



# Louisiana Housing Corporation

The following resolution was offered by Board Member Guy T. Williams, Jr. and seconded by Vice-Chairman Mayson H. Foster:

## RESOLUTION

**Providing for approval of the State's 2014 Special Interim Qualified Allocation Plan, and providing for other matters in connection therewith.**

**WHEREAS**, Section 42 of the Internal Revenue Code of 1986, as amended (the "Code") provides for a low-income housing credit (the "Housing Credit") that may be claimed as part of the general business credit under Section 38 of the Code; and

**WHEREAS**, the Housing Credit determined under Section 42 of the Code is allowable only to the extent that the owner of a qualified low-income building receives a housing credit allocation from a housing credit agency such as the Louisiana Housing Corporation (the "Corporation") unless the building is exempt from the allocation requirements by reason of Section 42(h)(4) of the Code; and

**WHEREAS**, Section 42(m)(1)(D) provides that Subsection (h)(4) shall not apply to any project unless the project satisfies the requirements for allocation of a housing credit under the Allocation Plan applicable to the area in which the project is located; and

**WHEREAS**, under Section 42(m)(1)(A) of the Code, the Housing Credit for any building is zero unless (i) such amount was allocated pursuant to a qualified allocation plan (the "Allocation Plan") of the Corporation which is approved by the governmental unit (in accordance with rules similar to the rules of Section 147(f)(2) (other than subparagraph (B)(ii) thereof), (ii) the Housing Credit Agency notifies the chief executive officer of the local jurisdiction within which the building located of such project and provides such individual a reasonable opportunity to comment on the project, (iii) a comprehensive market study of the housing needs of low-income individuals is conducted at the developer's expense before the credit allocation is made by a disinterested party who is approved by the Housing Credit Agency and (iv) a written explanation is made available to the general public for any allocation of housing credit dollar amount which is not made in accordance with established priorities and selection criteria; and

**WHEREAS**, pursuant to Section 42(m)(1)(B) of the Code, the Allocation Plan must:

- (i) set forth selection criteria to be used to determine housing priorities of the Corporation which are appropriate to local conditions;
- (ii) also give preference in allocation housing credit dollar amounts among selected projects to---
  - (I) projects serving the lowest income tenants,
  - (II) projects obligated to serve qualified tenants for the longest periods, and
  - (III) projects which are located in qualified census tracts and the development of which contributes to a concerted community revitalization plan, and
- (iii) provide a procedure that the Corporation will follow in monitoring for non-compliance with the provisions of Section 42 of the Code and in notifying the Internal Revenue Service (the "IRS") of such non-compliance which such agency becomes aware of and in monitoring for non compliance with habitability standards through regular site visits.

**WHEREAS**, pursuant to Section 42(m)(1)(C) of the Code, the selection criteria set forth in a qualified allocation plan must include:

- (i) project location,
- (ii) housing needs characteristics,
- (iii) project characteristics, including whether the project includes the use of existing housing as part of a community revitalization plan
- (iv) sponsor characteristics,
- (v) tenant populations with special housing needs,
- (vi) public housing waiting lists,
- (vii) tenant populations with children,
- (viii) projects intended for eventual tenant ownership,
- (ix) the energy efficiency of the project, and
- (x) the historic nature of the project.

**WHEREAS**, Section 42(m)(2)(A) requires the Corporation to allocate Housing Credits to a project in an amount which the Corporation determines is necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period; and

**WHEREAS**, the Corporation is required to take into account in making its determinations under Section 42(m)(2)(A) the following:

- (i) the sources and uses of funds and the total financing planned for the project;
- (ii) any proceeds or receipts expected to be generated by reason of tax benefits;
- (iii) the percentage of housing credit dollar amount used for project costs other than the cost of project intermediaries, and
- (iv) the reasonableness of the developmental and operational costs of the project.

