



# MULTIFAMILY SPOTLIGHT

September/October 2009

News from WHEDA's Multifamily Housing Group

Tax Credit News pg 2

HUD Main Street pg 3

GAME ON Wisconsin pg 4

## Allied Drive community celebrates redevelopment project

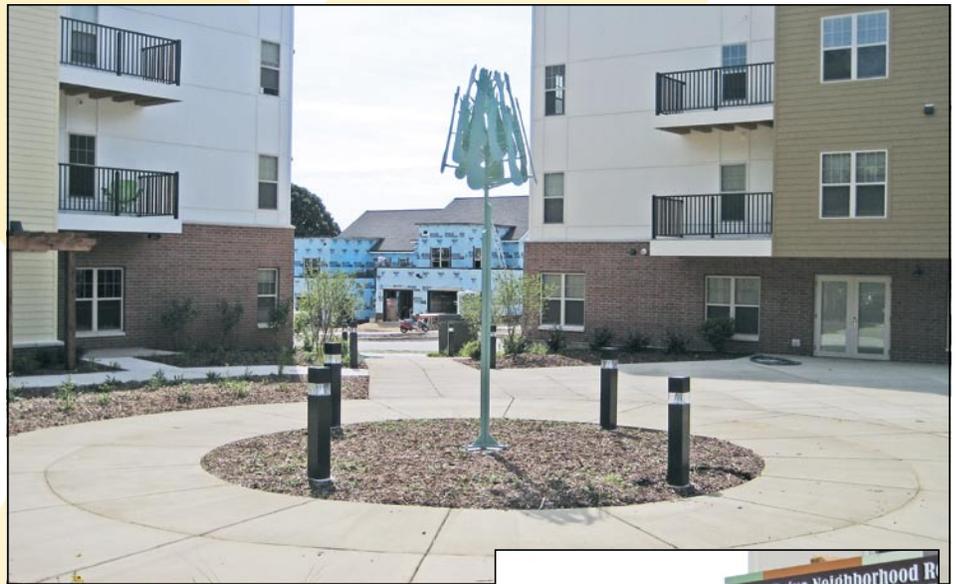
The completion of phase one of the Allied Drive Redevelopment project was celebrated on August 6, 2009 with a dedication ceremony for Revival Ridge Apartments in Madison's Allied Drive neighborhood. Antonio Riley, Executive Director of WHEDA, Madison Mayor David Cieslewicz and other city of Madison officials were on hand to commemorate the opening of the 32-unit apartment buildings with a ribbon cutting ceremony and the unveiling of a public art piece for the community.

Last December, WHEDA and McGann Construction hosted a community job fair at

**"This project is really rewarding in a number of ways. Not only did we meet the noble goal of putting a roof over people's heads, we also gave people the opportunity to learn a trade and earn a living."**

Antonio Riley  
Executive Director,  
WHEDA

the Allied Drive Boys & Girls Club in Madison to help neighborhood residents obtain jobs working on the construction of the redevelopment project that will total 48 new rental units. Chosen from over 100 applicants, 18 new hires worked with one of the project's 15 subcontractors throughout the construction process. They learned a trade, gained



experience and built working relationships with contractors giving them the best possible chance of being hired for future projects.

