



Housing Consultants of America

LIHTC Compliance Checklist: What Property Managers Need to Know in 2026

A practical guide to stronger Low-Income Housing Tax Credit compliance and audit-ready resident files



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LIHTC compliance is built on consistent execution. A property can have strong occupancy and still face significant compliance exposure if household eligibility, rent calculations, utility allowances, student status, annual certifications, or supporting documentation are incomplete or inconsistent. In 2026, property managers should focus on maintaining clear, defensible files that demonstrate compliance from initial qualification through every required certification and change in household circumstances.

This guide summarizes the core areas every LIHTC property manager should monitor and highlights recurring weaknesses Housing Consultants of America (HCA) sees when conducting third-party LIHTC file audits.

1. Income Qualification

- **Verify household composition.** Confirm every household member, relationship, age, and anticipated occupancy before finalizing eligibility.
- **Identify and verify all income sources.** Review wages, benefits, self-employment, recurring contributions, assets, and other applicable income sources using the property's approved verification hierarchy and current program requirements.
- **Annualize income consistently.** Document the calculation method and make sure supporting verification aligns with the certification effective date.
- **Compare income to the correct limit.** Use the applicable income limit for the project's location, household size, set-aside, and effective date.

- **Resolve discrepancies.** Conflicting information in applications, pay documentation, EIV-type reports used for layered programs, bank statements, or third-party verifications should be clarified in writing.

2. Student Status

The LIHTC student rule is a frequent source of file errors. Property teams should identify whether all household members are full-time students and, when applicable, document that the household meets a permitted exception. Do not rely on a simple checkbox when the file facts suggest additional review is needed.

- Document student status for household members when required by the allocating agency or property procedure.
- If the household is comprised entirely of full-time students, document the applicable exception before approval.
- Revisit student status at required recertifications and when household composition changes.

3. Rent Limits

Maximum LIHTC rent is not simply the tenant's contract rent. Property managers must use the correct published rent limits and account for the applicable utility allowance and any required treatment of mandatory charges. Maintain evidence showing which rent schedule was used and when it became effective.

- Confirm the correct bedroom size and income designation for each unit.
- Verify gross rent does not exceed the applicable maximum after the utility allowance is considered.
- Review mandatory fees and charges to determine whether they affect gross rent under applicable requirements.
- Document implementation of new rent limits and retain prior schedules as part of the compliance record.

4. Utility Allowances

Utility allowance errors can create rent violations across multiple units at once. Keep the current allowance, source documentation, effective date, and evidence of timely implementation. The permitted methodology depends on the building and program structure, so property teams should follow the applicable federal, state allocating agency, and project-specific requirements.

- Maintain the source and effective date of the current utility allowance.
- Track changes and implementation deadlines.
- Recalculate tenant rent when a new allowance affects maximum gross rent.
- Keep supporting documentation readily available for monitoring reviews.

5. Annual Certifications and Ongoing Eligibility

Annual recertification requirements can differ depending on project type, state agency rules, and whether the project is 100% LIHTC. Managers should know exactly what their allocating agency and governing documents require rather than assuming every LIHTC property follows the same annual process.

- Maintain a recertification calendar with advance notice dates and completion deadlines.
- Use current forms and certifications required by the allocating agency.
- Review changes in household composition, income, assets, and student status.
- For mixed-income projects, closely monitor the Available Unit Rule and changes affecting qualified households.
- Document late, incomplete, or corrected certifications and the steps taken to restore compliance.

6. Documentation: The File Must Tell the Story

A compliant outcome is difficult to defend if the file does not show how the property reached it. Each file should allow an independent reviewer to understand who qualified, what was verified, how income and rent were calculated, which rules were applied, and why any unusual circumstances were accepted.

- Use complete, signed, and dated applications, certifications, verifications, and calculation worksheets.
- Avoid unexplained white-outs, conflicting dates, missing signatures, and unsupported handwritten changes.
- Use clarification notes when facts are unusual or documentation conflicts.
- Keep required notices, leases, addenda, student documentation, asset records, and eligibility evidence organized consistently.
- Follow record-retention requirements applicable to the project and allocating agency.

Common Mistakes HCA Finds During Third-Party LIHTC File Audits

Audit Finding	Why It Matters
Income calculations that do not match source documents	Pay frequency, anticipated raises, variable hours, overtime, recurring contributions, or asset income may be handled inconsistently.
Missing or weak student-status documentation	The file identifies full-time students but does not adequately document the applicable exception or follow-up.
Incorrect utility allowance	The property uses an outdated allowance, the wrong source, or implements a change too late.
Rent above the allowable limit	Contract rent, utility allowance, or mandatory charges combine to create a gross-rent issue.
Incomplete verification trail	The eligibility decision may be reasonable, but the file lacks the documentation needed to prove it.
Late or incomplete certifications	Files contain missing signatures, outdated forms, inconsistent effective dates, or certifications completed after the required deadline.
Household composition inconsistencies	Applications, leases, certifications, and verification documents identify different household members or dates.
Unresolved discrepancies	Conflicting information is present, but there is no written clarification explaining how the property resolved it.

2026 LIHTC Property Manager Quick Checklist

- Current income and rent limits are on file and staff know the effective dates.
- The correct utility allowance is documented and implemented.
- Household composition is consistent throughout each resident file.
- Income, assets, and applicable deductions are supported by complete documentation.
- Full-time student status and any applicable exception are documented.
- Gross rent is tested against the correct LIHTC maximum.
- Required annual certifications or state-specific recertification procedures are tracked.
- Files contain all required signatures, dates, leases, addenda, and clarifications.
- Staff use current forms and follow the project's written compliance procedures.
- Internal or third-party file reviews are performed before monitoring visits whenever possible.

Why Routine File Audits Matter

A third-party LIHTC file audit can identify patterns before they become larger monitoring findings. HCA reviews files from the perspective of an outside compliance reviewer, identifies technical and documentation weaknesses, and helps property teams prioritize corrective action. The goal is not only to fix individual files, but also to identify the process, training, or documentation issue that caused the error so it is less likely to repeat across the property or portfolio.

Important: LIHTC requirements can vary by state allocating agency, project documents, placed-in-service year, elections, and layered funding sources. This guide is educational and is not a substitute for the property's regulatory agreement, qualified allocation plan, compliance manual, legal advice, or guidance from the applicable housing finance agency.

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Affordable housing compliance support, third-party file audits, training, corrective action, and operational assistance for LIHTC and layered affordable housing programs.