

DATE: March 14, 2023  
TO: LIHTC Development Owners/Managers  
SUBJECT: **100% LIHTC Annual Recertification Policy**

As part of the Housing Assistance Tax Act of 2008, Congress amended IRC §142(d)(3)(A) to read:

*“...The determination of whether the income of a resident of a unit in a project exceeds the applicable income limit shall be made at least annually on the basis of the current income of the resident. The preceding sentence shall not apply with respect to any project for any year if during such year no residential unit in the project is occupied by a new resident whose income exceeds the applicable income limit.”*

As a result, on July 1, 2009 AHFC’s Internal Audit Department (IAD) released the 100% LIHTC Property Recertification Waiver Policy. This policy allowed owners of 100% Low Income Housing Tax Credit properties to waive the third party verification process of income for LIHTC Households which were initially determined to be qualified for the LIHTC program after the 1st year recertification.

Like a majority of other state housing authorities, investors and developers AHFC IAD viewed the 1<sup>st</sup> year recertification as a test to ensure that the unit was initially occupied by an income eligible household. After consideration, AHFC IAD has determined that completion of the 1<sup>st</sup> year recertification is not required as we have not seen an increase in ineligible households.

**Therefore, effective immediately annual recertifications will no longer be required for 100% LIHTC developments monitored under AHFC’s GOAL Program.**

AHFC IAD strongly encourages Owners to seek and obtain approval of the development’s Investor prior to initiating the 100% Recertification Policy as applicable.

**The discontinuance of the annual recertification requirement for 100% developments does not eliminate the IRS requirement to annually verify student status to determine program eligibility.** Student status verification must still be completed within 120 days of the anniversary of move-in. Failure to verify student status could result in the filing of an IRS Form 8823 for item 11I: Low-income units occupied by nonqualified full-time students. Please review Chapter 17 of the IRS Guide for Completing Form 8823 for additional information regarding verification of student status.

**The guidance provided in this memo is only applicable to 100% LIHTC developments.** Developments with multiple funding sources will need to review requirements of the other housing programs to ensure compliance.

Should you have any questions regarding this issue please feel free to contact me at (907) 330-8414 or via email at [jgatfield@ahfc.us](mailto:jgatfield@ahfc.us).

Sincerely,



Jerusha Gatfield  
Compliance Officer  
Internal Audit Department  
Alaska Housing Finance Corporation