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## *Rental Process & Reporting Procedures*

### **Rental Process**

**Residents of set-aside units must be income-qualified at move-in, and the income verifications must be dated prior to and within 120 days of the date of move-in.** The best time to determine if an applicant qualifies for a particular income set-aside and/or Special-Needs Commitment is during the initial interview process. Although the project may have reached its quota of income-qualified Residents, we suggest that the necessary forms and verifications be completed if the applicant appears to fall within project guidelines.

If your company has specific rental-related criteria which you apply to all applicants (e.g. you require the applicant’s personal income be sufficient to pay rent without assistance from outside parties), such criteria must be detailed in your waitlist and eligibility policies and must be in written form available for review by your applicants and residents as well as any Commission staff.

### **Proportionate Lease-Up Requirement – New Construction Properties**

Federal regulations require that during initial lease-up of new construction properties, income-qualified units and market-rate units must be rented proportionately. For example, if 37 units are occupied in the month of January, then at least **eight** of those units must be rented to income-qualified households (assuming the owner made the 20% @ 50% AMGI federal election).

When completing the *Certificate of Continuing Project Compliance* during the **quarterly reporting stage**, be sure to list **all** units in the property on the Table 1 Report so we may determine whether or not your property is leasing up proportionately. **Please refer to the Table 1 instructions on our website at <http://www.wshfc.org/managers/forms-bond.htm> for specific instructions on how to complete the Table 1 Report.**

### **Counting Vacant Units to Meet Set-Aside Requirements**

For all types of bond-financed properties, at all stages of development, vacant units that have never been rented to an income-qualified Resident or that were immediately previously rented to a market rate household, **cannot** be counted toward the property’s income set-aside requirements.

**Move-Ins**

After the Owner (or the Owner’s agent) has determined if an applicant is a likely candidate for Qualified (80%), Project Qualified (60%), Additionally Qualified (50%), or Specially Qualified Resident (other income set-aside), the following procedures should be used:

1. Have the applicant(s) complete a **Rental Eligibility Application** (each household member 18 years of age or older (or who will turn 18 within the next 12 months) must complete separate pages two through four).
2. Have the applicant(s) sign the appropriate verification forms.
3. Have the applicant(s) sign Commission’s **Bond Lease Rider**.
4. Verify income (see **Chapter 4** in this Manual for instructions).
5. Complete a **Household Eligibility Certification**.
6. Complete a **Compliance Checklist** (optional).
7. Make a copy of the forms listed above for the Commission.
8. Keep your original documents.

**Move-Outs**

If an income-qualified Resident moves out, note the date the qualified Resident vacated the unit in the Resident’s file. The move-out date must be included on the **Table 1 Report**.

**Record Keeping and Retention Period**

All original forms and documentation should be kept by the Owner or manager; copies should be sent to the Commission. These forms should be retained for the duration of the Regulatory Agreement and are subject to an audit by the Internal Revenue Service, any Regulatory Agreement-defined Monitor and the Commission.

The retention period noted above is the same for 4% Tax Credit properties (tax credits with bonds) as it is for Bond-only properties.

**Reporting Dates**

Each Owner is responsible for submitting compliance reports in accordance with the Regulatory Agreement.

Owners must submit compliance reports to the Commission by the 7<sup>th</sup> of the month following the end of the previous reporting period.

*The reporting periods and due dates are:*

	<b><u>Reporting Period</u></b>	<b><u>Due Dates</u></b>
<i>Annually for All Bond-financed Properties</i>	January 1 through Dec 31	January 7
<i>For New Construction Properties Only</i>	Quarterly beginning with the date property reaches 10% overall occupancy, converting to annual once property achieves 90% occupancy	7 <sup>th</sup> of the month following the previous 90-day period
<i>For Acquisition-Rehab Properties Only</i>	Initial occupancy report covers first six to eight months of lease-up activities after the bond closing date; annual reporting commences twelve months after bond closing	Initial occupancy report due 8 months after bond closing date
<b>Income Recertification</b>	In most cases, Owners are required to make a determination at least annually as to the current income of income-qualified Residents. Recertification of income is completed in the same manner as when the Resident was originally qualified.	
<b>If a Resident Moves Within a Project</b>	A previously income-qualified Resident may move to another unit within your project without re-qualifying under the current income limits. Note that once a Resident moves to a new unit, they can only qualify the unit they are living in – the unit they vacate cannot be counted toward the project’s Minimum Set Aside until it is rented to an income-eligible household.	
<b>Qualifying a Resident After Move-In</b>	It is permissible for an Owner to use an already in-place household to qualify toward the property’s Minimum Set-Aside. The Owner would do a full income and asset certification for the household to prove their income eligibility. The household would be counted toward the property’s Minimum Set Aside as of the effective date of the completed eligibility certification.	
<b>Available Unit Rule (140%)</b>	Upon recertification, if it is determined that a Resident exceeds the prescribed income limits, there is no federal or state requirement that requires the Resident to move out of their unit or the project. After initial occupancy	

### Required Forms and Documentation

and at the time of recertification, a Resident is still considered eligible as long as the most recent income determination does not exceed 140% of the applicable income limit. If a Resident (upon recertification) exceeds 140% of the applicable median gross income, the next available unit of comparable or smaller size must be rented to (or held vacant for) another income-qualified Resident. The next unit rented to a qualified Household must be rented **in the same building** containing the Household which is now over 140% of the income limit.

The following forms are to be included in the annual compliance report:

1. *Certificate of Continuing Project Compliance*
2. *Table 1 Report (Excel spreadsheet)*
3. *Household Eligibility Certification*
4. *Rental Eligibility Application*
5. Income verification documentation
6. Other supporting documentation as applicable (e.g. proof of age, verification of student status).

**NOTE:** The Commission *Bond Lease Rider* should be kept in Resident's file.

### Authorized Signatories

Compliance reporting forms require the **Owner's original signature**. The Owner submits the following:

- ◆ *Bond Certificate of Continuing Project Compliance* – quarterly during lease-up on new construction and annually for all properties. **This form must always be signed by the Owner, using an original signature, without exception.**

### Submitting Reports

The Owner should keep copies of the completed CCPC and Table 1 (along with the original applicant/resident income documentation) for their records. Send the original CCPC and Table 1, and copies of the resident packets, to your Portfolio Analyst.

If the report is not acceptable (for instance, if forms are not completed correctly or income verifications are unsatisfactory), your Portfolio Analyst

will send a letter stating the problem(s) and a deadline for re-submitting a corrected report.

The Owner is required to continue reporting to the Commission until the *later* of the expiration of the Regulatory Agreement, or the date the bonds have been paid off in full. If the Owner is unsure which expiration date applies, they should contact the property's monitoring Portfolio Analyst for assistance.