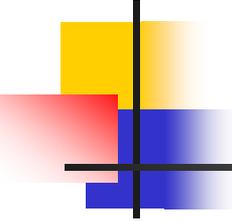


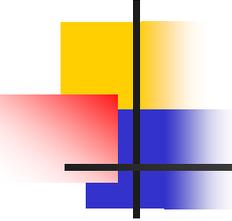
National Lead Laboratory Accreditation Program and the Laboratory Quality System Requirements

Jacqueline E. Mosby, MPH
Chief, Program Assessment and Outreach
Branch, NPCD, OPPT, US EPA
September 15, 2008



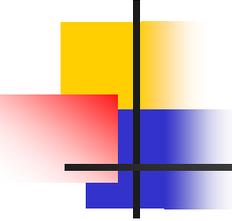
National Lead Laboratory Accreditation Program (NLLAP)

- Background
 - NLLAP is regulated under TSCA § 405(b) and by reference in 754.227.
 - TSCA § 405(b) directs EPA to establish a program to certify laboratories as qualified to test substances for lead content.
 - EPA established the NLLAP in 1994, and expanded it in 1996 to include requirements for mobile laboratories.



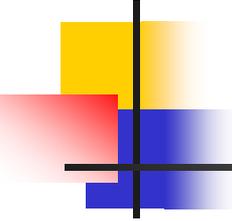
NLLAP - Continued

- NLLAP establishes protocols, criteria, and minimum performance standards for laboratory analysis of lead in paint films, soil and dust.
- A January 23, 2008 Federal Register notice announced the availability of the NLLAP document, "Laboratory Quality System Requirements (LQSR) Revision 3.0."



Reasons for NLLAP Changes

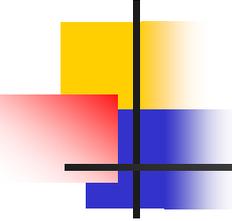
- The current revisions to NLLAP are to specifically incorporate requirements for portable or field measuring devices.
- Organizations that use portable or field measuring devices may be referred to as mobile field sampling and measurement organizations (MFSMOs).



Reasons for NLLAP Changes

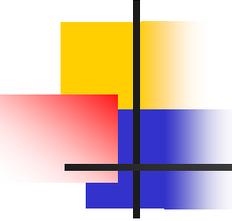
Continued

- The LQSR revisions expand NLLAP to include:
 - A lead laboratory analysis program for organizations that use portable or field devices, such as:
 - X-ray fluorescence (XRF) analyzers
 - Anodic stripping voltammetry (ASV)
 - Revised lab personnel training requirements
 - Additional guidance on QC requirements
 - Requirements for MFSMO laboratories.



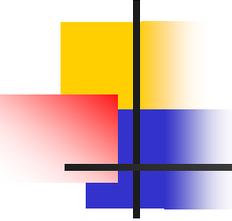
Significant Changes (1)

- The LQSR revisions reflect the recent updates that were made to the International Organization for Standardization and International Electrochemical Commission (ISO/IEC) Standard 17025: 2005 (E) "General requirements for the competence of testing and calibration laboratories," which are the world-recognized standards for determining competency of laboratories.



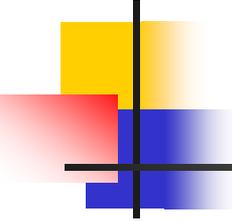
Significant Changes (2)

- By expanding NLLAP, EPA is removing any barriers to, and encourages, MFSMOs that would conduct clearance sample testing to become registered under the accreditation authority of NLLAP.



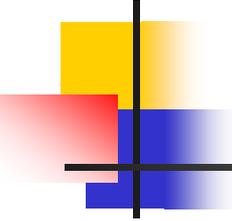
Significant Changes (3)

- The LQSR revisions were based on stakeholder comments, including those made during stakeholder meetings. A response to stakeholder comments is available in the NLLAP docket (#EPA-HQ-OPPT-2005-0044 at www.regulations.gov).



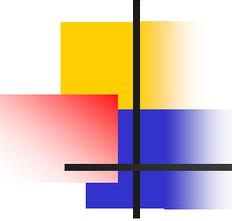
Implementation

- Effective date:
 - LQSR 3 will be phased in over the next 18 months.
 - During this time, the laboratory accrediting organizations will be incorporating the requirements of LQSR 3.0 into the accreditation process.



