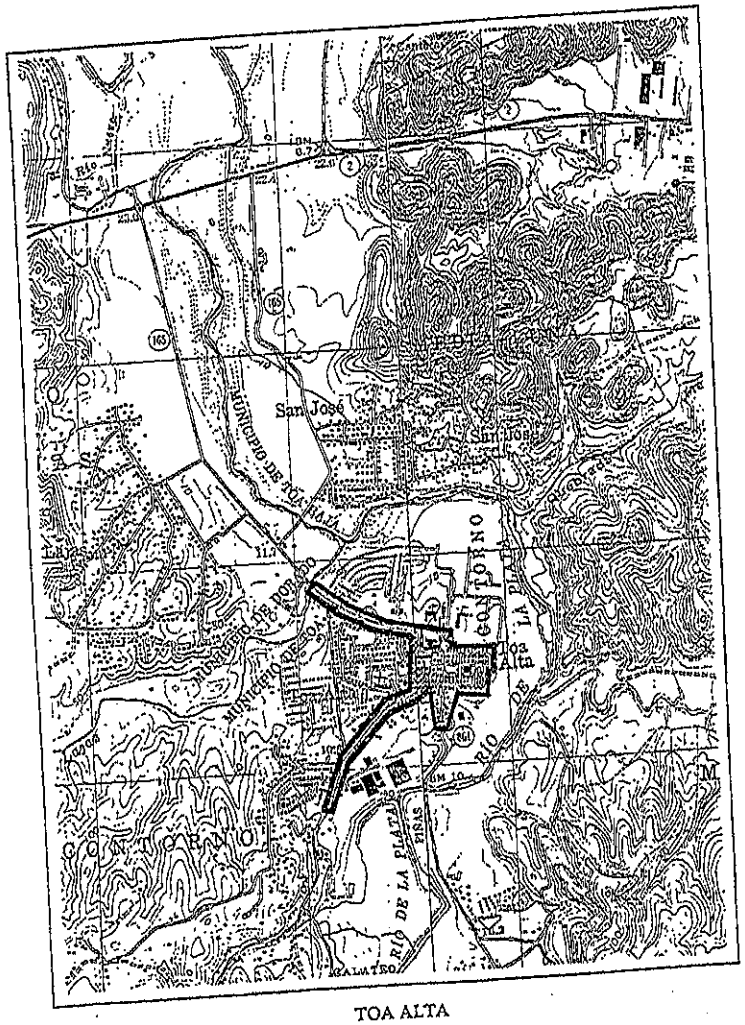
SAN JUAN 6
A1–88



SAN SEBASTIAN
A1–90

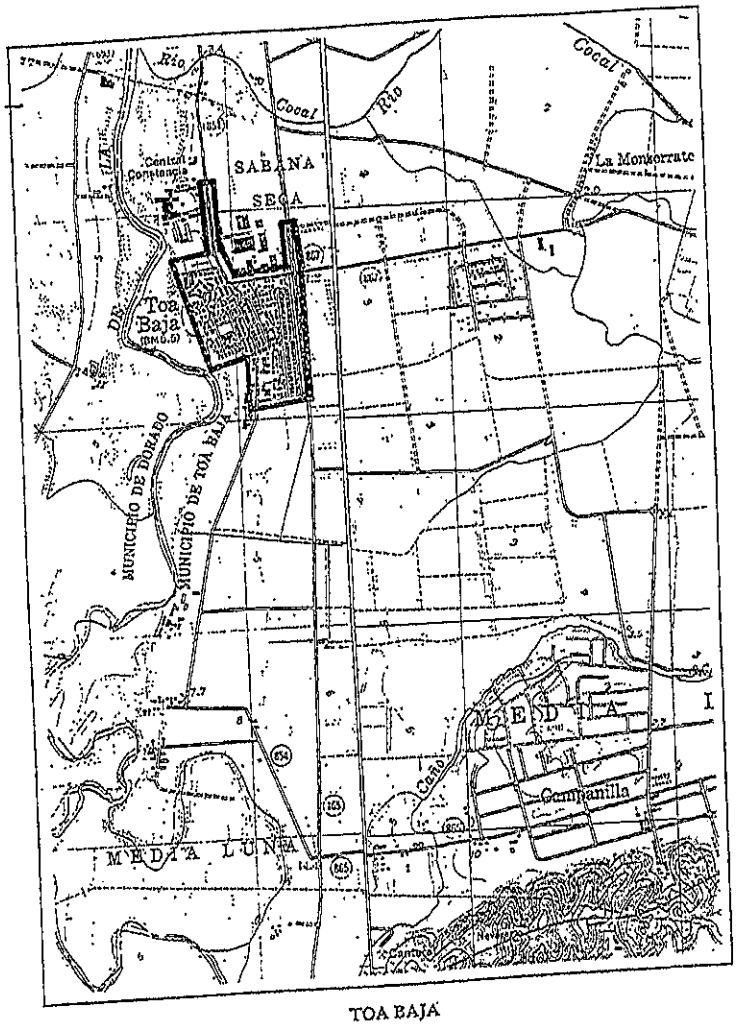


SANTA ISABEL
A1–91



