

To: Owners and Managers of Low Income Housing Tax Credit Projects
From: Office of Program Compliance
Re: Monitoring of Extended Use Tax Credit Properties
Date: May 16, 2012

Introduction

The following guidelines describe how the Ohio Housing Finance Agency (OHFA) will monitor tax credit projects during the Extended Use period. OHFA has, wherever possible, reduced the administrative and regulatory burden for Owners during the Extended Use period. The Extended Use monitoring policy is the minimum level of due diligence OHFA and Owners can complete to ensure projects remain in compliance during the Extended Use period.

Reporting and Monitoring Requirements

1. Low Income Housing Tax Credit projects allocated credits before 2005 will not be subject to regular monitoring visits. OHFA reserves the right to conduct a site visit should it become aware of any issues that indicate a pattern of non-compliance; in response to tenant complaints; or as part of the due diligence process for awarding funds in an OHFA-administered program;
2. Projects financed with OHFA awarded HOME funds will be monitored according to the appropriate HOME Program monitoring schedule;
3. The Owner must continue to implement any rent and income restrictions, as well as abide by any other terms of the funding agreement, restrictive covenant, and any other relevant local, State, or federal laws;
4. A tenant income certification, using OHFA-provided forms or systems, including third party verification, must be completed at move in for all new residents occupying low income units. Owners are not required to complete a recertification annually, provided the project does not have gap financing from an OHFA program that requires recertifications. Projects with HOME or OHTF from an OHFA program must complete an annual self-certification for assisted units. If the source of gap financing is HOME, a full recertification, including third-party verifications, must be completed every sixth year throughout the affordability period, which may be shorter than the period of Extended Use. Note: Programs such as Section 8 and RD require an annual certification supported by third-party verifications. Requirements for these programs are not waived by this policy.
5. The following tax credit rules will not be enforced during the term of Extended Use: a). Unit Vacancy Rule; b). Available Unit Rule; and c). Student Rule.
6. Owners are required to submit an Annual Owner Report and the Tax Credit Extended Use Owner Certification or other requested documentation in accordance with OHFA's requirements, as established annually, until the end of the Extended Use period.

Non-Compliance

A 60-day correction period will be established to resolve non-compliance issues. Uncorrected non-compliance will result in the following progressive actions:

1. Placing the Owner and/or Management Company in not in good standing with the Agency.
2. Enforcement of the restrictive covenant through the courts.