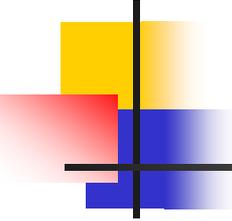
Next Steps

- Eventually, EPA would like to bring all lead testing activities under the NLLAP umbrella to ensure a consistently high level of precision and accuracy.
- This may include revisions to the Lead-Based Paint Activities Regulations (40 CFR part 745, subpart L).



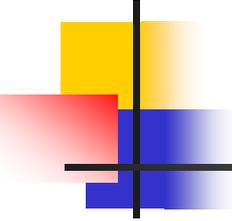
Establishing a mobile field sampling and measurement organization (MFSMO) registration program (1)

- EPA is presently preparing a Request for Proposal Notice that asks qualified organizations to submit a proposal for a comprehensive, “cost effective” QA/QC registration program for implementation for MFSMOs for lead, where they would implement the program under a one-year grant.



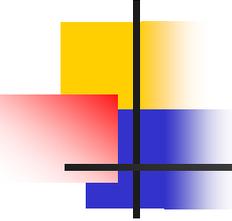
Establishing an MFSMO registration program (2)

- The goal of the grant is to get a viable registration program in place and implemented for MFSMOs, by providing funds for the year of the grant. The grant recipients would then be able to offer an ongoing registration program that would be self sustaining, thereafter.



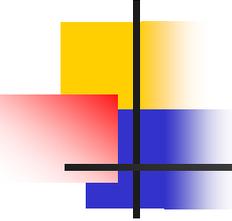
Establishing an MFSMO registration program (3)

- The establishment of such a registration program falls under the authority and direction of the NLLAP.



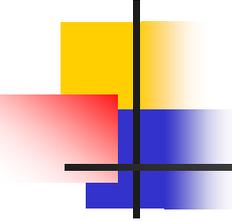
Establishing an MFSMO registration program (4)

- Qualified organizations are those that either presently meet, or can meet the requirements of the International Organization for Standardization and International Electrochemical Commission (ISO/IEC) 17011:2004, and can develop and implement a registration program.



Establishing an MFSMO registration program (5)

- EPA expects to publish this Request for Proposal in the Federal Register before the end of the year.



Thank You for Your Time!

Jackie Mosby, Chief

Program Assessment and Outreach Branch

National Program Chemicals Division

U.S. Environmental Protection Agency

202-566-2228

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2008 National Healthy Homes Conference

Low Income Housing Credit Program Can Prevent Childhood Lead Poisoning

***Warren Friedman, Ph.D., CIH
HUD Office of Healthy Homes and
Lead Hazard Control
September 15, 2008***



Low Income Housing Credit Program

- **Internal Revenue Service's program:**
 - **Has helped to develop about 2 million housing units since 1986**
 - **Helps finance construction or rehab of over 100,000 housing units annually**
 - **Is administered by State Housing Agencies**



LIHC Compliance Monitoring

- **IRS regulation on compliance monitoring of program by State Housing Agencies (24 CFR 5.703)**
- **Agencies can select their inspection standard, either:**
 - **Local health, safety, and building codes,**
 - **HUD's Uniform Physical Condition Standards (24 CFR 5.703)**



IRS Form 8823: LIHC Agencies Report

Form **8823**
(Rev. July 2005)
Department of the Treasury
Internal Revenue Service

Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition

Note: File a separate Form 8823 for each building that is disposed of or goes out of compliance.

OMB No. 1545-1204

Check here if this is an amended return

1 Building name (if any). Check if item 1 differs from Form 8609

Street address

City or town, state, and ZIP code

2 Building identification number (BIN)

3 Owner's name. Check if item 2 differs from Form 8609

Street address

City or town, state, and ZIP code

4 Owner's taxpayer identification number

EIN SSN

IRS Use Only

5 Total credit allocated to this BIN	▶	\$	
6 If this building is part of a multiple building project, enter the number of buildings in the project	▶		
7a Total number of residential units in this building	▶		
b Total number of low-income units in this building	▶		
c Total number of residential units in this building determined to have noncompliance issues	▶		
d Total number of units reviewed by agency (see instructions)	▶		
8 Date building ceased to comply with the low-income housing credit provisions (see instructions) (MMDDYYYY)			
9 Date noncompliance corrected (if applicable) (see instructions) (MMDDYYYY)			



IRS Form 8823 Instructions

Health and Safety Hazards.

The housing must comply with all requirements related to the evaluation and reduction of lead-based paint hazards and have available proper certifications of such (see 24 C.F.R. part 35).