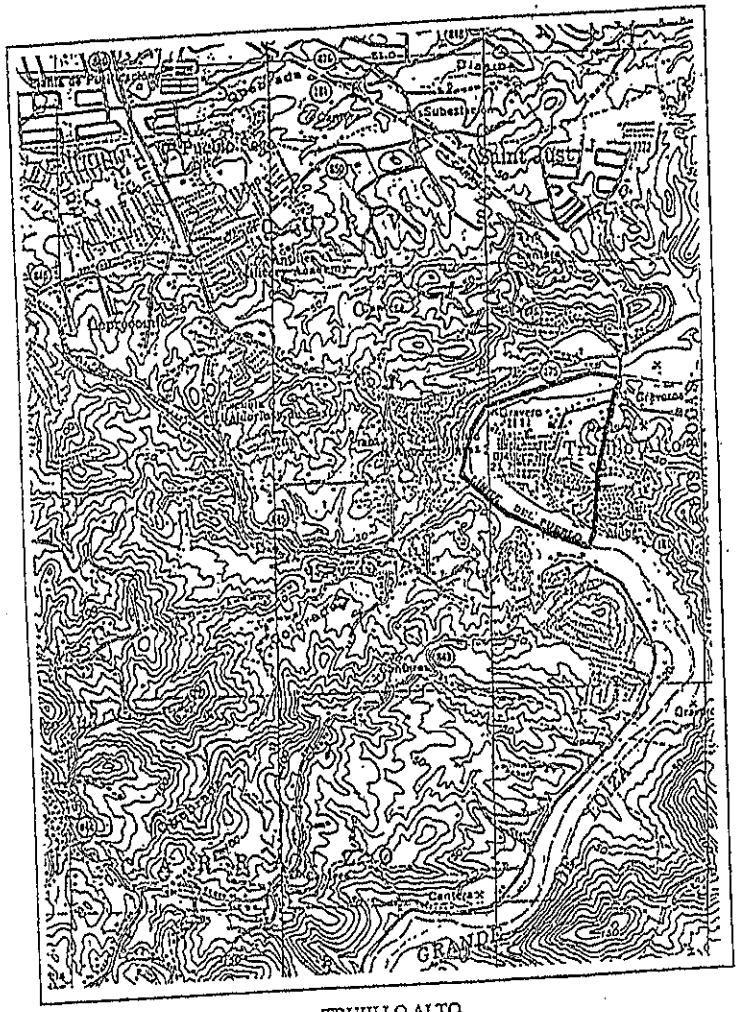
TOA ALTA

A1-92

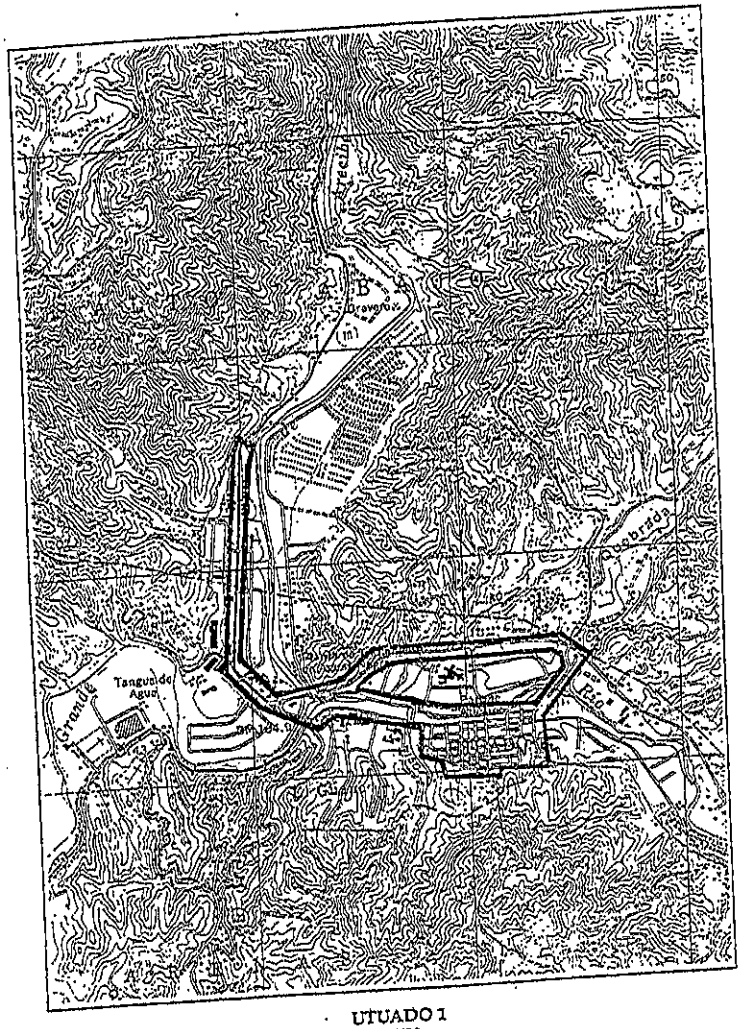


TOA BAJA

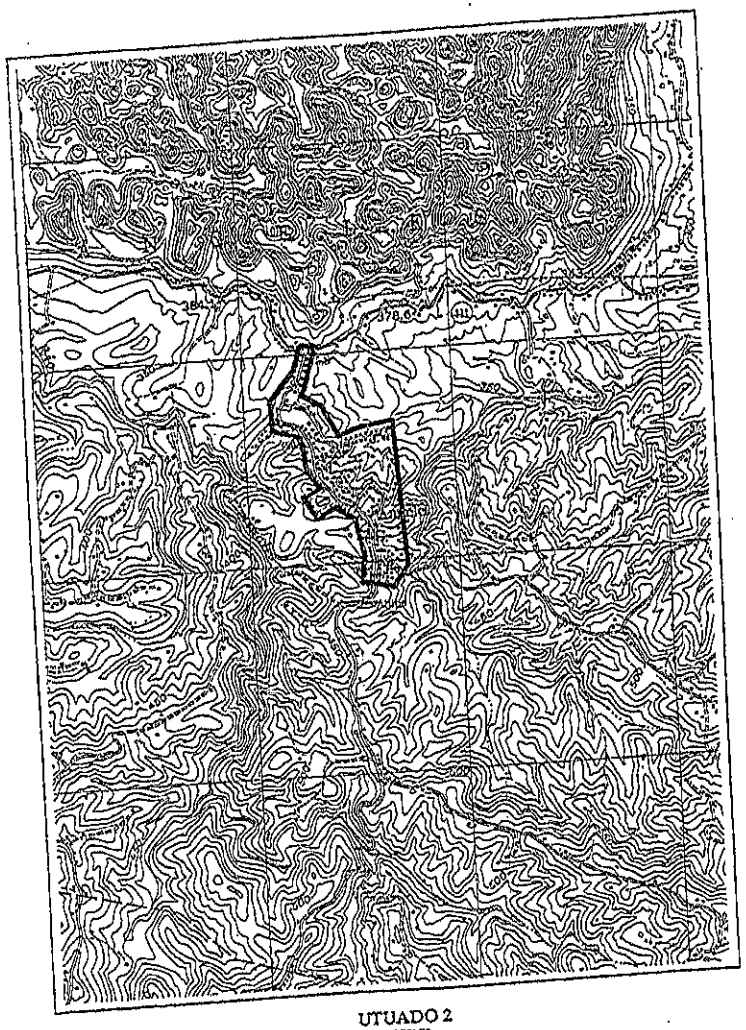