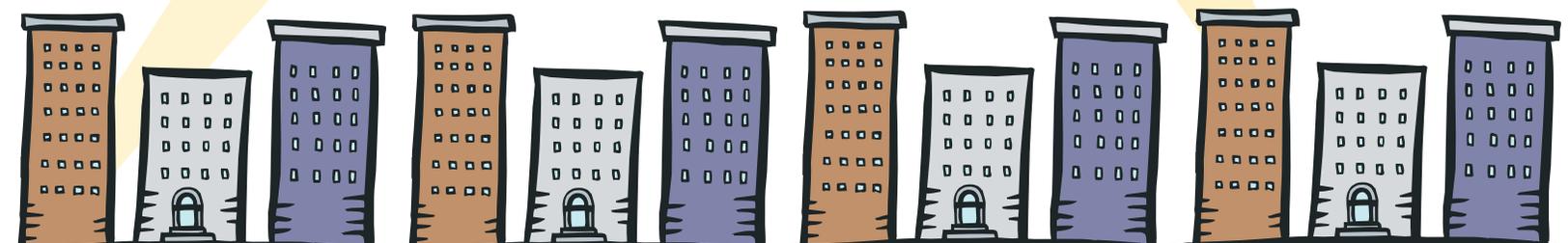
"This project is really rewarding in a number of ways. Not only did we meet the noble goal of putting a roof over people's heads, we also gave people the opportunity to learn a trade and earn a living," said Executive Director Riley. "Housing is economic development, and this is an example of that in action."

The workers received individual training from organizations such as Madison Urban League, MAP, Start, and YWCA prior to their interviews at the job fair.

The project's developer, the City of Madison's Community Development Authority



(CDA), received \$9.5 million in Low Income Housing Tax Credits from WHEDA for the project and boasts over 25 percent minority and women-owned business participation, a requirement to receive the tax credits.





## Tax Credit reporting requirements

WHEDA's reporting requirements for tax credit properties changed after the passage of HR 3221 on July 30, 2008. Tax Credit properties are required to report Unit Status Reports on the Rental Compliance Reporting System (RCRS) once a year for the prior year's activity. This report is due by January 31 of each year.

RCRS was designed so owner/agents could enter the information into the system daily, weekly, monthly or as often as desired. It is important to remember not to click the **Submit Entered Data** link until ALL the year's events have been entered in January. If you submitted a report to us in July, all is not lost. The data is there waiting for you to submit the balance of

the information in January. It is not necessary to re-submit events already reported.

## Tax Credit reminders

### Social Security Verification

### Tax Credit Properties

The EIV system cannot be used as verification of income. You must still third-party verify all income.

### Tax Credit property with Section 8

- You need to use the EIV for Section 8.
- Third-party verification needed for Tax Credits.
- When WHEDA reviews the tenant files for the Tax Credits, we are not allowed to review the EIV verification. Both verifications are necessary. The EIV verification should be placed in a separate flap or in a separate file to be reviewed by Section 8 only.

### Wisconsin Tax Credit properties with students

Student financial assistance is included in annual income. This includes any financial assistance a student receives in excess of tuition

such as athletic and academic scholarships received (1) under the Higher Education Act, (2) from private sources, or (3) from an institution of higher education as defined by the Higher Education Act of 1965. Financial assistance does not include loan proceeds.

### Transfer of existing tenants to another unit

**Transfer to a new unit within the same building:** A qualified household may transfer to a different unit in the same building of the project. When a current resident moves to a different unit within the building, the newly occupied unit adopts the status of the vacated unit.

**Transfer to a different building in the project:** Should an existing qualified household wish to transfer to another unit in a different building of the project, the household must be treated as a new household. All application, verification, and certification procedures must be completed for the transferring household and the household must be income qualified using the current maximum allowable income limit for a new household.

# New methods and procedures for updating utility allowances

For years the tax credit industry was looking for ways for owners to easily obtain accurate allowance figures. The utility allowance regulations for Section 42 were amended (IRS Treasury Regulation §1.42-10) on July 29, 2008. The existing methods under §1.42-10 remained essentially unchanged however, the primary change included additional methods for obtaining utility allowance figures.

The changes added two additional methods for calculating the allowance, the HUD Utility Schedule Model, found at [www.huduser.org/datasets/lihtc.html](http://www.huduser.org/datasets/lihtc.html) and [www.huduser.org/resources/utlmodel.html](http://www.huduser.org/resources/utlmodel.html) or the Energy Consumption Model developed by a licensed engineer or other professional approved by the state agency.

