

Mississippi's Annual Affordable Housing Conference 2022

Cheers to 30 Years!

Beau Rivage Resort & Casino
Biloxi, MS
March 29-31



MISSISSIPPI HOME CORPORATION



Qualifying
Existing
Household

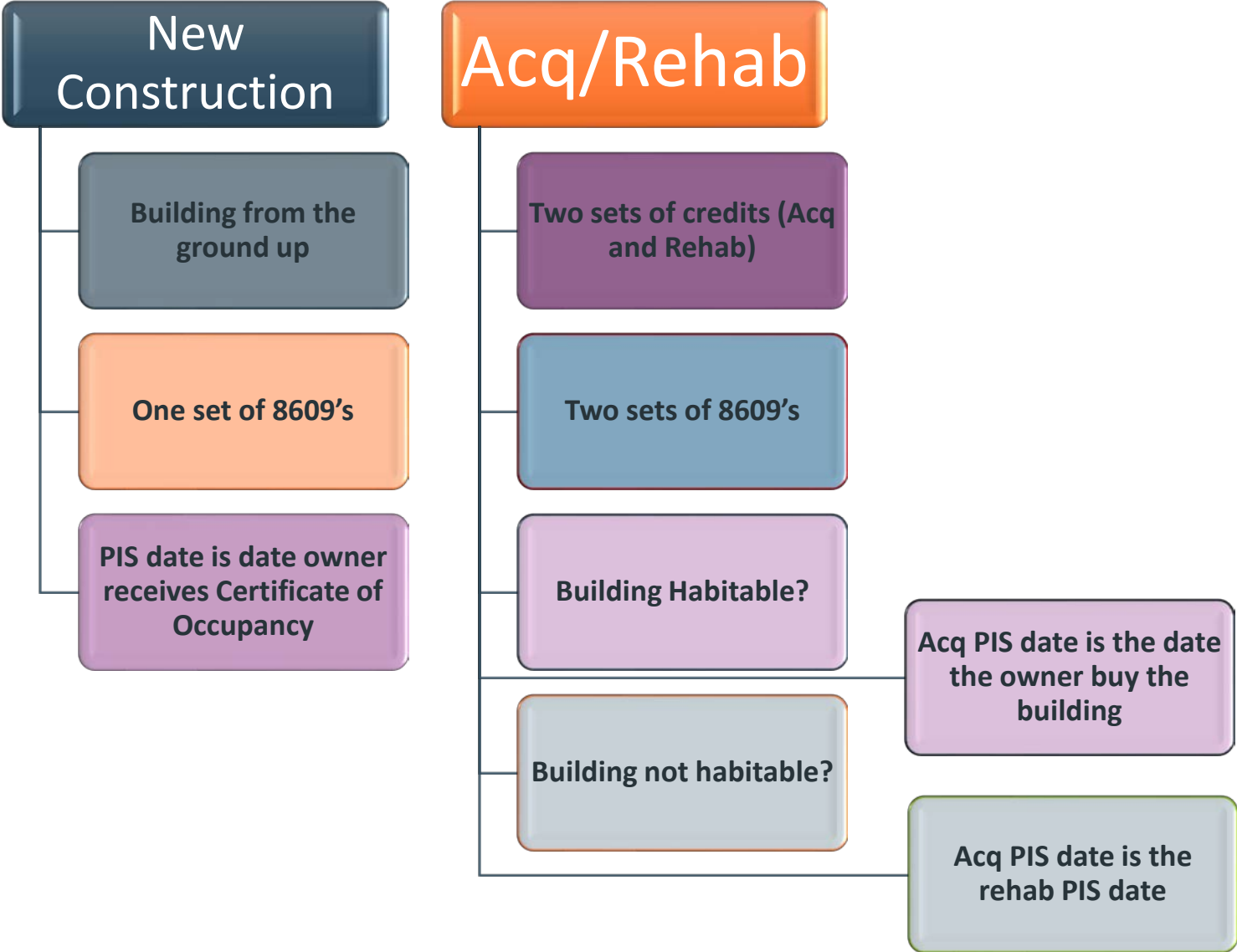
Resyndication

Safe
Harbor

Qualifying
New
Household

Transfers

New Construction vs Acquisition Rehabilitation



When does a unit start to count as low income?

- The **BUILDING** must be “in service” for a full month
- The **UNIT** must have been initially leased up to a low-income qualified household as of the last day of the month (rent and income)

Month Count?

Yes No



Building PIS

Initial Lease Up

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Month Count?

Yes No

IRC § 42(f)(2)(A)(i)



Building PIS

Initial Lease Up

Credits

If all requirements are met, credits can be claimed at the later of the acquisition date or January 1st of the rehab year due to the tack back rule.

- The tack back rule means qualified LIHTC units can count for the first-year applicable fraction for both acquisition and rehab buildings all the way back to the first full month the building is in service after acquisition
- But if the acquisition was in the year prior to the rehab completion, qualified units can count only as early as the beginning of Year 1 of the credit period

Acq PIS	Rehab PIS	Credits Begin ?
10/16/2020	3/15/2021	1/1/2021
3/1/2020	12/13/2020	3/1/2020
3/12/2020	12/13/2020	4/1/2020*

NOTE: Building must be PIS for a full month to claim credits and must have a qualified unit no later than the last day of the month.



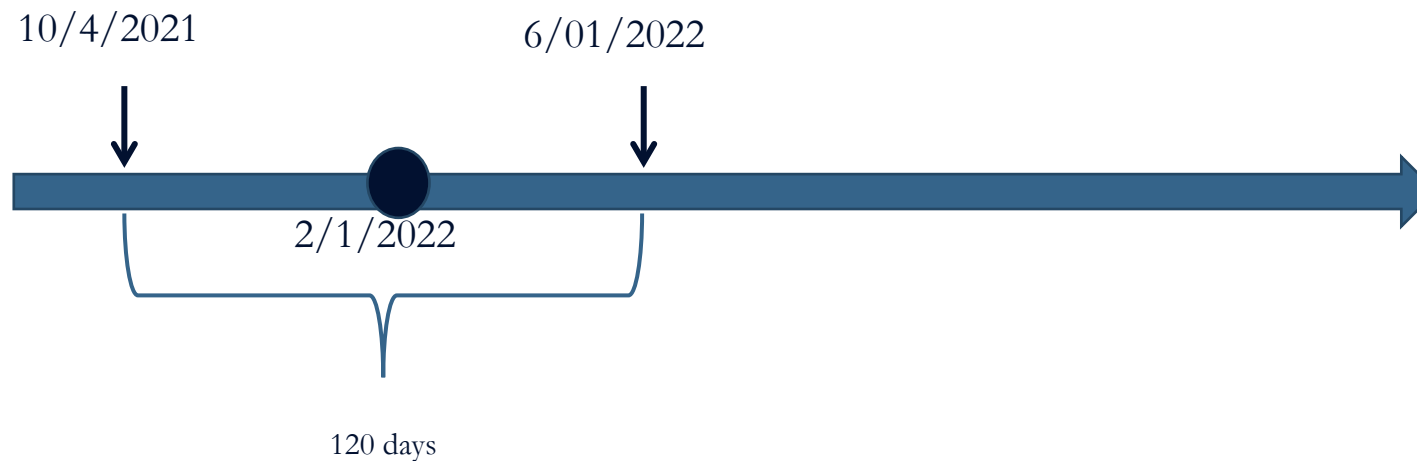
Qualifying Existing Households

Many owners purchase and rehabilitate existing projects through the LIHTC program with residents already in place. How and when should an owner certify the existing residents?