**WHEREAS**, Section 42(m)(1)(A)(i) of the Code requires that the Allocation Plan be approved by the governmental unit in accordance with the rules similar to the rules of Section 147(f)(2) of the Code (other than subparagraph (B)(ii) thereof) of which the Corporation is a part; and

**WHEREAS**, the Corporation's Program Rule substantially in the form attached hereto as **Exhibit I** and the Selection Criteria attached hereto as **Exhibit II** utilized in connection with the Corporation's Low Income Housing Tax Credit Application Package has been determined to satisfy the requirements of Section 42(m)(1)(B)(i) and (ii) and Section 42(m)(1)(C) of the Code and to satisfy the Corporation's responsibilities under Section 42(m)(2); and

**WHEREAS**, under Section 42(m)(1)(D) of the Code, the Housing Credit for any project qualifying under Section 42(h)(4) of the Code is zero unless the project satisfies the requirements for allocation of a Housing Credit under the Allocation Plan of the Corporation; and

**WHEREAS**, under Section 42(m)(1)(B)(iii) of the Code, an Allocation Plan is not qualified unless it contains a procedure that the Corporation will follow in monitoring compliance with the provisions of Section 42 of the Code and notifying the IRS of any non-compliance of which the Corporation becomes aware; and

**WHEREAS**, Section 42(m)(1)(B)(iii) is effective on January 1, 1992, and applies to all buildings placed in service for which a Housing Credit is, or has been, allowable at any time; and

**WHEREAS**, final regulations relating to (i) the requirement that State allocation plans provide a procedure for the Corporation to monitor for compliance with the requirements of Section 42 of the Code, (ii) how the Corporation is to report any non-compliance to the IRS, and (iii) the affect of such regulations on the Corporation, owners of buildings or projects for which a Housing Credit is claimed, and taxpayers claiming the Housing Credits are contained at 26 CFR Part 1 (the "Compliance Regulations"); and

**WHEREAS**, Section 1.42-5 of the Compliance Regulations provides that a procedure for monitoring for non-compliance under Section 42(m)(1)(B)(iii) must include the following:

- (i) Recordkeeping and Record Retention Provisions of Section 1.42-5(b) of the Compliance Regulations;
- (ii) Certification and Review Provisions of Section 1.42-5(c) of the Compliance Regulations;
- (iii) Inspection Provisions of Section 1.42(d)-5 of the Compliance Regulations; and
- (iv) Notification of Non-Compliance Provisions of Section 1.42(5)(e) of the Compliance Regulations; and

**WHEREAS**, the form of the Compliance Monitoring Agreement attached hereto as **Exhibit II**, to be entered into by and between the Corporation and owners of low-income housing projects, is sufficient to satisfy the Compliance Regulations relating to the requirements that an owner of a low-income housing project (i) keep and retain records for each qualified low-income building in the project, (ii) certify under penalty of perjury certain matters relating to the operation of the project for prescribed periods, and (iii) make available the project and records in connection with the project for on-site inspection; and

**WHEREAS**, pursuant to Section 1.42-5(c)(2) of the Compliance Regulations relating to reviews of each low-income housing project by the Corporation, the Corporation must:

- (i) review owner certifications under Section 1.45-5(c)(1) for compliance with the requirements of Section 42; and
- (ii) conduct on-site inspections of all buildings in the project by the end of the second calendar year following the year the last building in the project is placed in service and, for a least 20 percent of the project's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; and
- (iii) at least once every 3 years, conduct on-site inspections of all buildings in the project and, for at least 20 percent of the project's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; and
- (iv) require that the Corporation randomly select which low-income units and tenant records are to be inspected and reviewed by the Corporation. *[The review of tenant records may be undertaken wherever the owner maintains or stores the records (either on-site or off-site). The units and tenant records to be inspected and reviewed must be chosen in a manner that will not give owners of low-income housing projects advance notice that a unit and tenant records for a particular year will or will not be inspected and reviewed. However, the Corporation may give an owner reasonable notice that an inspection of the building and low-income units or tenant record review will occur so that the owner may notify tenants of the inspection or assemble tenant records for review (for example, 30 days' notice of inspection or review).]; and*