A1-93



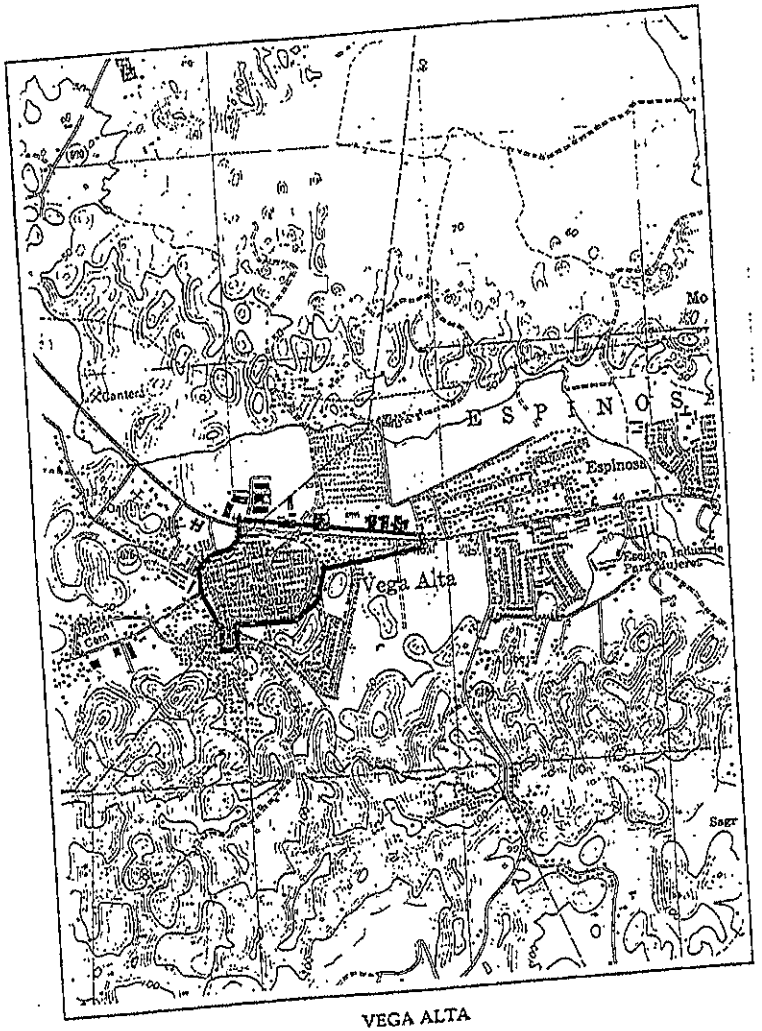
TRUJILLO ALTO
A1-94



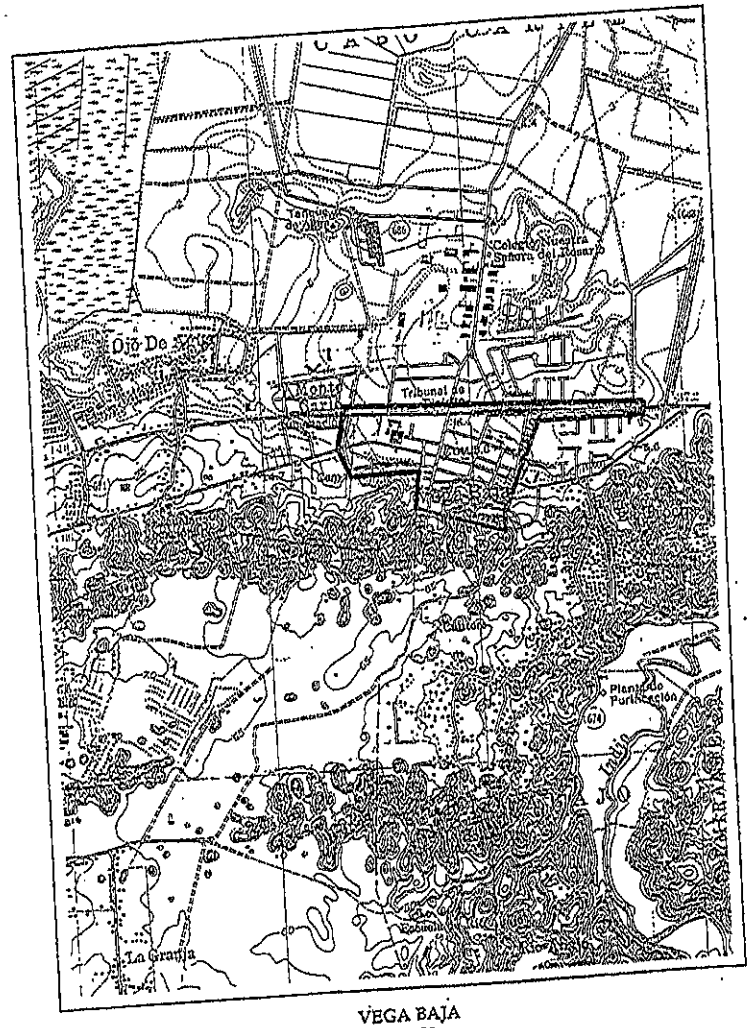
UTUADO 1
CENTRO