When using these two new methods, as well as utility provider estimates, it is required that an owner notify, in writing, the residents 90 days prior to the effective date of change. All data gathered must be done within the 60

days prior to the notification date the residents receive. AHTC Form 205 A&B, revised in October 2008, reflects the new requirements and should be used by owner/agents, even if you are using the older methods for calculating the allowance.

A provision in the new code that did not change is the requirement that utility allowances must be effective, and rents adjusted, within 90 days of the effective date of the change in the allowance. Buildings that base the allowance on one of the three utility provider models may choose the month they wish to review the allowance. However, properties that utilize allowances provided by the PHA must update their allowance and adjust rents within 90 days of the PHA effective date. For example, if a PHA publishes new utility allowances effective October 1, the new allowance must be in place by January 1. Finally, all Section 8 voucher holders must have their rents based on the PHA utility allowance.

This may create some complications at

buildings that choose a different month from when the PHA typically publishes new allowances. Let's say the owner/agent has decided they wish to update the utility allowance with a utility provider estimate in June. However, the PHA typically publishes new utility allowances in October. In our example a property may have to adjust the rent for Section 8 voucher holders in January, while the remaining residents may receive an adjustment in June.

In addition, the regulation did not change the requirement for utility providers to consider "estimated cost of that utility for a unit of similar size and construction for the geographic area in which the building containing the unit is located." Further information about the utility allowances procedures and changes is available at [www.wheda.com](http://www.wheda.com) under Tax Credit Monitoring. You may go directly to the procedure at [www.wheda.com/uploadedFiles/Website/Wheda\\_Products/LIHTC/AHTC\\_Utility%20Allowance%20Guidelines.pdf](http://www.wheda.com/uploadedFiles/Website/Wheda_Products/LIHTC/AHTC_Utility%20Allowance%20Guidelines.pdf).

# HUD delays rent refinement final rule

A delay in the effective date of the Refinement of Income and Rent Determination Requirements in Public and Assisted Housing Programs, final rule was published in the Federal Register on August 28, 2009. The rule, scheduled to be effective on September 30, 2009, will now become effective on January 31, 2010. The publication of this delay can be found at [edocket.access.gpo.gov/2009/pdf/E9-20879.pdf](http://edocket.access.gpo.gov/2009/pdf/E9-20879.pdf).

The rule includes the following provisions:

- *Mandatory implementation and use of HUD's Enterprise Income Verification (EIV) System*
- *Modification of social security number requirements*
- *Mandatory verification of declaration of status as a US citizen or national*
- *Change to the income calculation*

## HUD Handbook 4350.3 Revision

In Change 3 to the 4350.3 HUD Handbook, there are two notable additions. These changes are also applicable to the Section 42 LIHTC program.

### Foster children and adults:

In the past, income and assets for foster adults were excluded from income. Currently, all forms of income count toward household incomes for foster adults. Asset income for foster children under the age of 18, formerly excluded from household income, is now counted toward asset income.

Payments received by the family from foster care agencies is still not counted toward household income, which has not changed from the previous version.

### Military deployment:

A guardian is allowed to move into a unit on a temporary basis to care for any dependents left behind by a person (head or co-head of household) deployed to military service. The new rule states that earned and unearned income for this guardian will not count toward household income.

The entire Handbook, including Appendixes and Exhibits is available at [www.hud.gov/offices/adm/hudclips/handbooks/hsg/4350.3/index.cfm](http://www.hud.gov/offices/adm/hudclips/handbooks/hsg/4350.3/index.cfm).

### HUD Milwaukee updates R4R form

The Milwaukee HUD office recently updated the Reserve for Replacement (R4R) form. It includes a question on whether the

products or systems are energy efficient. HUD encourages the use of energy efficient products and systems and it will help the Milwaukee office track the degree in which owners and agents are participating in energy conservation. The R4R form has been in existence for years and is optional. Owners and agents are encouraged to use it when requesting withdrawals from their R4R account.

