

# NCSHA 2015 Annual Awards Entry Form

(Complete one form for each entry)

**Deadline: Wednesday, June 10, 2015**

Visit [ncsha.org/awards](http://ncsha.org/awards) to view the Annual Awards Call for Entries.

**Instructions:** Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact Matt Cunningham at [mcunningham@ncsha.org](mailto:mcunningham@ncsha.org) or 202-624-5424.

Fill out the entry name *exactly* as you want it listed in the program.

**Entry Name:** \_\_\_\_\_

**HFA:** \_\_\_\_\_

**Submission Contact:** (Must be HFA Staff Member) \_\_\_\_\_ **Email:** \_\_\_\_\_

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

\_\_\_\_\_

Use this header on the upper right corner of each page:

**HFA:** \_\_\_\_\_

**Entry Name:** \_\_\_\_\_

**Select the appropriate subcategory of your entry and indicate if you are providing visual aids.**

<b>Communications</b>	<b>Homeownership</b>	<b>Legislative Advocacy</b>	<b>Management Innovation</b>
Annual Report	Empowering New Buyers	Federal Advocacy	Financial
Creative Media	Encouraging New Production	State Advocacy	Human Resources
Promotional Materials and Newsletters	Home Improvement and Rehabilitation		Operations
			Technology
<b>Rental Housing</b>	<b>Special Needs Housing</b>	<b>Special Achievement</b>	Are you providing visual aids?
Encouraging New Production	Combating Homelessness	Special Achievement	Yes
Multifamily Management	Housing for Persons with Special Needs		No
Preservation and Rehabilitation			

**Rental Housing: Multifamily Management  
LIHTC Lease Addendum  
Pennsylvania Housing Finance Agency**

**Background**

Beginning in the summer of 2014, the Pennsylvania Housing Finance Agency (“PHFA” or the “Agency”) asked all Low Income Housing Tax Credit (“LIHTC”) project owners to provide a copy of the standard lease form used for their LIHTC properties. The goal of this project was to gain a better idea of what was contained in the LIHTC leases and to address any notable issues with program compliance. PHFA began by looking specifically for (1) a clear identification that the property was a LIHTC property and, as such, subject to the requirements of the Program; and (2) a provision specifying that tenants will not be evicted nor denied renewal except in the case of good cause. While the project began with a relatively narrow scope, PHFA quickly realized it could use this opportunity to address a number of important areas of concern.

In response to its request, the Agency received more than 1,000 LIHTC leases. Although a majority of LIHTC leases reviewed by the Agency were neither problematic nor in violation of Section 42, the Agency discovered a disparity in the way the LIHTC Program was referenced in leases throughout the Commonwealth. Furthermore, the Agency’s review revealed a number of provisions inconsistent with the Fair Housing Act and Pennsylvania Law. For example, we were surprised (and troubled!) by how many leases contained standard language suggesting that a service pet may only be a dog, weighing less than 40 pounds and requiring the payment of a pet deposit. And a number of leases looked like they were copied out of internet pages, without any reference to Pennsylvania Law (which provides minimum notice provisions for nonpayment of rent and other consumer protections.)

**The Initiative**

Given the disparity and a general lack of standard language, PHFA decided to develop, and require, a LIHTC Lease Addendum to be used on all Agency LIHTC property units. The Agency wanted to create a one-page lease addendum that addressed a number of complicated topics of concern but remained easy to read and understand – readability and ease of use were PHFA’s main concerns during this undertaking. By providing a simple solution for LIHTC property owners and management agents, the Agency believes it will encourage the most compliance with this requirement. The Agency used this opportunity to address a number of relevant areas of concern – including compliance with the federal Violence Against Women Act, the Fair Housing Act and state-specific landlord tenants laws. We also used this opportunity to reinforce both the Agency's record and reporting requirements and the Agency's accessible unit policy. A copy of the LIHTC Lease Addendum is attached for review.

