TEMPORARY RELOCATION

All Residents are considered temporarily relocated, unless approved for permanent displacement by DCA. Temporarily relocated Residents are guaranteed return to a suitable unit within the placed-in-service property. Residents who cannot afford the Return Rent, may be considered Permanently Displaced (*see Permanent Displacement and Eligibility for Assistance and Return Matrix*). Temporary relocation benefits must be made available for all Residents who currently reside in the building and whose lives will be disrupted by the construction work, unless deemed ineligible.

RELOCATION OVER 12 MONTHS

Residents that will be temporarily relocated for more than 12 months must be *offered* permanent displacement assistance at Notice of Eligibility (URA Handbook 1378, 2-7(C)) or earlier. If construction of a unit runs longer than planned and a household's relocation will exceed 12 months, Applicant must notify DCA. DCA may require Applicant to offer household(s) a choice between permanent relocation assistance or a return to the property. If approved, these households must be given a minimum of 30 days to decide.

Households that will be temporarily relocated for more than 12 months must be notified of *all* relocation options at the following times:

1. The NOE/NND;
2. At the 12-month mark; and
3. When pre-leasing starts.

In the event construction takes more time than expected, households must be notified of *all* relocation options:

1. After approval of PCC; and
2. When pre-leasing starts.

Specifically, Residents must be given the opportunity to choose:

1. To continue to temporarily relocate;
2. To be permanently displaced; or
3. Permanently remain in the unit which has been their Temporary Housing/location, if it is available to do so.

If the decision is to be permanently displaced (remain at the Temporary Housing/location or a Comparable Replacement home/location), Residents must continue to receive rent differential payments for the period of permanent displacement assistance.

EXISTING HOUSEHOLDS

1. <u>Resident chose to not return</u>: If a Resident is relocated off-site during the relocation and wishes to remain there, they may. Applicant must submit a Reason for Move Certification for DCA's review.
    a. DCA may require the Applicant to pay the rent differential for the remainder of what would have been the relocation term.

2. Placed in Service and Annual Certification dates: A building is placed in-service when it is ready for its intended purpose. For new construction or existing buildings being used for housing for the first time, this is generally the date when the first unit in a building can legally be occupied. In most cases, this is evidenced by a certificate of occupancy (CO) or similar. However, with acquisition/rehab projects, these rules are less obvious.
    a. Acquisition: For buildings that are acquired with households living in-place, the building is ready for its intended purpose upon acquisition. Therefore, the date of acquisition by purchase (as defined by section 179 (d)(2) depreciation rules) becomes the placed in-service date for the tax credits.
    b. Rehabilitation: The rehabilitation placed in-service date does not directly relate to occupancy. Rather it is an expenditure test to determine what year credits can be claimed and when the eligible basis that can support the planned credits is met. Technically speaking, rehab credits can be placed in-service at the close of any 2-year period, over which the rehab expenditures are made. The greater of 20% of the adjusted basis of the project or a minimum set by the IRS must be spent.
    c. Start of Acq/Rehab Credit Periods: Tax credits for both the rehab and acquisition can be claimed as early as the later of the acquisition date or the start of the year a building rehabilitation is placed in-service. If not claimed that year, credits maybe deferred one year.

3. 120-day household certification rule: Acquisition and rehab credits are both satisfied with one set of certification paperwork. The effective dates for these Residents can be retroactive to the acquisition date and the paperwork is valid for 120 days. Income certifications for households who are in-place on the date of acquisition that are completed no more than 120 days before or after the date of acquisition may have an effective date as of the acquisition date. Certifications completed after the 120 days are effective the date the last adult signs the certification.

4. Safe Harbor Income Testing: Residents who qualified at Acquisition or the date the household started occupying the unit and were qualified, whichever is later, are considered income qualified for the first credit year. This ensures that households who become over-income during the rehabilitation or construction period and before the credits are claimed are tax qualifying households (Rev. Proc. 2003-82).

RESYNDICATION

1. Grandfathering of existing residents: "Households determined to be income-qualified for purposes of the IRC §42 during the 15-year compliance period are concurrently income-qualified households for purposes of the +30-year extended use agreement. As a result, any household determined to be income qualified at the time of move-in for purpose of the extended use agreement is a qualified low-income household for any subsequent allocation of IRC §42 credit. (IRS 8823 Guide)" In other words, people who income qualify for tax credits for the first set of credits and are in-place at the start of the second set of credits automatically continue as LIHTC-qualified for the second set, regardless of income at the time of the start of new credits. Sometimes this is referred to as "grandfathering" those residents into the new credits.
    a. This provision only applies if the original extended use agreement is in place; and
    b. Student status: Only income qualification is grandfathered, not student status.

2. Inadequate or imperfect documentation: For household files with inadequate or imperfect documentation and where it is impossible to retroactively correct the file, take the steps to qualify them. DCA will review tenant file for over-income households on a case-by-case basis.

3. Income limits: Since grandfathered households continue to qualify based on their original certification, income limits at the time of the start of new credits are not fundamentally relevant to their status with the new credits. Of course, if an existing household is being certified at the time of resyndication, then current limits will be used. Households who move in after the acquisition date will also be held to the current income limits. Subsequent tenant income certifications for all households must reflect current income limits.
    a. Safe Harbor Income Testing: For resyndication projects that are less than 100% LIHTC, grandfathered households and those who have moved in since will not need to be re-qualified at the start of the credit period. If they have been in the property more than 120 days before the start of the first year of the credit period, however, an "income test" will need to be run on the household at the start of the first credit year. The income test is self-certification by the household as to whether their income has changed since they were initially qualified. The household will provide supporting documentation, such as paystubs, to allow for new calculations if their income has changed. The household's eligibility to stay is not in question, but the Next Available Unit Rule (AUR) will be applied to any units that are over the 140% limit at the time of the start of the credit period.

4. Rent limits: Households who are in-place as of the date of acquisition may automatically income-qualify for the new credits, but their rent may not be correct and will need to be adjusted to be eligible for tax credits. This is because resyndication establishes a new placed in-service date for the second set of credits (the date of acquisition). For both residents who are in-place at acquisition and who move in afterwards, the rent restrictions will be calculated based on the current income limits applicable to the project, or the gross rent floor in-place with the second allocation, whichever is higher. Income limits will hold harmless from the new placed in-service date on.

5. Held Harmless and HERA Special Limits: With resyndication comes a new placed in-service date (which is the acquisition date); therefore, the former placed in service date from the original tax credits no longer applies. This means that any previous income limits that were held harmless or HERA Special Limits no longer apply.

6. Developments with existing restrictions: LURCs and LURAs remain on the property until the end of their stated term.

TEMPORARY RELOCATION NOTICES:

All notices must be delivered in a timely manner. Notices must be personally served with a signature receipt or sent by certified or registered first class mail, return receipt requested.

1. GIN;
2. Notice of Non-Displacement;
    i. Residents must be notified of any changes in rent, home and site changes, management, rules and regulations.
3. 90-Day Notice (if Temporary Relocation is over 12 months) or 60-Day Notice; and
4. Notice of Moving Date.