Qualifying Existing Households

(Not Previously an LIHTC Development)

IRS allows 120 days (before or after) the acquisition PIS date to qualify *existing* tenants and have the TIC effective the acquisition date



The 8823 guide notes that there is no “move-in date” as the tenant was already there. However, MHC require the move-in date to be the acquisition PIS.

Qualifying Existing Households

(Not Previously an LIHTC Development)

Acquisition PIS Date
2/1/2022

Mississippi Home
TENANT INCOME CERTIFICATION

Initial Certification Recertification

Development Name: _____
Address: _____ Unit Number: _____ # Bedrooms: _____

Effective Date: 2/1/2022

Move-in Date: 2/1/2022

PART II. HOUSEHOLD COMPOSITION						
HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YY)	Age	F/T Student* (Y or N) Social Security or Alien Reg. No.
1			HEAD			
2						
3						
4						
5						
6						
Total # of HH Mbrs =						

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)				
HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income (Child support, Contribution, etc.)
TOTALS	\$	\$	\$	\$
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
TOTALS:			\$	\$
Enter Column (H) Total		Passbook Rate	=	(J) Imputed Income
If over \$5000		\$ _____ X 0.06%	=	\$
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)]				\$

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I agree to notify the landlord immediately upon any member of the household moving out of the unit or any new

Ashley Jones

Signature

11/19/2021

(Date)

Qualifying Existing Households

(NOT PREVIOUSLY AN LIHTC DEVELOPMENT)

Acquisition PIS Date
4/1/2020

Will this certification
be acceptable?

Yes

No

Mississippi Home Corpora
TENANT INCOME CERTIFI
 Initial Certification Recertification

Development Name: _____
Address: _____

PART II. HOUSEHOLD COMPOSITION

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YY)	Age	F/T Student* (Y or N)	Social Security or Alien Reg. No.
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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)]				\$

HOUSEHOLD CERTIFICATION & SIGNATURES

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


Effective Date: 4/1/2020
Move-in Date: 4/1/2020

122 Days After Acquisition PIS Date

Ashley Jones
Signature _____ Date: 7/31/2020
(Date)


Over Income Existing Households

(NOT PREVIOUSLY AN LIHTC DEVELOPMENT)




Hopefully, your development is not 100% LIHTC and you have some market units available.

A




Offer an incentive so the over income resident **volunteers** to leave so you can rent to a qualified household.

B



DO NOT force the OI household out. Offer cash or moving services such as packers or moving trucks, but DO NOT manipulate their income in order to qualify.

C



An OI household may choose to stay despite your best efforts. If this happens, the HH will be treated as an over income non-qualified unit.

D



Resyndication

Resyndication is when a property has gone through its first 15-year compliance period, and the owner elects to apply for a new set of credits.

Resyndication Rules Only

ORIGINAL OWNER

- If the original owner resyndicates with rehab credits, and if a resident's income was over 140% of their income limit at their most recent recert, the owner is subject to next available unit rule for the new credit allocation.
- Vacant units previously occupied by income qualified household continue to qualify for the LIHTC program under the Vacant Unit Rule and are subject to the Next Available

NEW OWNER

- Vacant units previously occupied by income qualified household are not low-income units at the start of the new credit period

Grandfathering Existing Tenants

(Resyndication Only)

- At acquisition, an over income existing household can be “grandfathered” in by using their previous qualifying documentation
- No new certification is needed; household should continue to certify in accordance with its recertification cycle.

- Income qualified household before resyndication remain qualified after resyndication
- New initial certifications DO NOT have to be performed on existing qualified household IF there is sufficient documentation that the household was qualified at move in

- MHC **recommends** you start a new folder which contains the qualifying paperwork and add a clarification memo which states the household was grandfathered in.

**Only applies to
developments operating
under a regulatory
agreement**



2020

2
0
2
0

Beware of student rule

EUP rule no longer applies. Household must meet one of the student exceptions.

Mississippi Home Corporation
TENANT INCOME CERTIFICATION

Initial Certification
 Recertification
 Transfer

Effective Date: 02/01/2022
 Move-in Date: 02/01/2022
 Project Move-in Date: _____

PART I. DEVELOPMENT DATA

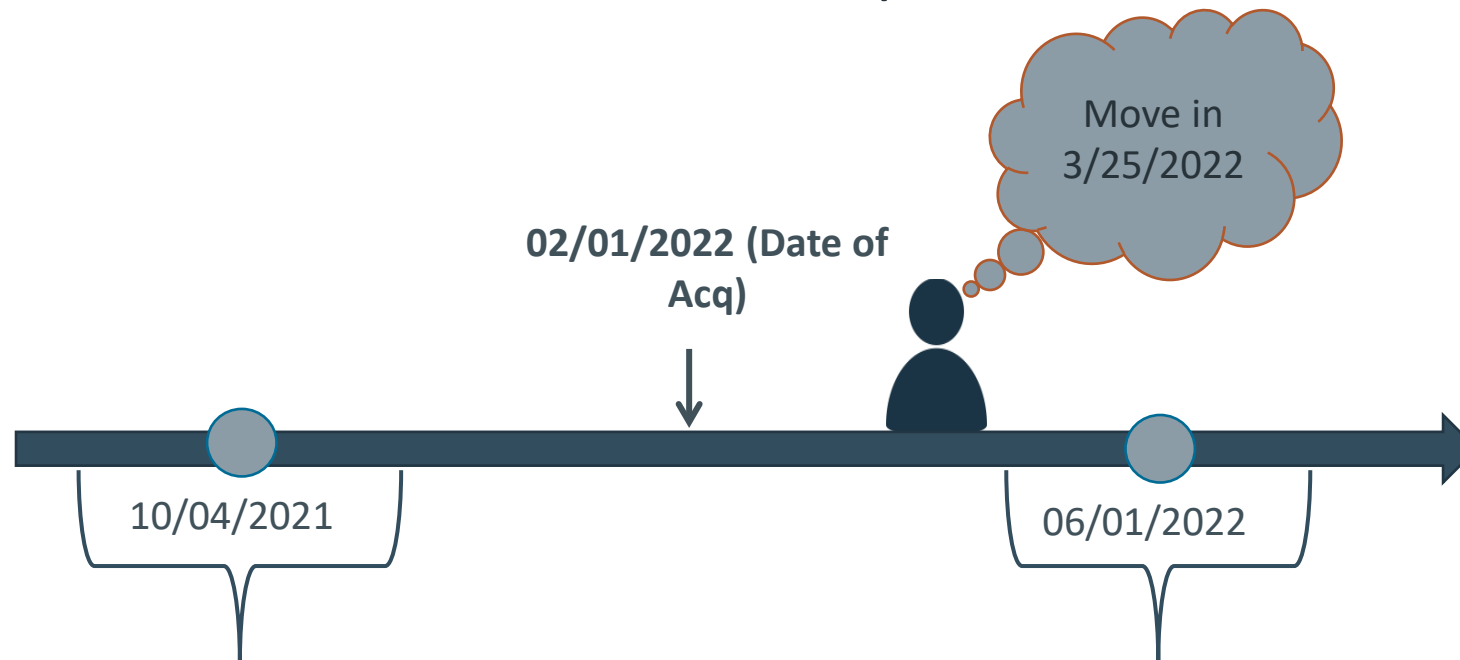
Development Name: Bella Estates County: _____ BIN #: MS200261
 Address: 275 High Street Jackson, MS 39201 Unit Number: 10A # Bedrooms: 2BR