In October, 2014, the Agency published a program memorandum to all PHFA LIHTC Program Owners and Management Agents providing guidance on the new LIHTC Addendum. A copy of this memorandum is attached for review. In this guidance, PHFA explained its findings and the new requirement that all owners and management agents must immediately incorporate the LIHTC Lease Addendum into their procedures. The new protocol requires owners and

management agents to have all new tenants sign the LIHTC Lease Addendum at move-in and attach the document to the Lease Agreement. For existing tenants, the protocol requires execution at the time existing households complete their next Annual Recertification/Alternate Certification. PHFA tax credit compliance monitoring staff will be monitoring all reviewed files for compliance.

**Why nominate this for recognition?**

PHFA believes that the LIHTC Lease Addendum meets the qualifications under the Rental Housing: Multifamily Management category. Specifically, PHFA believes this initiative meets the requirements set out by NCSHA in the following ways:

- **Simplicity of Monitoring:** Just as the use of the LIHTC Lease Addendum was designed to be easy for property owners and management agents, it was also implemented with simplicity of monitoring in mind. The review of more than 1,000 LIHTC leases and creating a spreadsheet of all pertinent information of the properties was not a small task – however, it enabled the Agency to get a full picture of what its LIHTC property leases included, did not include, or, in some cases, misstated about federal and state law requirements. The process allowed PHFA to formulate a relatively simple way to monitor future compliance – rather than reading each individual lease, the Agency can now just check to see if the LIHTC Lease Addendum has been affixed to a lease. Additionally, it is now easy to keep track of the properties that were initially flagged for not complying with the LIHTC requirements in the newly created database of property information and their respective leases.
- **Ease of Use:** The property managers are not required to edit the individual leases for their properties, rather they must simply attach the addendum we provide. Consequently, this encourages compliance among property owners.
- **Replicable:** Because of its ease of use the LIHTC Lease Addendum is very replicable. Aside from the various state law provisions, which will vary, it can easily be created and implemented by any HFA.
- **Benefits Outweigh the Costs:** The benefits of creating the lease addendum far exceed the cost of doing so. The only real cost was the time spent reading the leases and drafting the addendum. In the future all that will be necessary is editing the addendum.
- **Efficient:** The timing of this project also allowed us to utilize our summer legal interns who were responsible for managing the submission of leases as well as flagging any issues within the leases that required further review. This is a relatively easy and inexpensive project that PHFA believes will have an important impact on program compliance and monitoring.

- **Transparency:** The addendum highlights the LIHTC requirements the property owners are obligated to comply with and better educates the tenant of their rights under the LIHTC program. Because the one page addendum is now required on all LIHTC units, it is also expected that advocates and judges will now be able to quickly determine if a particular tenant is entitled to the protections and provisions of Section 42.
- **Adaptability:** When and if federal or state law changes, we will have an effortless way to implement such developments.

### **Feedback**

Owners and management agents, so far, have had a few questions (especially relating to HUD and other federal agency review). In general, they have been receptive and cooperative about the new requirements. Legal services representatives who assist tenants with wrongful evictions expressed delight at having an easy way to determine whether a particular resident is in a tax credit unit or not. If anything, we think requiring a standard one page form across the board makes it easy for everyone – owners have some solace that their program leases are accurate and compliant with program requirements while tenants and their advocates know what program the lease pertains to and their rights thereunder.

# PENNSYLVANIA HOUSING FINANCE AGENCY

**TO:** ALL PHFA LIHTC Program Owners And Management Agents  
**FROM:** Kathy Esworthy, Manager of Tax Credit Compliance  
**DATE:** October 6, 2014  
**RE:** Guidance for Low Income Housing Tax Credit Program

Over the summer, PHFA asked all project owners to provide a copy of the standard lease form used in the leasing of their Tax Credit Program properties. Thanks to all of you for your cooperation in this project.

