

In an effort to assist displaced households of the Tennessee Wildfires as described in FEMA DR-4293, the Internal Revenue Service has suspended income qualification and transiency requirements for vacant units at Low-Income Housing Tax Credit (LIHTC) properties. Effective December 15, 2016, all vacant units at Tennessee LIHTC properties can be leased to displaced households as a result of events described in FEMA DR-4293. THDA issues the following guidance for owners to follow when leasing their vacant units to displaced households:

1. Owners must notify THDA of their intent to house displaced households as defined by FEMA.
2. All units leased to displaced households must have a file that contains documentation that the household previously resided in one of the effected counties according to FEMA's website (www.fema.gov/disasters). The preferred method of documentation is the certificate number they received through FEMA processing.
3. The lease term restriction is waived for units leased to displaced households. These households can be allowed to initially enter into month to month tenancy due to their evolving circumstances. Fees charged for month to month tenancy are considered rent for purposes of the LIHTC program.
4. Verification of income for displaced households is not required. However, the IRS would like some type of self certification of household income. This is for tracking purposes only, not a qualification requirement. Remember, all rent restrictions remain applicable for these units.
5. Eligible applicants on current waiting lists must be served prior to leasing units to displaced households.
6. Current households must not be displaced to provide housing for the displaced households.
7. Project owners are required to maintain and certify the following information:
 - a. Name of displaced household
 - b. Address of damaged residence
 - c. Social Security Number
 - d. Statement signed by the individual, under penalty of perjury, that the displacement was caused by Tennessee Wildfires and the individual requires temporary housing.
 - e. Owner's certification of the date the displaced household began temporary occupancy and the date the project will discontinue temporary housing, as established by THDA.
8. The displaced household must be identified in the Housing Credit Management System using the special needs code "Displaced individual(s)".
9. All other requirements of Section 42 remain applicable to displaced households residing in LIHTC units. THDA monitoring will ensure:
 - a. the units meet the Uniform Physical Condition Standards (UPCS);
 - b. affirmative and continuing marketing efforts are taking place to reach low-income Tennesseans;
 - c. eligibility standards are equal for all applicants; and
 - d. all other requirements of IRC Section 42 and the state specific requirements contained in the Land Use Restrictive Covenant are being met.

Revenue Procedure 14-049 gives specific guidance to properties in carryover allocation status, those subject to a casualty loss due to the Tennessee Wildfires and those in the first year of their credit period. Projects in one of these categories should contact THDA with questions regarding requirements.

THDA encourages owners and management companies of properties in the affected region to consider listing all rental vacancies with TNHousingSearch.org. TNHousingSearch.org is a free marketing resource which is connecting displaced households with vacant housing units.

This guidance is issued in accordance with Revenue Procedure 2014-49 and Revenue Procedure 2014-50.

This waiver expires December 31, 2017.

All questions regarding this guidance or the assistance of displaced households in Tennessee LIHTC properties should be directed to the Director of Multifamily at (615) 815-2210.