PART II. HOUSEHOLD COMPOSITION

HH Mbr #	Last Name	First Name & Middle Initial	Relationship	Head of Household	Date of Birth (MM/DD/YY)	Age	F/T Student* (Y or N)	Social Security or Alien Reg. No.
1	Jones	Nell	Head		1/9/1978	44	Y	123-45-6789
2	Jones	Mark	Son		1/15/2007	15	N	987-65-4321
3								
4								
5								
6								
Total # of HH Mbrs =		2						

Qualifying New Households

New households that move in after the acquisition PIS date **do not** use the acquisition PIS date as the effective date even if they move-in within the 120-day window.



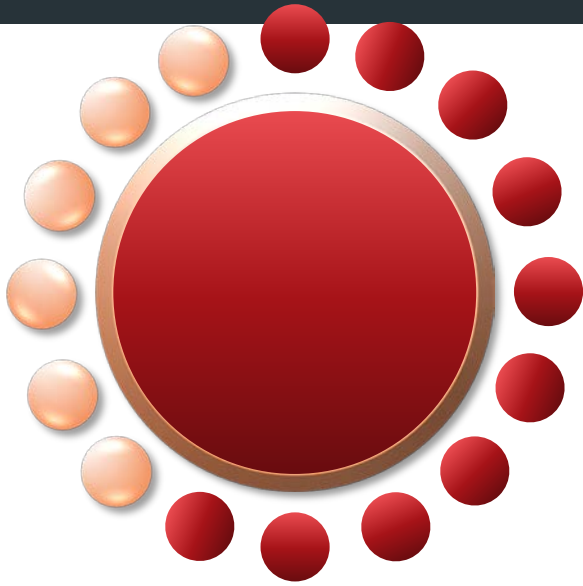
Safe Harbor

Rev. Proc. 2003-82 provides safe harbors under which the Internal Revenue Service will treat a residential unit in a building as a low income unit under § 42(i)(3)(A) of the Internal Revenue Code if the incomes of the individuals occupying the unit are at or below the applicable income limitation under § 42(g)(1) or § 42(f)(1) (i.e., over income beginning later than the first taxable year of the building's credit period under § 42(f)(1), but their incomes exceed the applicable income limitation at the beginning of the first taxable year of the building's credit period.

The IRC states that credits on the acquisition and rehab buildings must be taken together.

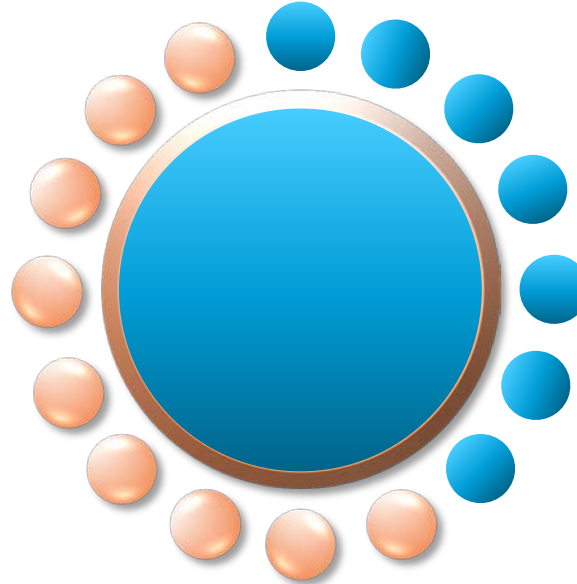
What if the tenant who was qualified at acquisition is over income two years later when the rehab is complete?

Safe Harbor Rule



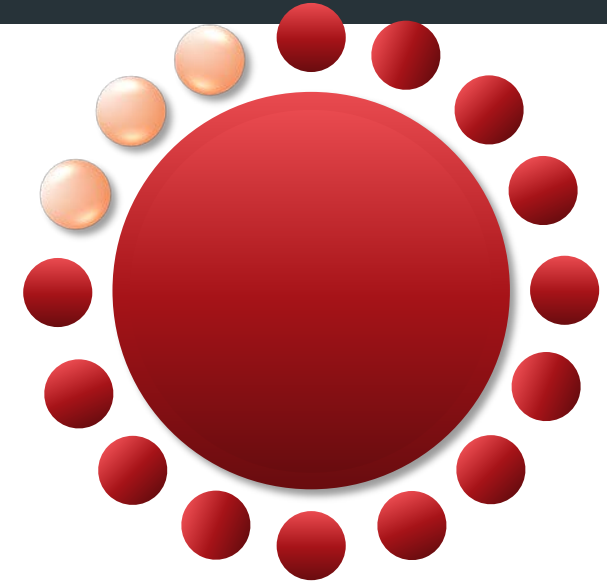
Purpose

The IRS created the safe harbor to allow owners to use existing tenants as tax credit qualifying households in an event where the household was income eligible when the owner purchased the building but went over income during the rehab construction period before credits were initiated.



What Should I Do?

