Housing Consultants of America

WHAT EVERY LIHTC MANAGER SHOULD KNOW

A practical field guide for managing Low-Income Housing Tax Credit properties with stronger files, cleaner processes, and fewer compliance surprises.

YOUR ROLE MATTERS: LIHTC compliance is not just a compliance-department responsibility. Daily leasing, certification, documentation, unit-status, and record-retention decisions can affect the property's tax credits.

1. Know the Property's Compliance Rules

- Do not manage from memory alone. Keep the property's regulatory agreement, extended-use agreement, applicable state allocating-agency guidance, recorded elections, and current compliance procedures accessible.
- Know the project's minimum set-aside, applicable fraction, income limits, rent limits, utility allowances, placed-in-service dates, building identification numbers, and any deeper targeting or special-use commitments.
- State housing finance agencies may impose requirements beyond the federal LIHTC rules. Follow the rules that apply to your specific property.

2. Income Eligibility Must Be Established Correctly

- Households must be income-qualified under the rules applicable at the time of initial certification. Use the correct income limit for household size and the property's applicable requirements.
- Collect, calculate, and document income and assets consistently. Resolve discrepancies before approval rather than leaving unexplained information in the file.
- Managers should understand how current federal requirements, including applicable HOTMA-related changes and state implementation guidance, affect certifications at their property.

3. Rent Compliance Is More Than the Tenant's Check

- LIHTC gross rent generally includes tenant-paid rent plus the applicable utility allowance and other required amounts. A rent that looks acceptable by itself can still create a problem when the full gross-rent calculation is reviewed.
- Update rent and utility-allowance calculations when required. Maintain support showing which allowance was used, its effective date, and how the resulting maximum rent was determined.

4. Student Status Can Affect Eligibility

- Full-time student households require careful review. Do not assume that income qualification alone makes a household eligible.
- Document student status and any applicable exception in the tenant file. Revisit the issue when household composition or student status changes.

5. The File Must Tell the Story

- A reviewer should be able to understand why the household was approved without guessing. Keep applications, certifications, verifications, calculations, leases, addenda, student documentation, asset information, and required forms complete and organized.
- Dates, signatures, household composition, unit information, and calculations should agree across the file. Correct inconsistencies promptly and document the reason for corrections.

6. Unit Status and the Available Unit Rule Matter

- Track household income changes and unit status carefully. If an existing household becomes over-income, the Available Unit Rule may affect how the next available comparable or smaller unit must be rented.
- Coordinate leasing and compliance teams before approving transfers, unit changes, or new move-ins that could affect building compliance.

7. Vacant Units Still Require Compliance Attention

- A vacant LIHTC unit cannot simply be ignored. Maintain records showing reasonable attempts to rent vacant qualified units when required by the Vacant Unit Rule.
- Marketing, waiting-list activity, applications, and leasing efforts should be documented so the property can demonstrate its actions during a review.

8. Transfers, Moves, and Common Areas Need Review

- Do not process unit transfers as routine administrative changes without checking LIHTC implications, especially across buildings or projects.
- Keep common areas and residential units suitable for occupancy. Physical-condition issues can become compliance issues, so inspection findings and corrective work should be tracked to completion.

9. Annual Monitoring Is Not the Time to Discover Problems

- Perform internal file reviews throughout the year. Sample recent move-ins, recertifications where applicable, transfers, student files, utility-allowance calculations, and rent calculations.
- Before an agency review, reconcile unit status, household files, rent rolls, certifications, inspection records, and prior findings. Make sure corrective actions are documented.

10. Train the Entire Site Team

- Leasing, management, maintenance, and compliance staff all influence LIHTC performance. Train staff on what information must be escalated and when.
- Create written workflows for move-ins, file approvals, changes in household composition, student-status changes, transfers, notices, utility allowances, and corrections.

QUICK MANAGER CHECK

■ Can I identify the current income and rent limits used at this property?

■ Do I know which utility allowance applies and when it was last updated?

■ Are new move-in files reviewed before or immediately after approval under our company procedure?

■ Are student households and exceptions clearly documented?

■ Can I explain every vacant unit and our leasing efforts?

■ Are transfers reviewed for LIHTC impact before they are processed?

■ Are inspection deficiencies and compliance findings tracked through correction?

■ Could an auditor understand each tenant file without asking staff to reconstruct what happened?

Important: This guide is a general management resource and is not a substitute for the Internal Revenue Code, Treasury regulations, IRS guidance, your allocating agency's compliance manual, regulatory agreements, or legal/tax advice. Requirements can vary by project, state, election, and compliance period.