The form asks for the current balance in the Reserve for Replacement account. This information is useful in determining the adequacy of the account. Please contact your HUD Project Manager for a copy of the updated form.



A complete directory for the Multifamily Group can be found online at [www.wheda.com/root/uploadedFiles/Website/Business\\_Partners/Multifamily\\_Developers/MFhousingGRP\\_contact.pdf](http://www.wheda.com/root/uploadedFiles/Website/Business_Partners/Multifamily_Developers/MFhousingGRP_contact.pdf).



2009 MULTIFAMILY HOUSING CONFERENCE  
**GAME ON  
WISCONSIN**  
**OCTOBER 15, 2009**

**KICKOFF  
7:30A.M.**

**W**HEDA is hosting the annual Multifamily Conference at the Alliant Energy Center in Madison on Thursday, October 15, 2009.

It takes a team of experienced professionals to meet the demands of Affordable Housing. With the ever changing rules, regulations, and legislation, it is critical that all players be prepared. This year's conference will provide ALL team

members with the knowledge they need to ensure a successful development whether they are a developer, syndicator, or property manager. In addition to the sessions that are of interest to owners and developers, this year's agenda (see conference agenda below) will include training sessions of interest to those in the compliance monitoring and asset management side of multifamily.

**WARMUP**

7:30-8:30AM: REGISTRATION & CONTINENTAL BREAKFAST

**PREGAME**

8:30-9:00AM: OPENING REMARKS

**1ST QUARTER**

9:00-10:00AM: KEYNOTE SPEAKER, Barry Alvarez

**TIME OUT**

10:00-10:30AM: VISIT VENDORS

**2ND QUARTER**

10:30-11:45AM: BREAKOUT SESSIONS

MEDIA DAY: WORKING WITH THE PRESS

GIVE ME AN "E"! GIVE ME AN "I"! GIVE ME A "V"!

WHAT DOES THAT SPELL? EIV (Part 1)

MOVING THE CHAINS: HOW TO KEEP YOUR DEAL ALIVE USING TCAP, EXCHANGE AND THE LIHTC PROGRAM

REAL TALK

**TIME OUT**

11:45AM-12:00PM: VISIT VENDORS

**HALFTIME**

12:00-1:15PM: LUNCH

**3RD QUARTER**

1:15-2:30PM: BREAKOUT SESSIONS

THIS ISN'T IN THE PLAYBOOK! EMERGENCY PLANNING FOR MULTIFAMILY DEVELOPMENTS

**THE RED ZONE: SECURING LIHTC EQUITY**

GIVE ME AN "E"! GIVE ME AN "I"! GIVE ME A "V"!

WHAT DOES THAT SPELL? EIV (Part 2)

OPTION PLAY: DISCUSSION ON MULTIFAMILY FUNDING IN ARRA

**TIME OUT**

2:30-3:00PM: VISIT VENDORS

**4TH QUARTER**

3:00-4:15PM: BREAKOUT SESSIONS

WHAT'S THE GAME PLAN? QUALIFIED ALLOCATION PLAN CHANGES FOR 2010 AND REVIEW OF THE 2009 COMPETITIVE CYCLE

"NICHE"-KE MARKETING: SEPARATE YOURSELF FROM THE REST OF THE TEAMS

SPECIAL TEAMS: RESIDENT RELATIONS AND PROBLEM SOLVING IN TODAY'S HOUSING

HOME FIELD ADVANTAGE: DISCUSSION OF ACCESSIBILITY AND AFFORDABLE HOUSING

**TIME OUT**

4:15-4:30PM: VISIT VENDORS

**5TH QUARTER**

4:30-6:30PM: TAILGATE RECEPTION

**MARK YOUR CALENDAR  
AND DON'T MISS THIS  
YEAR'S CONFERENCE!**

