

FAQS ON APPLYING AND QUALIFYING FOR LIHTC UNITS

If you are not familiar with the Low-Income Housing Tax Credit (LIHTC) Program, here is some information that may be helpful to you. It may be the case that your income is not high enough to afford a well-maintained home. There may not be enough public housing available, and Housing Choice Vouchers are difficult to obtain. LIHTC housing can offer you a different affordable housing opportunity.

While income limits apply to some or all units at a LIHTC site, the community is still privately developed and privately owned. The following is some information you should know about applying and qualifying for units at any LIHTC site. We'll give you information on eligibility criteria, how rents are set, utility allowances for households that pay their own utilities, and other pertinent questions.

Who qualifies to live in LIHTC units?

LIHTC units are available for rent to the general public. However:

- All LIHTC sites have maximum income limits.
- LIHTC sites may establish reasonable eligibility criteria that are included in a written Tenant Selection Plan and must be applied to all prospective tenants. We can provide you with a copy of our Plan.
- There may be other requirements, such as minimum income, minimum credit scores, and background checks. These will be in the Tenant Selection Plan for a site.
- The property manager may set a maximum household size depending on the number of bedrooms.
- LIHTC buildings are allowed to give priority to certain groups of people, such as veterans or youth aging out of the foster care system. People with disabilities get priority for accessible units.
- Some LIHTC sites are only for seniors. There are two different types of senior properties. In one, everyone in the household has to be 62 or older. In the other, one person in the household must be 55 or older.
- If you are a student, there are special rules for full-time students seeking LIHTC housing. Whether you can qualify for an LIHTC unit if you are a full-time student is covered below.

Does my income make me eligible for LIHTC housing?

Your income must be less than the maximum income limit, but the limit varies depending on what apartment you apply for and where it is located. LIHTC sites are set up to house people in a variety of income levels. LIHTC defines "low-income" using a measure called Area Median Income, often abbreviated "AMI." "Median" means "middle;" half the incomes in an "area" are above the AMI and half are below. "Area" generally refers to a city, county, or multi-county location. The AMI varies depending on what county you are in and how many people are in your household. A county's AMI changes every year, usually in April .

Most LIHTC sites have apartments for people at 60 percent AMI or for people at 50 percent AMI. A smaller number of sites have apartments for people ranging from 20 percent to 80 percent of AMI. To qualify for an apartment, the combined incomes of all the people in your household must be under the income limit for that particular unit. The site manager can give you a list of the AMI breakdown for the apartments at the site.

To calculate and verify your income, sites will ask for the total annual income before taxes for all members of the household who'll live in the unit, including employment income, income from assets, government benefits, and all other sources. And this amount must be less than the qualifying tax credit income level for that household size.

How are LIHTC rents set?

The LIHTC program uses a formula to set maximum rents based on unit size. Unit size refers to the number of bedrooms in the unit. Unit type refers to the AMI income limit for the unit. Rent for smaller units will be less than rent for larger units. Rent for lower AMI units will be less than rent for higher AMI units of the same size. The LIHTC program rules limit the amount of rent that an owner can charge to 30 percent of the AMI established under the formula chosen by the owner.

Because the rent is not based on the household's income, it's important to note that most LIHTC tenants end up paying more than 30 percent of their income towards rent and utilities. That's because maximum rents are set assuming your family makes the maximum income

for an apartment. And many families will make a bit less than that maximum income but still qualify.

Unlike other programs, like Housing Choice Vouchers, your rent will not automatically change if your income goes up or down. This also means that your rent can go up slightly each year even if your income does not.

How does the LIHTC program handle utilities?

Sometimes tenants pay for utilities separately. Other times the cost of utilities is included in the rent. In either case, the LIHTC program considers utilities to be part of the total housing cost.

