

**Category:** Rental Housing  
**Subcategory:** Multifamily Management  
**Entry name:** A Streamlined Approach for Multifamily Assets  
**HFA:** Illinois Housing Development Authority (IHDA)

### **Introduction**

Three agencies – the Illinois Housing Development Authority (IHDA), the Chicago Department of Housing and Economic Development and the Cook County Bureau of Economic Development – previously collected and organized information for their mutually financed rental housing developments in three separate ways.

Seizing an opportunity to change this course and streamline efforts, they collaborated in 2011 to tackle inefficiencies that had blocked the three agencies from maximizing their efforts. As a result, they have successfully implemented the first of a series of efficiency improvements to curb expenses and save staff time, and ultimately achieve an unprecedented level of coordination to end the duplication of monitoring efforts.

### **Program Need**

The cooperative effort began with talks amongst IHDA, the U.S. Department of Housing and Urban Development (HUD) and the Preservation Compact, a joint effort of the Community Investment Corporation (CIC) with support from the John D. and Catherine T. MacArthur Foundation.

Talk turned into action for three government agencies – IHDA, the Chicago Department of Housing and Economic Development and the Cook County Bureau of Economic Development – that identified the pressing need and took the initiative to ease the burden for staff and property managers at rental housing developments. They started the process with the first step of developing a universal Tenant Income Certification form (TIC). The introduction of this universal TIC form will enable all three agencies to reduce paperwork and end the duplication of monitoring efforts.

IHDA, the Chicago Department of Housing and Economic Development and the Cook County Bureau of Economic Development used their own TIC form for more than 600 developments financed through tax credits and HOME Investment Partnerships Program funding. They required their own TIC form be completed even though they each collected similar information.

### **Building Alignment Efforts**

With the implementation of this first unified effort, the foundation is in place to drive all other alignment efforts and achieve system and infrastructure coordination. The new form will be used for developments where the City of Chicago and/or Cook County have either tax credits or HOME as a funding source. This will now be the only form required for properties funded from any or all of the three agencies' programs. For example, a property funded through HOME

resources from Cook County and tax credits from either the City of Chicago or IHDA will be able to use the new TIC form for both agencies.

Creating this streamlined approach is innovative in the coordinated way in which it was implemented. This major reform was born as a collaborative effort of fairly large agencies – demonstrating IHDA’s finesse in building partnerships. The partnership to convert to the new form changed some practices that have long been entrenched, and created different approaches without compromising the quality of IHDA’s compliance monitoring practices. For example, the City of Chicago required that each completed form be notarized – a practice that will be retired under the change.

IHDA consistently strives to save costs, so this savings can be reinvested to fulfill other housing needs. The new efforts to streamline monitoring responds to an important state housing need by minimizing staff expenses, travel costs, training, record retention and other expenses yet still achieve required compliance monitoring for HUD and other agencies’ growing regulatory demands.

When the new form becomes effective in January 2013, cost savings will be measurable in terms of reducing the need to create forms and tools for each agency. The change demonstrates measurable cost savings to IHDA customers by reducing the amount of compliance paperwork that must be generated by projects with multiple lenders. These savings should flow through to reductions in leasing, compliance and quality control costs.

### **A Model for Alignment Efforts**

Alignment efforts in the real estate and finance industries have a long track record of reducing costs and allowing vendors, property managers and others to compete on the basis of service and overall value, including the use of electronic data clearinghouses, common paying agents and common property management systems. IHDA’s efforts to work with its sister affordable housing lenders to develop common compliance templates, a shared database and common tracking system will allow each agency to focus on improving the overall compliance performance of its portfolio.

This approach to aligning monitoring processes is replicable nationwide as it’s commonplace that affordable housing developments use multiple layers of financing, often from different government agencies. Demonstrating an efficient, cost-effective system for effectively balancing program compliance and monitoring will establish better coordination between housing finance agencies (HFAs) and other government lenders.

The alignment effort demonstrates effective use of resources in a number of ways:

- It allows each government entity to leverage its partnership with other affordable housing lenders to eliminate duplicate compliance efforts.

- It creates a framework for future cooperative efforts.
- It establishes effective cost reduction and coordination that will enable larger scale alignment (standard regulatory agreements, shared inspections, etc.).

### **Conclusion**

The move to align efforts, beginning with the universal TIC form, is fairly significant for the city and the county, both in simpler format and content. IHDA succeeded in facilitating the creation of this new consolidated way to gather information that served everyone's best interest, and won the approval of all partners.

