

SC STATE HOUSING

3221 — Housing and Economic Recovery Act of 2008

Annual Recertification: The enactment of the Housing and Economic Recovery Act of 2008 (HERA) changed Recertification for 100% low-income properties (properties financed with Tax Credits or Tax-Exempt Bonds where the owner contractually agreed to restrict the rents and incomes of all units at or below 60% AMI). Effective January 1, 2009, South Carolina State Housing Finance and Development Authority (SC Housing) allows Owners of 100% low-income properties to perform a complete initial certification, including all applicable third party verifications, for each household.

In subsequent years following the anniversary date, the household must complete a self-certification as to income, assets, household composition and student status. If the household discloses that income exceeds 140% of the current income limit based on household size, the NAU Rule must be followed and documentation maintained demonstrating its satisfaction.

The addition of a new member(s) to an existing low-income household requires verification of the new member's income, via third party verification. The new resident's income is added to the household's most recent certification and compared to the current applicable income limit, based on the new household's size. The change to the tenant income certification must be dated and initialed by all adult household members and by management.

If the "revised" household's total income does not exceed the current applicable income limit, nothing further is required, if the "revised" household's total income exceeds 140% of the current applicable income limit based on the new household size, the Next Available Unit Rule must be followed and documentation maintained demonstrating its satisfaction. If at any time, no originally certified household member remains in the unit, an initial certification must be performed, including all third party verifications as applicable. The household must meet all initial eligibility requirements.

100% low-income developments with other funding sources that require annual recertification, or having moderate or market rate units, or must comply with HUD rules, do not qualify for this recertification exemption. For those developments, a complete annual recertification must be performed.

Please be aware that failure to occupy low-income units with qualified households either by deliberate circumvention or inadequate due diligence can result in significant consequences. SC Housing does not make decisions concerning loss or recapture of credits. The Internal Revenue Service has indicated, however, that disregard of the Available Unit Rule could result in a building not being considered part of a qualified low-income project.

SC Housing reserves the right to require full annual recertifications if there is a pattern of noncompliance. If SC Housing determines at any time that substantial noncompliance has occurred, the waiver may be revoked and the owner must complete full annual income recertifications with third-party verification.

The SC Housing Compliance Monitoring Division must be notified in writing of the intent to utilize this recertification process.