Lead Safe Housing Rule (24 CFR part 35)

- **Purpose**
 - Help ensure that housing does not pose lead-based paint hazards to young children
- **Subparts**
 - Purpose, definitions, exemptions
 - Methods and standards
 - Program-specific requirements



LSHR & LIHC

- **Pertinent subparts**
 - **Rehabilitation (subpart J)**
 - **Operation (subpart K)**
 - **Methods and standards (subpart R)**



Lead Safe Housing Rule, Subpart J, Rehab

- **Lead evaluation**
- **Lead hazard control**
- **Clearance for re-occupancy**
- **Occupant notification**



LSHR Rehab Thresholds

- **Evaluation and control (\$/unit):**
 - <=\$5,000: paint testing,
lead safe work practices**
 - \$5-25,000: risk assessment,
interim controls**
 - >\$25,000: risk assessment,
hazard abatement**
- **Clearance and tenant notification**



Rehab Categorization by Credit Amount

- **The categorization (re \$5,000 and \$25,000 per unit for the buildings in the rehab project) is based on the average cumulative amount of rehab credit per unit over the credit period.**
- **This figure is not divided by the number of years of the credit period.**



LSHR subpart K, Ongoing LBP Maintenance

- **Annually and at turnover:**
 - **Visual assessment for deteriorated paint**
- **Control same as for rehab \leq \$5,000:**
 - **Paint testing**
 - **Lead safe work practices**
 - **Clearance**
 - **Tenant notification**



LHC grants and HUD assistance

- **Many HUD lead hazard control grantees combine their LHC grants with other HUD assistance (e.g., CDBG, HOME, etc.)**
- **This lowers LHC costs vs. a stand-alone LHC project**



Suggested focus for Housing Finance Agencies

- **Ensure owners have proper certifications and documentation for:**
 - **Lead evaluation for pre-1978 building to be rehabbed**
 - **Rehab work done properly by properly trained workers**
 - **Property cleared for reoccupancy**
 - **Ongoing lead-based paint maintenance for credit period after rehab**



Suggested checklist: Lead questions

- **Suggested lead questions for monitoring**
- **Owner should have documentation**
 - 1. Preliminary inspection or pre-work review: What is the current condition of paint in the unit?**
 - 2. Risk Assessment:**
 - Were lead hazards on the property found before work started?**
 - Was control of these hazards in the rehab scope of work?**



Suggested checklist: Lead questions

- 3. Notice to Occupants: Were notices of evaluation given to the residents?
Notices of lead hazard control work?**
- 4. Worker Training: Were the workers on jobs that disturbed paint trained in lead safe work practices or certified abatement workers?**



Suggested checklist: Lead questions

- 5. Clearance Report: Were units shown to be safe for re-occupancy after work was completed?**
- 6. Lead safety program: Does the owner include ongoing lead-based paint maintenance in normal building operations?**



Conclusion

- **For pre-1978 housing receiving a Low-Income Housing Credit, conforming to the Lead Safe Housing Rule is feasible, as is monitoring by the State Housing Finance Agency**



BASICS OF LOW INCOME HOUSING TAX CREDITS

2008 National Healthy Homes Conference

September 15, 2008

Martin O'Malley
GOVERNOR

Anthony G. Brown
LT. GOVERNOR

Raymond A. Skinner
SECRETARY

Clarence J. Snuggs
DEPUTY SECRETARY



Overview

- **Welcome To Baltimore!**
- **Short History: The Low Income Housing Tax Credit**
- **Maryland DHCD: Multifamily Rental Housing Programs**
- **Some Basics: The Low Income Housing Tax Credit**
- **Some Projects Financed by DHCD**