- If a TIC was completed more than 120 days before the start of the credit period, the owner should test the residents' income
- If income goes above 140% the Next Available Unit Rule is triggered
- Very important for mixed income developments



Things to remember

- Household must remain rent restricted
- No resident should be forced to vacate if their income has increased (NAUR triggered)
- In a 100% LIHTC project, the owner would always rent the next available unit to an LIHTC resident

Effective Dates/Income Limits

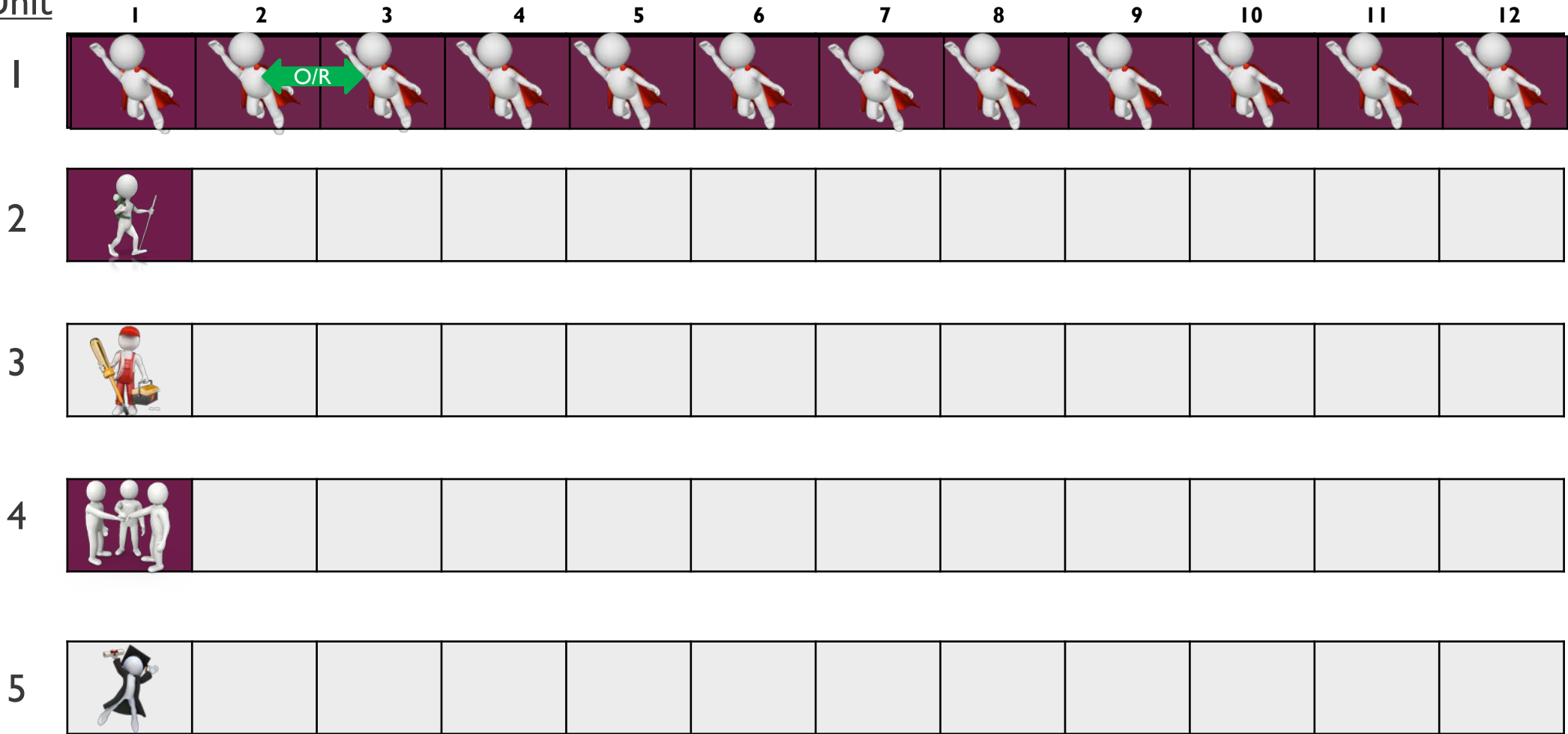
When did household certify:	Effective Date:	Income Limits
Certified 120 days before/after acquisition	Acquisition date	Limits at Acquisition PIS
Certified after 120 days	Date cert signed	Limits at date of signing



Transfers

Building election affects how the transfer will be treated. If the owner elects single building project on the 8609's, transfers can only be done within the same building. If multiple building project is selected, transfers between the buildings are allowed and the units will swap status.

Unit



Qualified LIHTC Unit



Rehab Period (unsuitable for occupancy)