So, if the apartment you are renting does not include all utilities, the landlord must subtract an estimated utility cost from the maximum rent. This is called the “utility allowance.” Utility allowances vary from property to property, depending on what utilities the tenants must pay themselves, as well as how energy efficient the building is. Telephone, cable, and internet are not included in the utility allowance. The tenant pays these bills in addition to paying rent.

The utility allowance is just an estimate. The owner does not need to give the tenant a refund or rent reduction if actual utility costs are higher, so tenants need to be aware of their utility usage. If tenants keep the inside temperature higher than usual or if it’s a particularly cold winter, the heating bill may make the combined rent and utility costs higher than the LIHTC program maximum. The household would still be responsible for paying the full rent as well as the high utility bill.

Is there a minimum income for LIHTC units?

Most LIHTC sites establish minimum income requirements to make sure the tenant can afford the rent. Owners and managers decide their property’s requirements, which may vary from one property to another.

May I use a Housing Choice Voucher?

Yes. LIHTC owners may not turn you away just because you have a Housing Choice Voucher. However, you still must verify that you meet all the requirements that other tenants must meet, except the minimum income requirements.

If I have a criminal history, can I still rent a LIHTC unit?

It depends. A site that turns away everyone with any criminal background might be violating fair housing laws, particularly if that ends up excluding mostly African Americans or other “protected classes” under the Fair Housing Act. In general, having a conviction for misdemeanors or minor criminal offenses, such as drug possession or shoplifting, or for any crime that occurred in the distant past, should not be a basis for excluding someone. Also, an arrest that did not result in conviction should not be a reason for denying an application.

If you have a recent conviction for drug manufacture or for a violent crime like armed robbery or rape, owners may reject your application. If the LIHTC site has public housing funding, it is required to reject lifetime sex offenders and people convicted for manufacturing methamphetamine in subsidized housing. LIHTC owners are supposed to decide each situation individually and give each applicant the opportunity to explain why they can be a good tenant, despite a criminal record.

Can I qualify if I am a full-time student?

The LIHTC program was designed for low-income households and not as student housing. For that reason, there are many rules for full-time students seeking LIHTC housing. You can be a student and live in a LIHTC apartment as a member of a household, as long as at least one person in the household is not a full-time student. There are some exceptions to this rule:

- The full-time adult students are married and filing a joint federal income tax return.
- The full-time student is receiving assistance under Temporary Assistance for Needy Families (TANF).
- The full-time student is enrolled in certain job-training programs.
- The full-time student is a single parent living with their minor children.
- The full-time student is/was a recipient of foster care assistance.

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Will there be a credit check on me?

Most LIHTC sites will do a credit check on applicants. While perfect credit is not necessary, property managers may exclude applicants with poor credit. Managers are typically most concerned about prior evictions or utility shutoffs. If an applicant has a prior eviction, the manager may ask to see evidence that all back rent is paid in full. If there have been prior utility shutoffs, the manager may ask for a statement from the utility company saying that the applicant qualifies for a new utility account.

If you are worried that you may be denied because you have poor credit or have been evicted, it is a good idea to provide additional information when you apply, such as providing proof that your previous apartment was too expensive but that you are able to afford the LIHTC rent.

What if I am a survivor of domestic violence or sexual assault?

You may not be denied admission to an LIHTC property

just because you were the victim of domestic violence, sexual assault, dating violence, or stalking, or your credit was damaged by one of those situations. If you are a survivor, you may have protections under the Violence Against Women Act (VAWA). VAWA protects all survivors, regardless of your sex, gender identity, or sexual orientation AND regardless of the sex, gender identity, or sexual orientation of the person who harmed you.

Can I rent an LIHTC apartment if I do not have lawful immigration status?

LIHTC rules allow anyone to rent, regardless of their immigration status. But many LIHTC sites also use other government money to make the apartments affordable. For example, if the property has Housing Choice Vouchers, immigrants without lawful immigrant status probably cannot rent there, unless they are part of a “mixed family” with at least one family member with lawful status. You can ask for a site’s specific noncitizen eligibility requirements.