The costs are minimal yet will result in thousands of dollars in savings. IHDA's elimination of 47 inspections for FY2012 will allow the absorption of another 50 new deals without the need to expand the field inspection staff.

This initial reform establishes the groundwork for the next phases of efficiencies in IHDA's asset management business:

- IHDA plans to become a part of an ongoing pilot program, which currently includes five other states, for sharing of physical inspections where properties are required to perform inspections for the tax credit, HOME and Section 8/236/515 programs.
- IHDA purchased a database that will increase the capacity for more information alignment with partners. Additional alignment efforts around shared databases and aligning inspections will result in savings in staff costs, travel costs and costs to developments that will far outweigh the start-up investment.
- IHDA, the Chicago Department of Housing and Economic Development and the Cook County Bureau of Economic Development plan to cooperate to use one form for Housing Quality Standard or Tax Credit form inspections. If a common form could be used among the three agencies or one agency's form would be accepted by the other two agencies, only one inspection would need to be performed. This would achieve cost savings of both staff time and travel expenses.

**ANNUAL INCOME CERTIFICATION/RECERTIFICATION  
(TO BE COMPLETED BY OWNER/MANAGEMENT)**



**TENANT INCOME CERTIFICATION**

Initial Certification    Recertification    Other \_\_\_\_\_

Effective Date: \_\_\_\_\_

Move-in Date: \_\_\_\_\_  
(MM/DD/YYYY)

**PART I - DEVELOPMENT DATA**

Property Name: \_\_\_\_\_

TC #: \_\_\_\_\_

BIN #: \_\_\_\_\_

County: \_\_\_\_\_

Unit Number: \_\_\_\_\_

# Bedrooms: \_\_\_\_\_

**PART II. HOUSEHOLD COMPOSITION**

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Social Security or Alien Reg. No.
1			HEAD			
2						
3						
4						
5						
6						
7						

**PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)**

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
<b>TOTALS</b>	\$ _____	\$ _____	\$ _____	\$ _____

Add totals from (A) through (D), above

TOTAL INCOME (E):

\$ \_\_\_\_\_

**PART IV. INCOME FROM ASSETS**

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset

TOTALS:

\$ \_\_\_\_\_

\$ \_\_\_\_\_

Enter Column (H) Total

Passbook Rate

If over \$5000

\$ \_\_\_\_\_

X

2.00%

=

(J) Imputed Income

\$ \_\_\_\_\_

Enter the greater of the total of column I, or J: imputed income

**TOTAL INCOME FROM ASSETS (K)**

\$ \_\_\_\_\_

(L) Total Annual Household Income from all Sources [Add (E) + (K)]

\$ \_\_\_\_\_

**PART V. DETERMINATION OF INCOME ELIGIBILITY**

**RECERTIFICATION ONLY:**

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1

\$

Household Meets Income Restriction at:

- 60%    50%  
 40%    30%  
 Other \_\_\_\_\_%

Current Income Limit x 140%: \$ \_\_\_\_\_

Household Income exceeds 140% at recertification:  
 Yes    No

Current Income Limit per Family Size: \$ \_\_\_\_\_

Household Income at Move-in: \$ \_\_\_\_\_

Household Size at Move-in: \_\_\_\_\_

**PART VI. RENT**

Tenant Paid Rent \$ \_\_\_\_\_  
 Utility Allowance \$ \_\_\_\_\_

Rent Assistance: \$ \_\_\_\_\_  
 Other non-optional charges: \$ \_\_\_\_\_

GROSS RENT FOR UNIT: (Tenant paid rent plus Utility Allowance & other non-optional charges)

\$

Unit Meets Rent Restriction at:

- 60%    50%    40%    30%    \_\_\_\_\_%

Maximum Rent Limit for this unit: (as of recertification effective date) \$ \_\_\_\_\_

**PART VII. STUDENT STATUS**

ARE ALL OCCUPANTS FULL TIME STUDENTS?

