

# MASSACHUSETTS COMPLIANCE GUIDE

## TABLE OF CONTENTS

### **1. Introduction to Manual**

- 1-1. The Low-Income Housing Tax Credit**
- 1-2. Purpose of the Manual**
- 1-3. Credit Period**
- 1-4. Compliance Period**
- 1-5. Six Tax Credit Regulation Periods**

### **2. Compliance Issues**

- 2-1. General Compliance**
  - A. Allocation Year
  - B. Compliance by Building
  - C. Placed-in-Service Date
  - D. Eligible Basis
  - E. Initial Credit Period
  - F. Minimum Set-Aside
  - G. Qualified LIHTC Unit
  - H. Recordkeeping Requirements
  
- 2-2. Minimum Set-Aside Election**
- 2-3. Income Limits**
- 2-4. Qualified Basis & Low Income Occupancy**
- 2-5. Maximum Gross Rent**
  - A. 1990 + Projects
  - B. Rent Subsidies
  - C. Section 8 Rent
  - D. Rural Development Overage
  
- 2-6. Utility Allowances**
- 2-7. Additional LIHTC Regulations**
  - A. Vacant Unit Rule
  - B. Deep Income Targets
  - C. Available Unit Rule / 140% Rule
  - C. Relocating Existing Tenants
  - D. Staff Units
  - E. Non-transient Occupancy
  - F. General Public / Fair Housing
  - G. Students
  - H. Section 8 Certificates / Vouchers

I. Suitability of a Unit

**3. Determining Tenant Eligibility**

- 3-1. Overview
- 3-2. Household Size and Income Limits
- 3-3. Gross Annual Income
- 3-4. Assets
- 3-5. Tenant Application Procedure
- 3-6. Tenant Income Verification
- 3-7. Tenant Income Certification
- 3-8. Lease
- 3-9. Recertification
- 3-10. Annual Recertification Waiver
- 3-11. Qualifying Section 8 Tenants

**4. Recordkeeping**

- 4-1. LIHTC Recordkeeping
- 4-2. LIHTC Record Retention

**5. Noncompliance**

- 5-1. Types of Noncompliance
- 5-2. Recapture of Tax Credits
- 5-3. Liability

**6. Forms**

- A. Required Forms for Tenant Certification
- B. Annual Year-End Forms
- C. Recommended Forms for Tenant Certification

**7. Compliance Monitoring**

- 7-1. Fulfilling Compliance Obligations
- 7-2. Physical Inspections of Units
- 7-3. Additional Review Policy

**8. General Explanation of the Tax Reform Act of 1986 – Blue Book**

**9. IRC Section 42**

**10. IRS Forms 8609 and Schedule A with Instructions**

**11. Rev. Proc. 2003-82                      Safe Harbor**

- Effective 01/01/2004

- 12. IRS Revenue Ruling 90-89 (Minimum Set-Aside Requirements)**
- 13. IRS Revenue Ruling 92-61 (Treatment of Resident Manager’s Unit)**
- 14. IRS Revenue Ruling 94-57 (Changes in Median Gross Income)**
- 15. IRS Revenue Procedure 94-57 (Gross Rent Floor)**
- 16. IRS Revenue Procedure 2004-38 (Waiver of Annual Income Recertification) - *NOT AVAILABLE IN Massachusetts***
- 17. IRS Revenue Procedure 94-65 (Documentation of Income from Assets)**
- 18. IRS Notice 88-80 (Income Determination)**
- 19. IRS Advance Notice 88-116 (Placement in Service)**
- 20. IRS Form 8586; IRS Form 8611; IRS Form 8823**
- 21. Treasury Regulation 1.42-15 (Available Unit Rule)**
- 22. HUD 4350.3 REV-1 Appendix 3: Acceptable Forms of Verification**
- 23. HUD 4350.3 REV-1 Chapter 5: Determining Income and Calculating Rent**
  - A. Determining Annual Income**
  - B. Determining Adjusted Income**
  - C. Verification**
  - D. Calculating Tenant Rent**
- 24. HUD 4350.3 REV-1 Appendix 15: Verification and Consent—Guidance and Sample Formats**
  - 15-A: Guidance for Development of Individual Consent Forms**
  - 15-B: Verification of Disability—Instructions to Owners and Sample Formats**
  - 15-C: Guidance About Types of Information to Request When Verifying Eligibility and Income**
- 25. IRS Revenue Ruling 2004-82 (Q & A)**
  - A. Eligible Basis / Qualified Basis**
  - B. First Year Issues**

- C. Extended Use Period**
- D. HOME Program**
- E. Vacant Unit Rule**
- F. Recordkeeping**
- G. Tenant Income Documentation**

**26. Treasury Regulation 1.42-5 Compliance Monitoring**

**27. December 2007 Student Exception Change (single parent rule)**