Short History of LIHTC

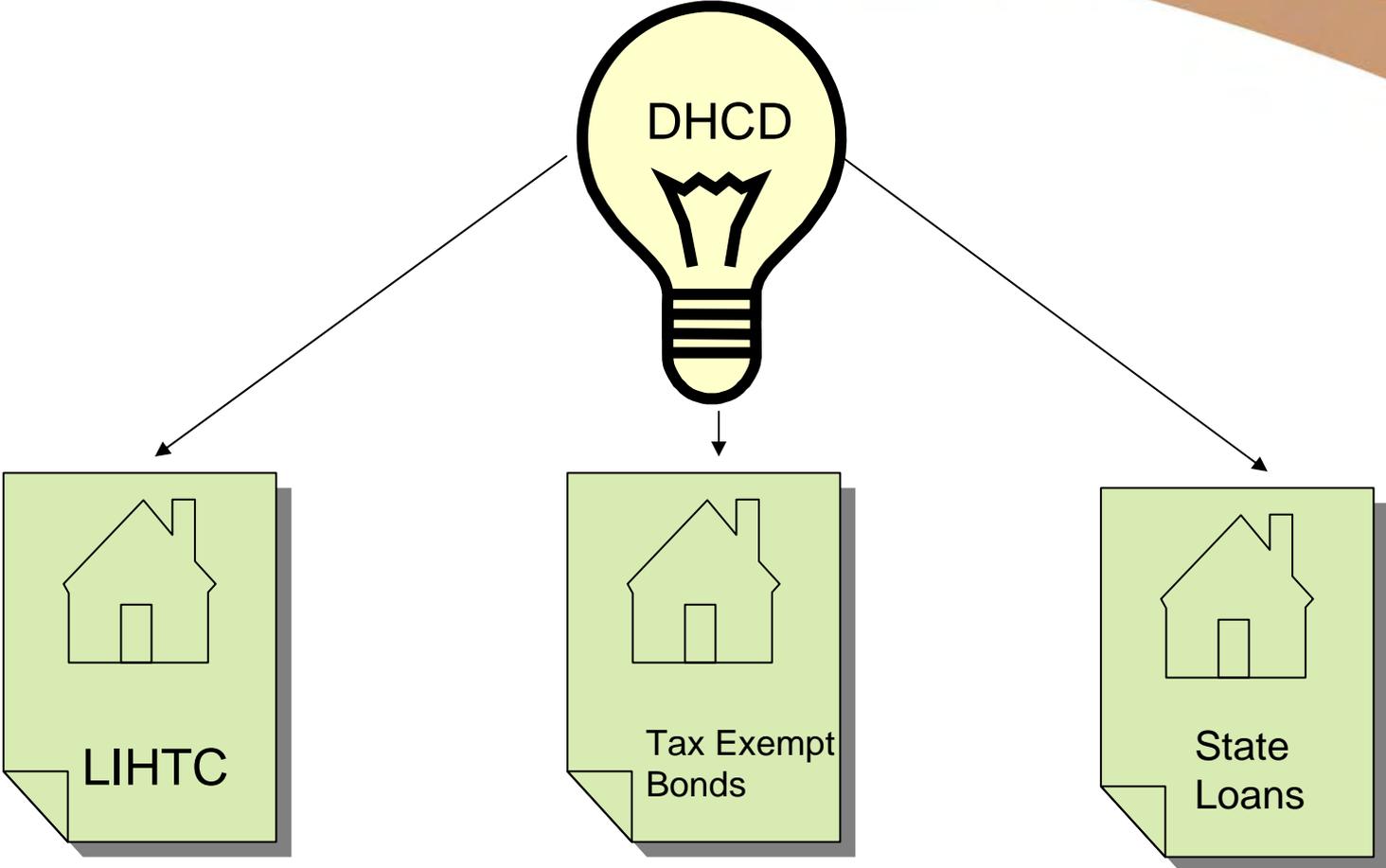
- Begun with Tax Reform Act of 1986
- Saved private development of affordable housing
- Primarily Large Corp Investments
- Tax Dollars Invest Direct in Affordable Housing
- Large Private New Industry
- About 2 million units new/rehab rental since 1986
- All Types: Family, Elderly, Special Needs
- All locations: urban, suburban, rural, 50 states +
- Approximately 40% Rehab of Pre-1978 Buildings: Potential Lead Hazard Issues

DHCD's Multifamily Financing Group

- Acts as a Community Bank working with private and public affordable rental housing development entities.
- Facilitate production of affordable rental housing opportunities through its lending products and Tax Credits.
- Financing Process from predevelopment and development financing, development/construction monitoring, asset management and compliance monitoring.
- Major Funding Sources for Multifamily Rental Development:
 - Equity Raised from Federal Tax Credits
 - Tax Exempt Revenue Bonds
 - State Loan Funds (RHF, PRHP, MHRP)



DHCD's Multifamily Financing Group (cont'd.)

