

North Carolina Housing Finance Agency Tax Credit Extended Use Period Compliance Policy

Section 42(h)(6) of the Internal Revenue Code requires an extended low-income housing commitment of at least 15 years in addition to the 15 year IRS compliance period. Beginning in 1990 all developments receiving a tax credit allocation were required by federal law to execute a 30 year Extended Use Agreement.

The following guidelines will apply to those properties that have completed the initial 15 year compliance period:

Initial Certification/Annual Recertification

Households must meet the income requirements of the property's Extended Use Agreement ("EUA"), as determined and documented in accordance with the HUD 4350.3 Handbook.

NCHFA requires that a certification of household income, including third-party verification be completed prior to initial occupancy and must be executed by tenant and owner designee. The first year recertification is required for all move-ins.

The unit must be rent restricted so that the tenant paid portion of rent plus the utility allowance does not exceed the applicable rent limit.

Students

Full-time student households are eligible.

Next Available Unit Rule

No longer necessary.

Unit Transfers

Unit Transfers will not be restricted. The tenant certification will transfer with them and so will the unit status.

Eviction

Owners shall not evict or terminate the tenancy of an existing tenant of any low-income unit other than for good cause.

Non-Compliance

Non-compliance may be identified during monitoring reviews or reporting mechanisms. NCHFA is responsible for notifying the owner when non-compliance is identified. The owner is provided a notice of non-compliance listing the violation, the reason the violation occurred and the action necessary to correct the non-compliance. Owners are allowed 30 days to respond. The response should include documentation to show violations are corrected or additional documentation to be considered.

Reporting Requirements

The Owner's Certificate of Continuing Program Compliance and the Annual Project Activity Report shall be submitted by February 10th of each year during the extended use period. Reporting of unit activity including rent and utility allowance must be made current using the RCRS on-line reporting system. Utility Allowance must be updated annually using one of the seven methodologies.

Summary of Utility Allowance Methodologies

NCHFA requires all owners to adopt one of the methodologies allowed under the regulation to establish the utility allowance.

The regulation details seven methodologies owners can use to calculate a utility allowance:

1. Rural Housing Services (RHS)
2. Housing and Urban Development (HUD)
3. Public Housing Authority (PHA)
4. Written local estimate
5. Agency estimate
6. HUD utility schedule model or
7. Energy consumption model

Detailed information can be found on our website.

Monitoring Policy

Each property shall be inspected at least once every three years. Ten percent of the units (minimum of 5) will be inspected and ten percent of the files will be audited. The units selected for the file review may differ from the units being inspected. NCHFA reserves the right to review additional files or inspect additional units to ensure compliance. Inspection frequency may be increased if necessary.

Compliance will be monitored property wide, rather than building by building.