

OAHTC COMPLIANCE MANUAL OVERVIEW

The procedures outlined in this manual are guidelines for helping owners ensure that LIHTC developments remain in compliance with the Internal Revenue Code (the “Code”), the Regulatory Agreement, the Chapter 36 Rules and other applicable regulations for the duration of the compliance period.

This manual describes how to meet LIHTC requirements, but it is **not** an operations manual. It will provide instructions on determining eligibility of families for occupancy, the maximum rents that can be charged, record-keeping procedures, occupancy rules, provisions for auditing development files, certifications and other forms required for compliance reviews.

All developments participating in the Oklahoma Affordable Housing Tax Credit Program are subject to compliance monitoring with the rules and regulations of the Code and all other applicable regulations.

Questions regarding Tax Credit compliance issues may be directed to:

Oklahoma Housing Finance Agency
P.O. Box 26720
Oklahoma City, OK 73126
(405) 419-8271 or 419-8272
Attn: OAHTC Department

OHFA is committed to helping owners of LIHTC developments understand and meet their responsibilities under the program. This manual is an example of that commitment. OHFA will offer periodic training explaining key components of the program. However, **a development’s compliance with the LIHTC regulations and requirements, as well as state and local law, is solely the owner’s responsibility.**

THE LOW-INCOME HOUSING TAX CREDIT PROGRAM

In 1986, Congress created the Low Income Housing Tax Credit (LIHTC) Program as part of the Tax Reform Act of 1986. The LIHTC Program provides an incentive for developers and investors -- credits reducing their tax liability -- in qualified low-income housing that has been acquired, constructed or rehabilitated since 1986.

The credits are allocated by the Federal government to the individual states based upon population. In return, the states are required to review the applications from developers in accordance with state-set objectives and goals. The tax credits are allocated to developments which best meet these goals and objectives. In exchange for the tax credits, the developer must agree to rent the units to households whose income is at or below 50% or 60% of the median area income and follow certain leasing rules and guidelines. Failure to follow the regulations can result in the loss or recapture of credits.

The compliance period is established in the Regulatory Agreement, which is recorded on the property deed. *The compliance period for tax credit developments placed in service prior to January 1, 1990, is 15 years. For tax credit developments placed in service on or after January 1, 1990, the compliance period is 15 years, with an additional extended use period of 15 years for a total of 30 years, unless otherwise specified in applicable governing documentation. Section 42(h)(6)(D) of the Code details the specific instances where such documentation may be broken.

*IRC 42(h)(6)(A); Revenue Ruling 92-79

KEY PROGRAM DOCUMENTS

The fundamental rules of the LIHTC program appear in Section 42 of the Federal Internal Revenue Code, Treasury Regulations regarding Final regulations, and the Oklahoma Housing Finance Agency's Chapter 36 Rules. It is necessary for the owners to familiarize themselves with these two documents in order to understand their responsibilities under the program.

Effective on January 1, 2001, the new Compliance Monitoring Regulations took effect for state housing agencies. Included in this Manual is a copy of those regulations along with the National Council of State Housing Agencies (NCSHA) Recommended Practices in Compliance Monitoring which the Oklahoma Housing Finance Agency has adopted.

***Disclaimer:** The policies, procedures and forms included in this manual have not been reviewed or approved by the Internal Revenue Service and should not be relied upon for interpretation of legislation or regulations. OHFA makes no representation that complying with these procedures will satisfy all Internal Revenue Service requirements. As always, the ultimate responsibility for compliance in the LIHTC Program is with the Owners.*