**WHEREAS**, Section 1.42-5(h) of the Compliance Regulations provides that (i) the requirement of Section 42(m)(1)(B)(iii) that allocation plans contain a procedure for monitoring for non-compliance becomes effective as of June 1, 1992 and applies to buildings for which a low-income housing credit is, or has been, allowable at any time and (ii) Section 42(m)(1)(B)(iii) of the Code and the Compliance Regulations do not require monitoring for whether a building or project is in compliance with the requirements of Section 42 of the Code prior to January 1, 1992; provided, however, if the Corporation becomes aware of non-compliance that occurred prior to January 1, 1992, the Corporation must notify the IRS of that non-compliance;

**WHEREAS**, the Corporation has determined to undertake the processing of Subsidy Layering Reviews in connection with HUD's new subsidy layering guidelines for Section 8

Project-Based Vouchers (“PBVs”) released on Friday July 9, 2010 as Docket No. FR-5417-N-01 (“Hud’s SLR Administrative Guidelines”) for projects utilizing or expecting to utilize low income housing credits to eliminate the duplication of Subsidy Layering Reviews conducted by a Housing Credit Agency such as the Corporation and HUD in connection with PBVs by providing for the satisfaction of the Subsidy Layering review being satisfied if the Corporation has conducted such a review with respect to low-income housing credits, HOME Funds and other government financing in a project and takes into consideration the provision of Section 8 PBVs in its Subsidy Layering Review analysis.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Louisiana Housing Corporation:

**SECTION 1. PROGRAM RULE.** The Program Rule attached hereto as **Exhibit I** is hereby approved.

**SECTION 2. SELECTION CRITERIA.** The Selection Criteria attached hereto as **Exhibit II** is confirmed and ratified.

**SECTION 3. COMPLIANCE MONITORING AGREEMENT.** The Compliance Monitoring Agreement, substantially in the form attached hereto as **Exhibit III**, is hereby approved. The staff and Tax Credit Counsel to the Corporation are hereby authorized and directed to distribute the Compliance Monitoring Agreement for execution by owners of qualified low-income buildings which have been placed in service and for which a low-income housing credit is, or has been, allowable at any time.

**SECTION 4. REVIEW BY THE CORPORATION.** The Compliance staff is hereby authorized and directed to:

- (i) review owner certifications under Section 1.45-5(c)(1) of the Compliance Regulation for compliance with the requirements of Section 42 of the Code; and
- (ii) conduct compliance reviews with respect to low-income housing projects each year in accordance with the requirements of Section 1.42-5(c)(2) of the Compliance Regulations including, but not limited to:
  - (a) review certifications submitted under paragraph 1.45-5(c)(i) of the Compliance Regulations; and

- (b) conduct on-site inspections of all buildings in the project by the end of the second calendar year following the year the last building in the project is placed in service and, for at least 20% of the project's low-income units, inspect the units and review the low-income certifications; and
- (c) at least once every three years, conduct on-site inspections of all buildings in the Project and, for at least 20% of the Project's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; and
- (d) randomly select which low-income units and tenant records are to be inspected and reviewed by the Corporation.

**SECTION 5. NOTIFICATION OF NON-COMPLIANCE.** The Compliance staff is hereby authorized and directed to give the notice described in subparagraph (A) to the owner of a low-income housing project and the notice described in subparagraph (B) to the Internal Revenue Service ("IRS"):

A. Notice to Owner: If the Corporation does not receive the certification described in Section 1.42-5(c)(1) of the Compliance Regulations, or does not receive or is not permitted to inspect the tenant income certifications, supporting documentation, and the rent records described in Section 1.42-5(c)(2)(ii) of the Compliance Regulations, or discovers by inspection, review, or in some other manner, that the project is not in compliance with the provisions of Section 42, the staff shall give prompt written notice to the Owner within 5 business days of the nature and extent of the circumstances constituting non-compliance (including but not limited to the failure to receive the certifications described in paragraph (c)(i) of the Compliance Regulations, or the tenant income certifications, supporting documentation and rent records) and shall further advise the owner as to whether such circumstances may be corrected and the period of time within which such correction must occur (the "Correction Period.")