Occupied Rehab Period



Move Out

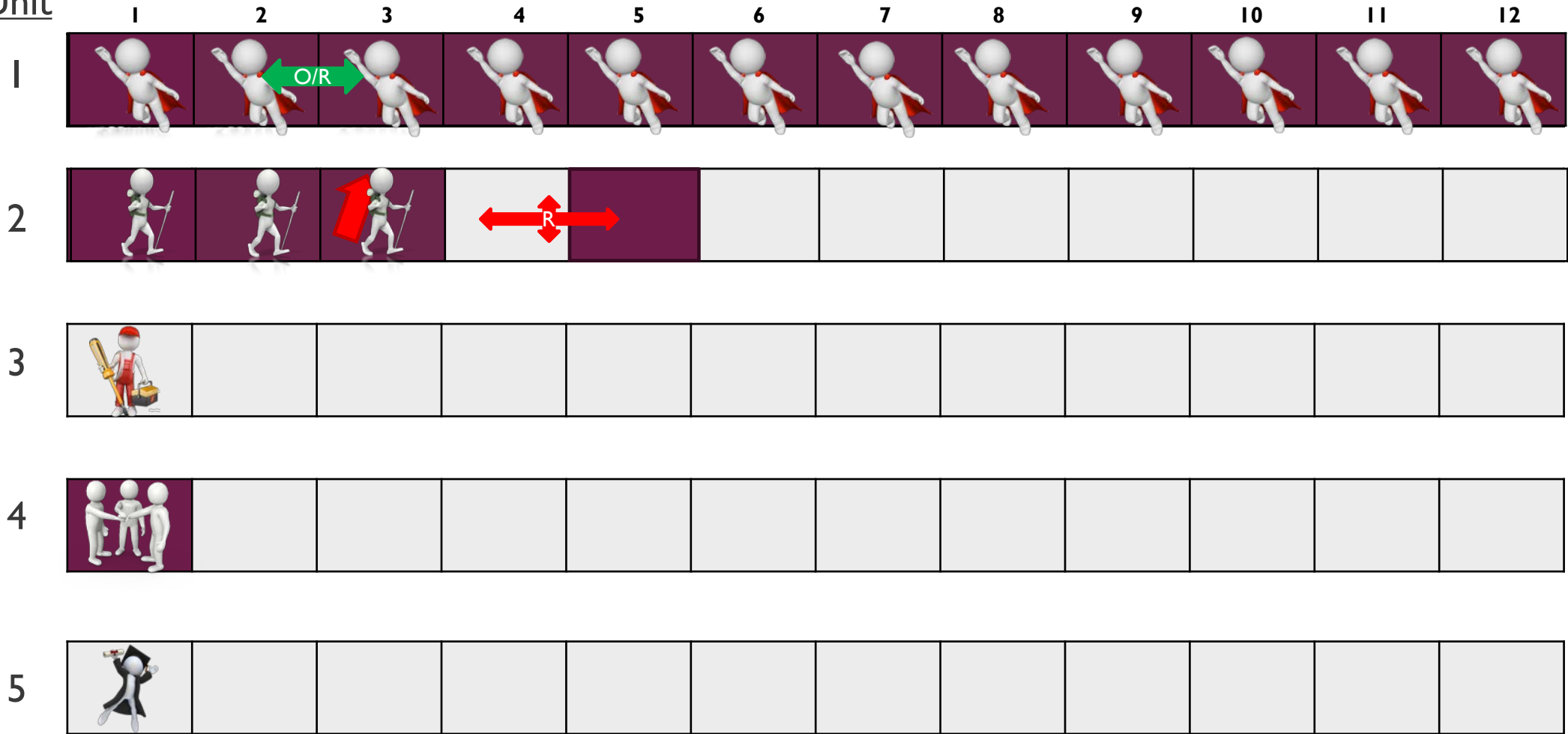


Move In (Qualified)

XFER

Transfer

Unit



Qualified LIHTC Unit



Move Out



Move In (Qualified)



Rehab Period (unsuitable for occupancy)

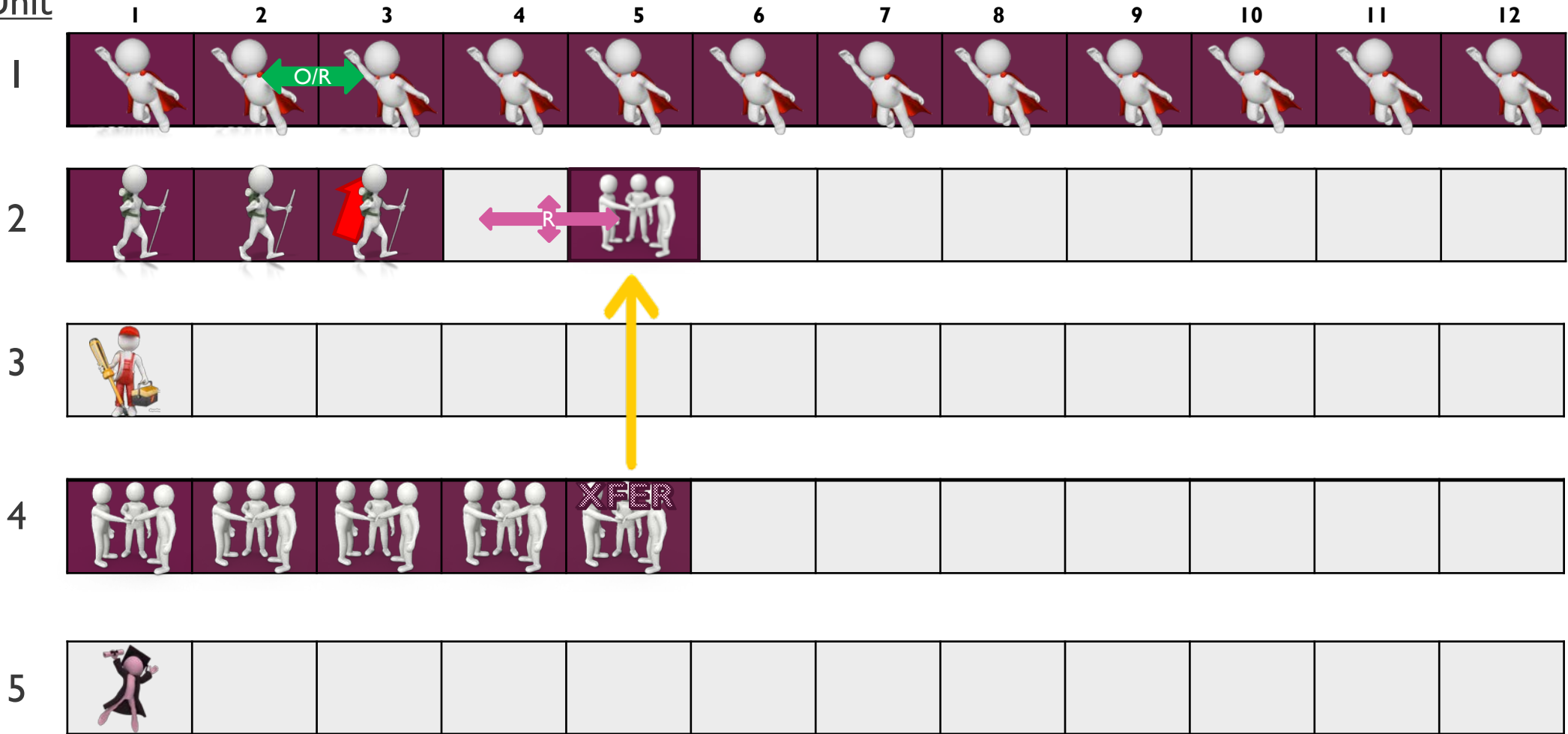


Occupied Rehab Period

XFER

Transfer

Unit



Qualified LIHTC Unit



Move Out



Move In (Qualified)



Rehab Period (unsuitable for occupancy)