A1-95



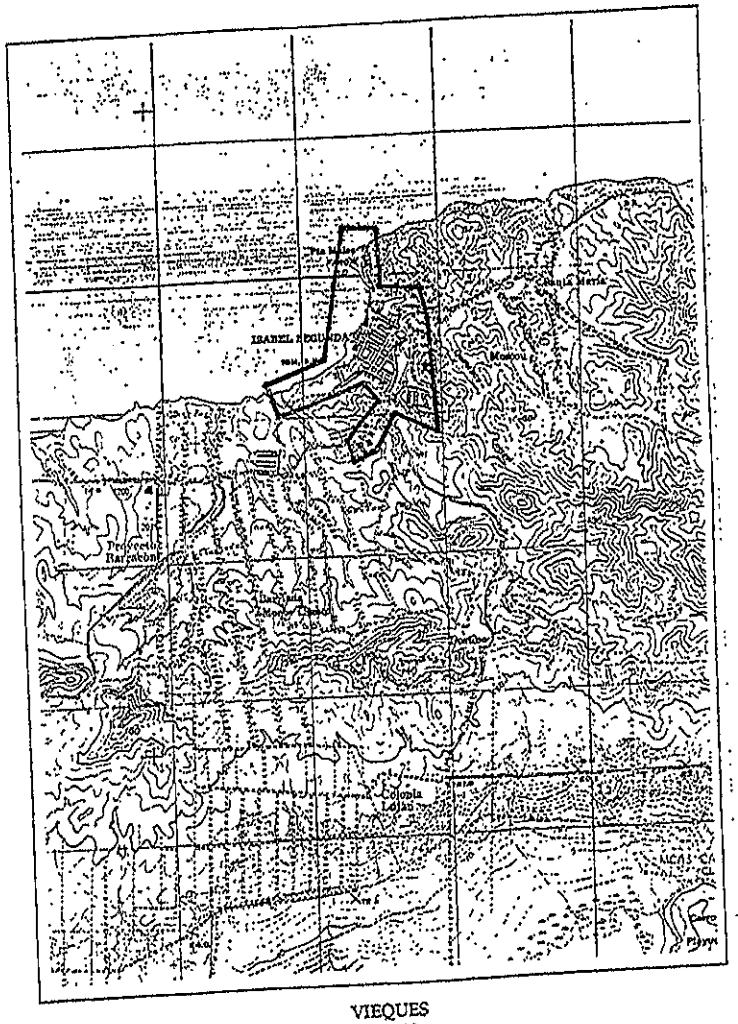
UTUADO 2
ANGELES
A1–96



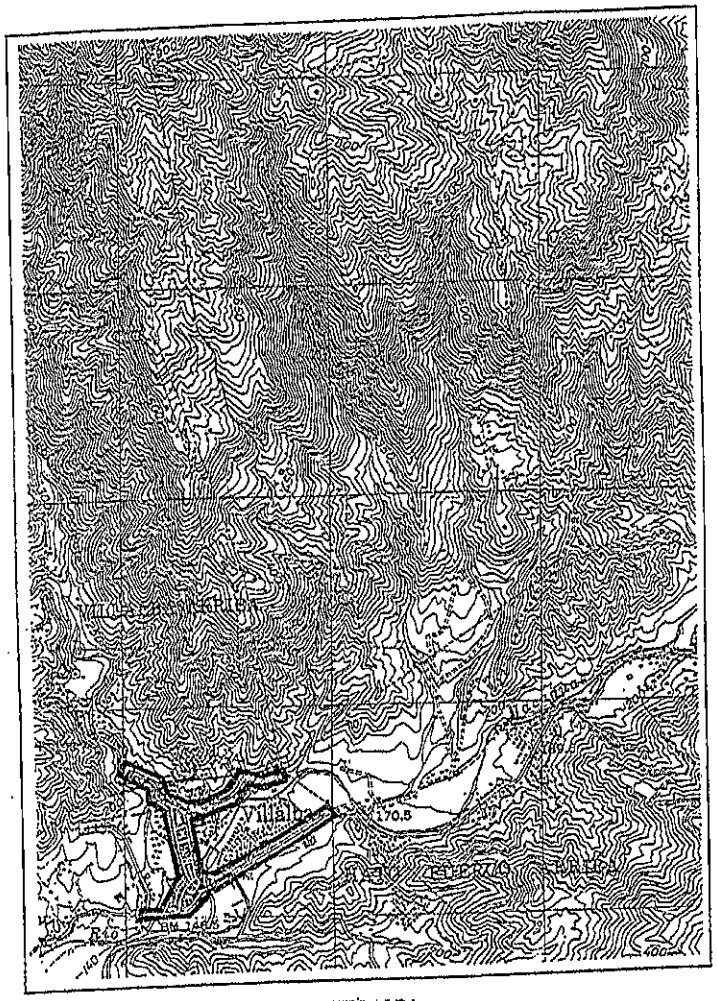
VEGA ALTA
A1–97