B. Notice to IRS: The staff is authorized and directed to file Form 8823, "Low-Income Housing Credit Agencies Report of Non-Compliance," with the IRS not later than 45 days after the end of the Correction Period, which Correction Period shall not exceed 90 days from the date of the notice being mailed to the Owner.

**SECTION 6. RETENTION OF RECORDS BY THE CORPORATION.** The staff of the Corporation is hereby authorized and directed to provide for the

Recordkeeping and Rent Provisions of Section 1.42-5(b) of the Compliance Regulations as follows:

A. Records of Non-Compliance of Failure to Certify: Records of non-compliance or failure to certify shall be retained for at least six (6) full calendar years following the calendar year within which Form 8823 was filed.

B. All Other Cases: Except for records referred to in subparagraph (A), all other records and certifications described in Section 1.42-5(c) of the Compliance Regulations shall be maintained for three full calendar years from the end of the calendar year within which such certifications and records are received by the Corporation.

**SECTION 7. RURAL HOUSING SERVICE (RHS) EXCEPTION.**

Compliance Staff is hereby authorized and directed to negotiate an agreement with RHS or tax exempt bond issuer, pursuant to which the RHS agrees to provide information concerning the income and rent of tenants in low-income buildings to the Corporation in accordance with the requirements of Section 1.42-5(c)(4)(ii).

**SECTION 8. PUBLIC HEARING.** The minutes from the Public Hearing as reflected in staff's memorandum to the Board attached hereto as **Exhibit IV** are hereby approved.

**SECTION 9. HUD'S SLR ADMINISTRATIVE GUIDELINES.** Tax Credit Staff and/or the Corporation's Tax Credit Underwriter are hereby authorized and directed to undertake Subsidy Layering Review for projects utilizing or expecting to utilize low income housing credits in accordance with HUD's SLR Administrative Guidelines. Staff and/or the Corporation's Tax Credit Underwriter are further authorized and directed to deliver to HUD the Corporation's notice of intent to perform Subsidy Layering Reviews for newly-constructed and rehabilitated projects that will receive Section 8 PBVs and to

execute such documents, forms and/or certifications as may be necessary to perform such Subsidy Layering Reviews.

**SECTION 10. OTHER ACTIONS AND APPROVALS.** The officers of this Board of Directors and the Interim Executive Director of the Corporation are authorized and empowered to take any and all further action and to sign any and all documents, instruments and writings as may be necessary to carry out the purposes of this resolution and to file, on behalf of the Corporation, with any governmental board or entity having jurisdiction over the Corporation, such applications or requests for approval as may be required by law, in accordance with the requirements of Section 147(f) of the Code.

This resolution having been submitted to a vote, the vote thereon was as follows:

**YEAS:** Michael L. Airhart, Mayson H. Foster, Larry Ferdinand, John N. Kennedy, Matthew P. Ritchie, Willie Spears, Guy T. Williams, Jr., Malcolm Young.

**NAYS:** None

**ABSENT:** Dr. Daryl V. Burckel, Ellen M. Lee.

And the resolution was declared adopted on this, the 12<sup>th</sup> day of June 2013.



Chairman



Secretary



**STATE OF LOUISIANA**

**PARISH OF EAST BATON ROUGE**

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation (the "Corporation"), do hereby certify that the foregoing eight (8) pages constitute a true and correct copy of a resolution adopted by said Board of Directors on June 12, 2013, entitled "Providing for approval of the State's 2014 Special Interim Qualified Allocation Plan, and providing for other matters in connection therewith".

**IN FAITH WHEREOF**, witness my official signature and the impress of the official seal of the Corporation on this, the 12<sup>th</sup> day of June 2013.



Secretary

(SEAL)