- yes    no

If yes, Enter student explanation\* (also attach documentation)

Enter 1-5

\*Student Explanation:

- 1 TANF assistance
- 2 Job Training Program
- 3 Single parent/dependent child
- 4 Married/joint return
- 5 Former Foster Child

**PART VIII. PROGRAM TYPE**

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit

See Part V above.

b. HOME

*Income Status*

- ≤ 50% AMGI  
 ≤ 60% AMGI  
 ≤ 80% AMGI  
 OI\*\*

c. Tax Exempt

*Income Status*

- 50% AMGI  
 60% AMGI  
 80% AMGI  
 OI\*\*

d. AHDP

*Income Status*

- 50% AMGI  
 80% AMGI  
 OI\*\*

e. Other \_\_\_\_\_   
 (Name of Program)

*Income Status*

- \_\_\_\_\_  
 \_\_\_\_\_  
 OI\*\*

\*\* Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

**PART IX. HOUSEHOLD DEMOGRAPHIC**

HH Mbr #	Race Code	Ethnicity Code	Disabled? (Y/N)
1			
2			
3			
4			
5			
6			
7			

Race Code	
1	White
2	Black/African American
3	American Indian/Alaska Native
4	Asian
5	Native Hawaiian/other Pacific Island

Ethnicity Code	
1	Hispanic or Latino
2	Not Hispanic or Latino

**HOUSEHOLD CERTIFICATION & SIGNATURES**

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature	<i>(Date)</i>	Signature	<i>(Date)</i>
Signature	<i>(Date)</i>	Signature	<i>(Date)</i>

**SIGNATURE OF OWNER/REPRESENTATIVE**

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, the Land Use Restriction Agreement (if applicable), and Section 1602 Program requirements (if applicable) to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE	DATE
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# INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

*This form is to be completed by the owner or an authorized representative.*

## Part I - Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

- Move-in Date Enter the date the tenant has or will take occupancy of the unit.
- Effective Date Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification.
- Property Name Enter the name of the development.
- County Enter the county (or equivalent) in which the building is located.
- BIN # Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
- Address Enter the address of the building.
- Unit Number Enter the unit number.
- # Bedrooms Enter the number of bedrooms in the unit.

## Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

- |   |   |                   |   |   |                            |
|---|---|-------------------|---|---|----------------------------|
| H | - | Head of Household | S | - | Spouse                     |
| A | - | Adult co-tenant   | O | - | Other family member        |
| C | - | Child             | F | - | Foster child(ren)/adult(s) |
| L | - | Live-in caretaker | N | - | None of the above          |

Enter the date of birth, student status, and social security number or alien registration number for each occupant.

*If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.*

## Part III - Annual Income

**See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.**

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List the respective household member number from Part II.

- Column (A) Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
- Column (B) Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.

- Column (C) Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
- Column (D) Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
- Row (E) Add the totals from columns (A) through (D), above. Enter this amount.

#### **Part IV - Income from Assets**

**See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.**

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

- Column (F) List the type of asset (i.e., checking account, savings account, etc.)
- Column (G) Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
- Column (H) Enter the cash value of the respective asset.
- Column (I) Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
- TOTALS Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

- Row (K) Enter the greater of the total in Column (I) or (J)
- Row (L) Total Annual Household Income From all Sources Add (E) and (K) and enter the total

#### **HOUSEHOLD CERTIFICATION AND SIGNATURES**

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

#### **Part V – Determination of Income Eligibility**

- Total Annual Household Income from all Sources Enter the number from item (L).
- Current Income Limit per Family Size Enter the Current Move-in Income Limit for the household size.
- Household income at move-in Household size at move-in For recertifications, only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.
- Household Meets Income Restriction Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.
- Current Income Limit x 140% For recertifications only. Multiply the Current Maximum Move-in Income Limit by



140% and enter the total. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the current income limit, then the available unit rule must be followed.

#### Part VI - Rent

Tenant Paid Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Rent Assistance	Enter the amount of rent assistance, if any.
Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other non-optional charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.
Maximum Rent Limit for this unit	Enter the maximum allowable gross rent for the unit.
Unit Meets Rent Restriction at	Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

#### Part VII - Student Status

If all household members are full time\* students, check “yes”. If at least one household member is not a full time student, check “no”.

If “yes” is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

*\*Full time is determined by the school the student attends.*

#### Part VIII – Program Type

Mark the program(s) for which this household’s unit will be counted toward the property’s occupancy requirements. Under each program marked, indicate the household’s income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household’s designation.
Tax Exempt	If the property participates in the Tax Exempt Bond Program, mark the appropriate box indicating the household’s designation.
AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household’s unit will count towards the set-aside requirements, mark the appropriate box indicating the household’s designation.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

#### Part IX – Household Demographic

Please ask applicant/resident(s) to provide their demographic information and disability status. If the applicant/resident(s) refuses, it is management’s responsibility to complete the information based on observation or derived from other sources.

## SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

*These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.*