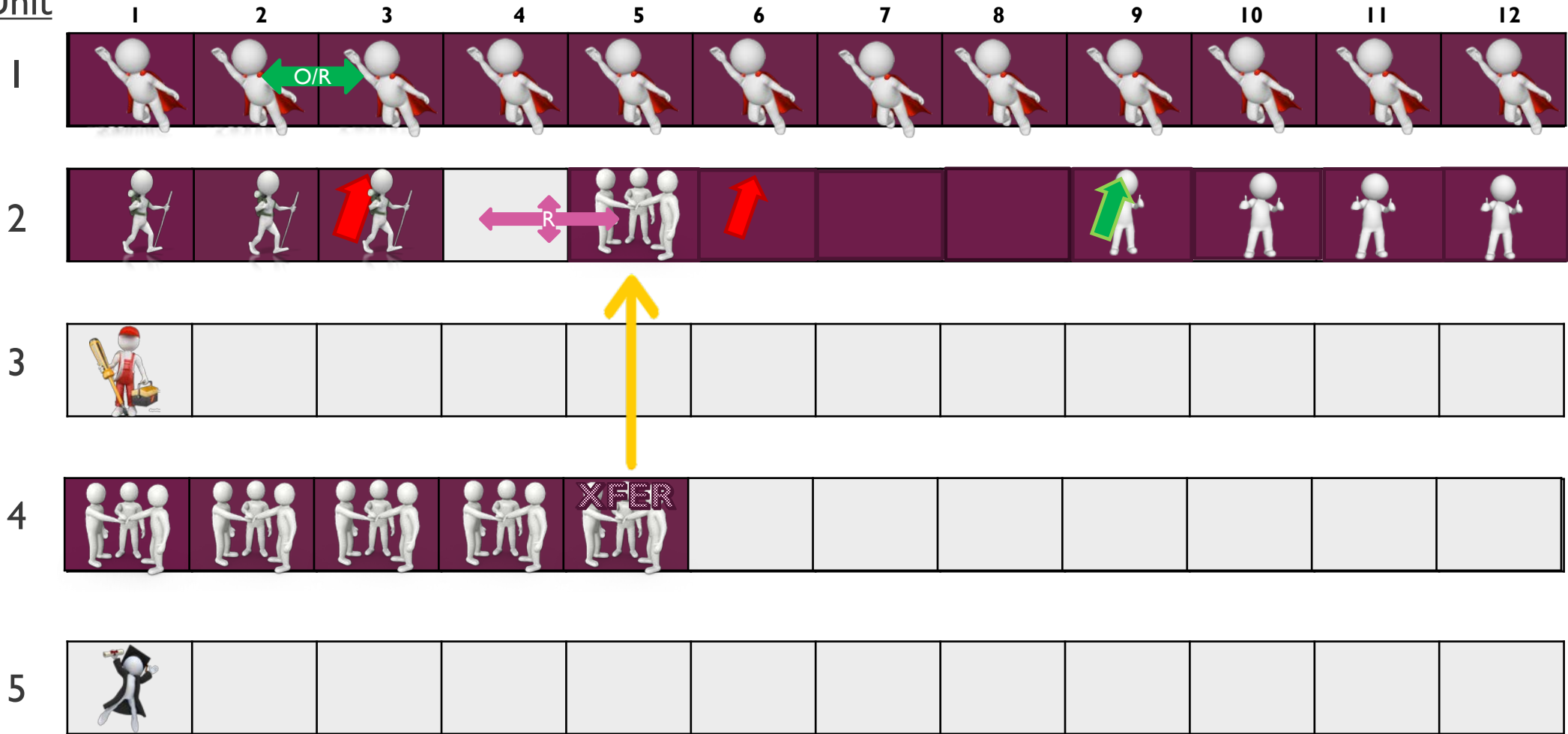


Occupied Rehab Period

XFER

Transfer

Unit



Qualified LIHTC Unit



Move Out



Move In (Qualified)



Rehab Period (unsuitable for occupancy)

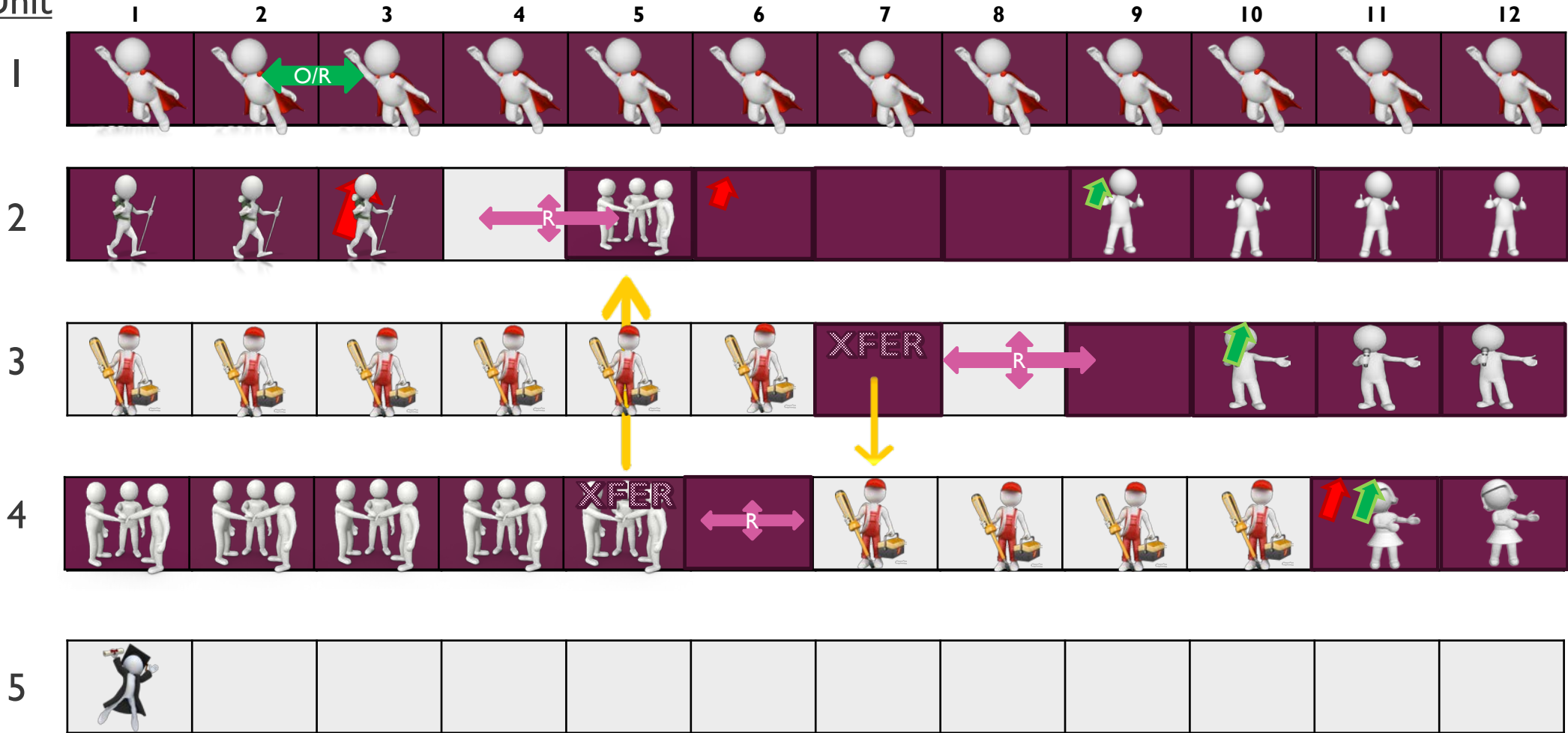


Occupied Rehab Period

XFER

Transfer

Unit



Qualified LIHTC Unit



Move Out



Move In (Qualified)



Rehab Period (unsuitable for occupancy)