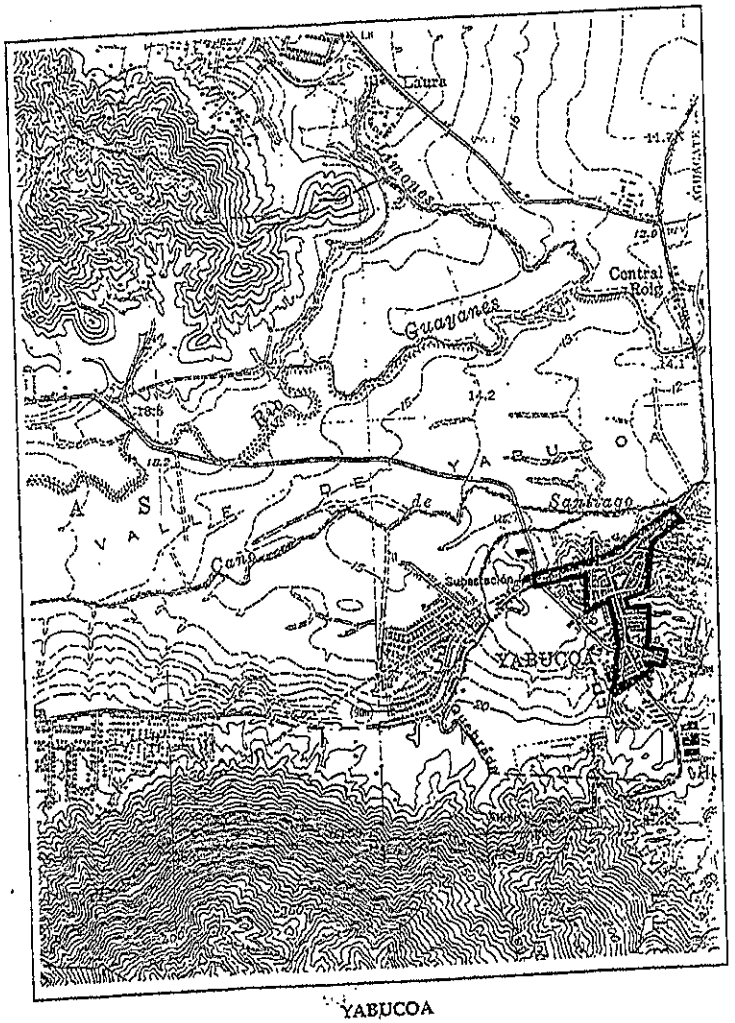
VEGA BAJA
A1–98



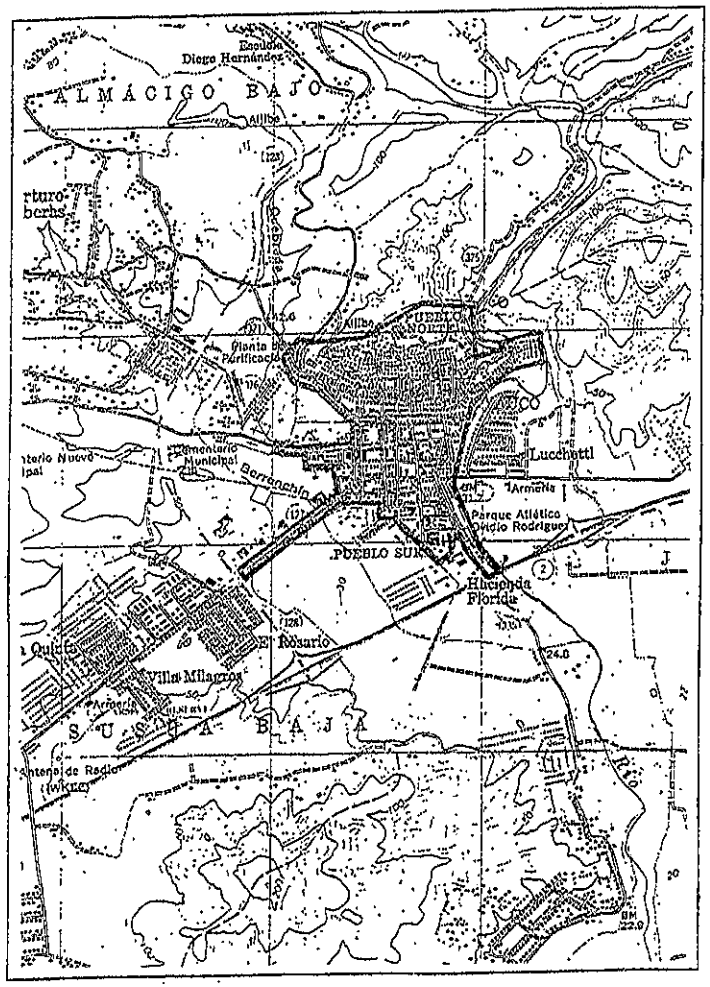
VIEQUES
A1–99



VILLALBA
A1-100



YABUCOA
A1-101


Escuela
Diego Hernández
ALMÁCIGO BAJO
Alilbe
rturo
berbs
Alilbe
PUEBLO NUEVO
Planta de
Purificación
Lucchetti
Cementerio
Municipal
Barranchito
Armenia
Parque Atlético
Pueblo Rodriguez
PUEBLO SUR
Hacienda
Florida
El Rosario
Villas Milagros
SUSUA BAJA
Antena de Radio
(WKAQ)

YAUCO
A1-102