

Missouri Housing Development Commission Low Income Housing Tax Credit Program

3-Year Decontrol Period Reporting Requirements REVISION NOTICE #09-006

Compliance Manual section 9: COMPLIANCE MONITORING DURING THE EXTENDED USE PERIOD

Monitoring for Non-compliance During the Extended Use Period:

16. During the “3 year decontrol period” the owner is required to submit an annual certification stating that no leases have been terminated or residents displaced for other than good cause.

LIHTC Year 15 Opt Out Process Manual

If a Qualified Contract is not offered within the one year period the Owner may request in writing a release of the LURA. A three (3) year decontrol period will apply beginning on the date of release.

Amendment effective 10/1/09

(IRC Section 42(h)(6)(E) provides exceptions to the extended use period in the event of foreclosure (or instrument in lieu of foreclosure), or if no buyer is willing to maintain the low-income status of a property or portion of a property as further described in IRC Section 42(h)(6)(E)(I) and (II)).

Regarding 3-year decontrol, and pursuant to IRC Section 42(h)(6)(E)(ii), MHDC requires annual reporting wherein the owner reports the status of the low-income unit(s) by listing unit(s) as either vacant or occupied; if occupied, existing tenant’s name and rental amount must be included. Annual reporting begins as of the **release of DECLARATION OF LAND USE RESTRICTION AGREEMENT (LURA) covenants**. In addition, owners are required to annually certify to compliance with the “Good Cause Eviction Provisions”. These provisions include:

- 1) Not evicting or terminating tenancy of an existing tenant for less than “good cause”; and
- 2) Not increasing the gross rent of an existing tenant more than a 7% increase per year during the 3 year decontrol period.
- 3) All vacant unit base rents may be the maximum rent limits as established by HUD; however, existing tenants’ maximum rents for year 1 of the 3 year decontrol period are written in the Final Schedule II, issued by MHDC, as of the date of the LURA release.

MHDC reserves the right to conduct a site visit if reporting is determined questionable or not received as required during the 3-year decontrol period.