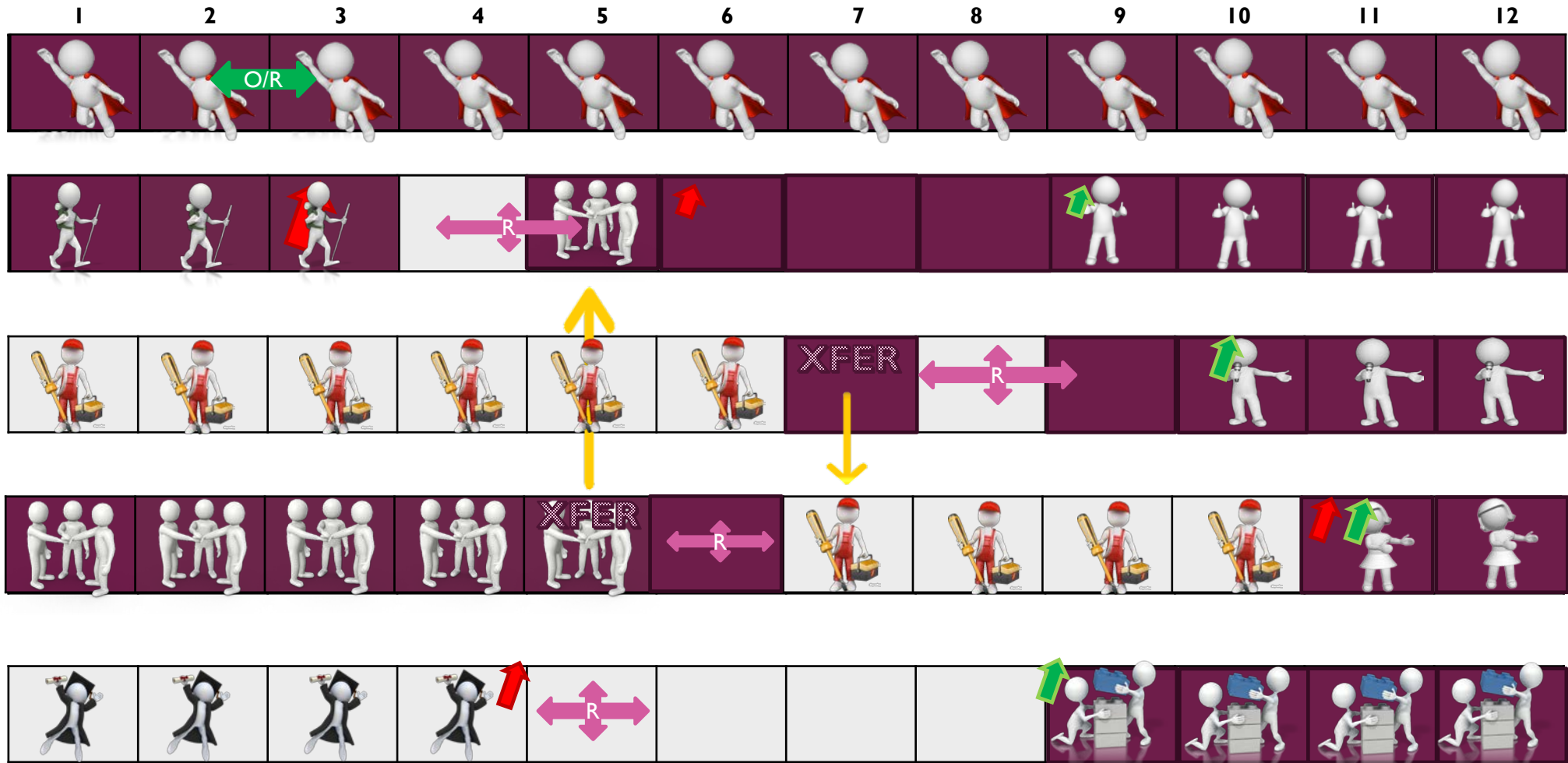








Occupied Rehab Period

XFER

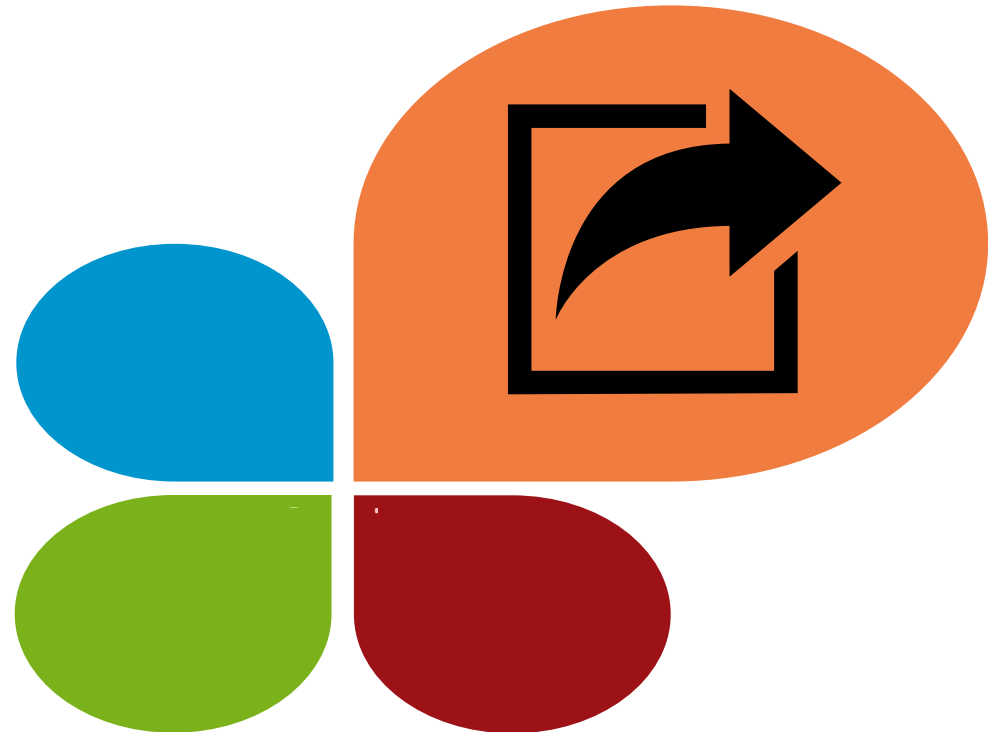
Transfer

Unit



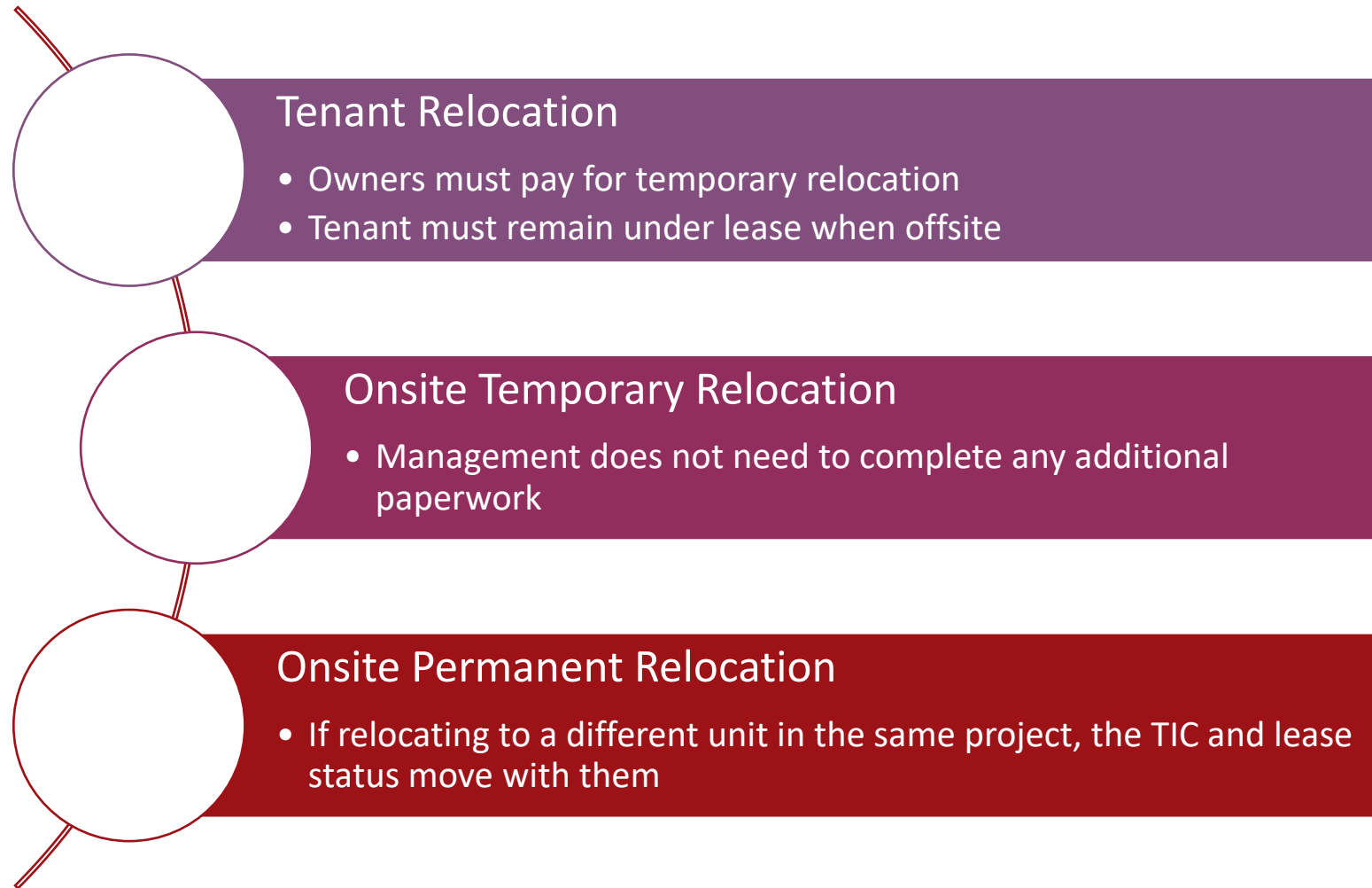
 Qualified LIHTC Unit
 Move Out  Move In (Qualified)
 Rehab Period (unsuitable for occupancy)
 Occupied Rehab Period
 Transfer

Relocation



- When relocating a resident to a building in a different project, the household must be requalified for the LIHTC program.
- Since the resident moved to a different project, the vacated unit maintains the status associated with the last resident.
- If the household was qualified for the original unit, it will continue to produce tax credits under the LIHTC vacant unit rule.

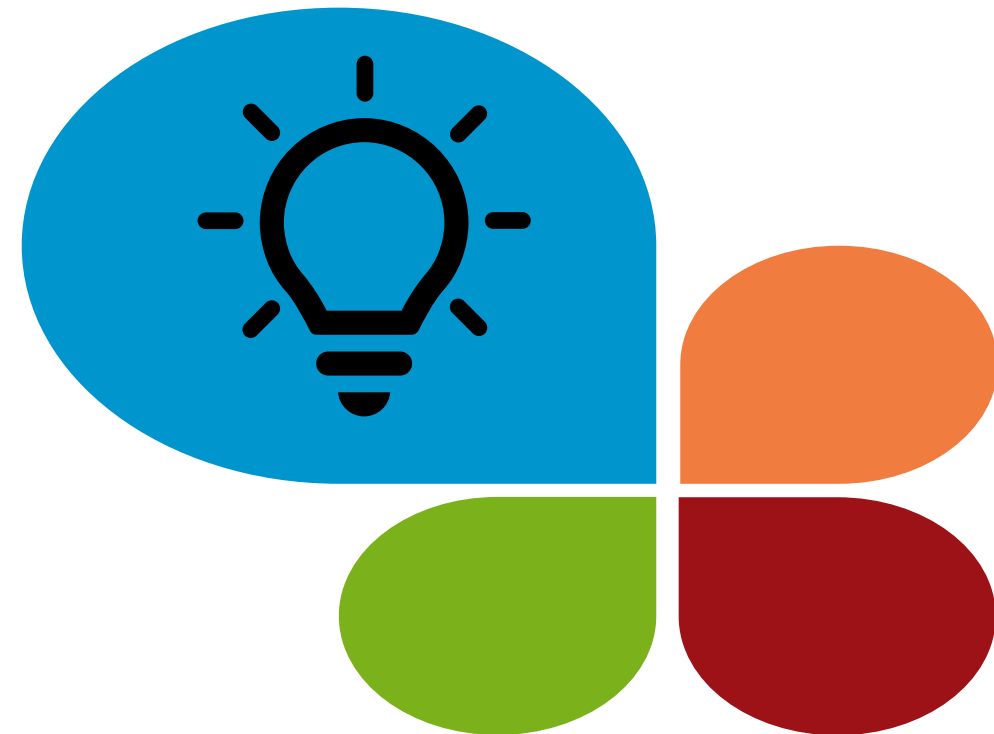
Relocation



Qualifying Existing Households

TIPS

- Signature date does not have to be the same as acquisition PIS date, but it must be within 120 days.
- Certifying an existing tenant over 120 days before or after the acquisition date will not count
- If you certify a household too early/too late and you must go back and redo the certification and if the household is over income, the household will be unqualified
- Beware of delayed acquisitions as the date anticipated might change so getting a head start may work against you.



Resyndication Tips



TIPS

- Old building elections no longer matter
- Households continue to qualify if previously qualified for LIHTC under the old allocation of credits – “Grandfathered In”
- New Allocation of credits loses rights to use possibly higher older limits. Limits now based on new PIS dates
- Maintain old paperwork. Beware of units qualified in year 16 and beyond. FT student rule used in EUP prior to resyndication doesn’t matter

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the MHC Compliance staff text
"COMPLIANCE" to 95577
(standard text messaging rates apply)

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Thank you