PHFA undertook the task of reviewing all leases for notable noncompliance issues. We reviewed in excess of 1,000 leases for program compliance. We specifically looked to see if the lease identified the property as a Low-Income Housing Tax Credit property and as such, subject to the requirements of the program, whether the lease included the Section 42 provision specifying that tenants will not be evicted except for good cause. (Please refer to the IRS 8823 Guide for additional information: <http://www.irs.gov/pub/irs-utl/lihc-form8823guide.pdf>.)

Our review uncovered a great disparity in the way that the Tax Credit Program is referenced in leases throughout the Commonwealth. In addition, our review revealed a number of provisions inconsistent with fair housing or Pennsylvania law.

Please be assured that many of the leases we reviewed were neither problematic nor in violation of the provisions of Section 42. However, given the wide disparity and the general lack of any standard language, we have decided to develop and require a uniform addendum for ALL leases for use in the Tax Credit Program. This Lease Addendum also incorporates a release to allow PHFA to collect data and information regarding the household, energy consumption and utility usage; making it possible to confirm proper utility data.

**Enclosed is a copy of the required one page Lease Addendum.**

You should **immediately** incorporate this Lease Addendum into your documentation system as follows:

- o When new tenants move in, this Lease Addendum must be signed and attached to the Lease Agreement.
- o For existing leases, this Lease Addendum must be signed and dated and added to the lease file as each existing household completes their next Annual Recertification/Alternate Certification.

**PHFA will monitor for signed Lease Addendum to each lease and for compliance with the provisions thereof during all future compliance monitoring reviews.**

## Social Security Dissemination

An additional item that has come to our attention is the common use and collection of residents' Social Security numbers in the verification of income/household data. The dissemination of Social Security numbers is **NOT** a good business practice. **PHFA encourages an immediate review of your practices.** Social Security numbers should never be transmitted in a non-secure way or embedded in scanned files or records. If necessary, use only the last four digits for collection purposes.

Any comments or questions about either of these issues should be directed to your PHFA housing management representative or designated Agency contact.

**PENNSYLVANIA  
Low Income Housing Tax Credit Program  
Lease Addendum**

This **Lease Addendum** sets forth certain mandatory compliance requirements applicable to the Lease between Landlord and Tenant and shall be part of the Lease.

The property participates in the federal Low Income Housing Tax Credit Program ("Tax Credit Program"). This means that provisions of Section 42 of the Internal Revenue Code of 1986, as amended, are applicable to this Lease; including, without limitation:

1. No termination of the tenancy by Landlord except for "Good Cause" – defined as serious and repeated violations of the Lease by the Tenant.
2. Protections of the Violence Against Women Act, as amended from time to time.
3. Protections of the Fair Housing Act, as amended from time to time.
4. No discrimination against households with Section 8 program vouchers or certificates.
5. Landlord shall not increase gross rents above maximum allowable program rents.

In addition, protections of the Pennsylvania Landlord - Tenant Act; as amended from time to time are applicable to this Lease – unless otherwise covered by federal regulations or other PHFA guidance.

Tenant agrees to participate and cooperate with the annual income recertification process for the Tax Credit Program and to cooperate with reasonable monitoring and physical inspections by management and necessary third parties.

As required by the Restrictive Covenant Agreement, in the event Tenant occupies a unit which has accessibility features not needed by the Tenant, Tenant agrees that Landlord may require Tenant to relocate to another non-accessible comparable unit (upon reasonable notice) to accommodate a household needing the accessible unit.

Tenant agrees to provide information to the Owner regarding household composition, student status, and income, agrees to participate in collection of information regarding consumption of energy and utilities and authorizes release of information by third party providers to the Owner for these efforts and agrees to allow reasonable physical inspection of the Tax Credit unit.

**To the extent of any inconsistency with any of the provisions of the attached Lease, the terms of this Lease Addendum shall control.**

This **Lease Addendum** has been signed and dated by the Tenant and by an authorized agent of Landlord (such as a Management Agent) below.

**TENANT(S)**

**LANDLORD**

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

**DATED:** \_\_\_\_\_

**DATED:** \_\_\_\_\_