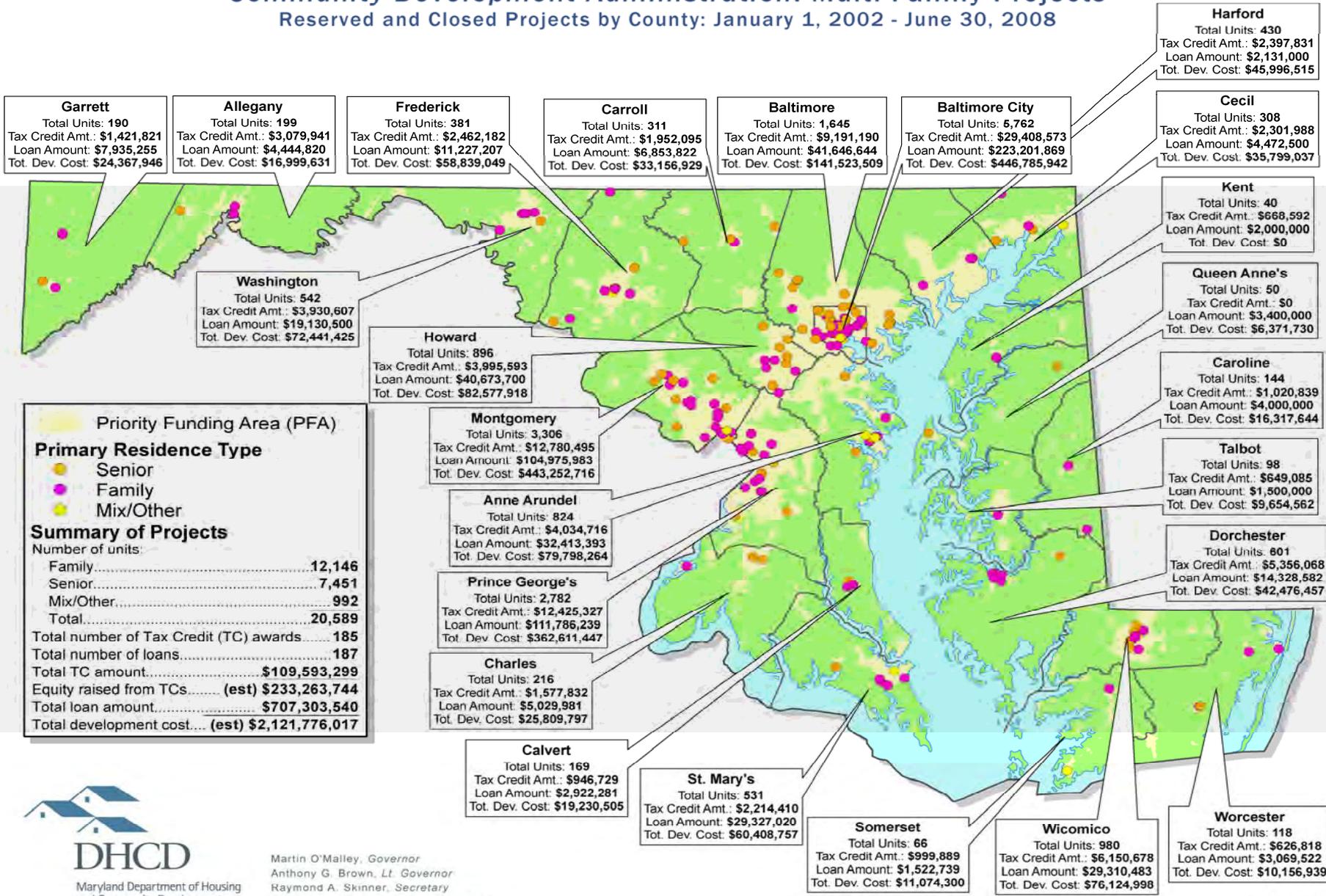


DHCD's Multifamily Financing Group (cont'd.)

- **DHCD is Maryland's State Housing Finance Agency**
- **7-year Average Production (2001-2007)**
 - **2,700 Units (*per year*)**
 - **Elderly and Family Housing**
 - **Statewide**
 - **Rehabilitation and New Construction**
- **Area Median Income (AMI) Served**
 - **43% of AMI (Federal Tax Credits, State appropriations)**
 - **60% of AMI (Tax Exempt Revenue Bonds)**

Community Development Administration: Multi-Family Projects

Reserved and Closed Projects by County: January 1, 2002 - June 30, 2008



Maryland Department of Housing and Community Development

Martin O'Malley, Governor
Anthony G. Brown, Lt. Governor
Raymond A. Skinner, Secretary
Clarence J. Snuggs, Deputy Secretary

pub. date: 06/23/2008

DHCD's Multifamily Financing Group (cont'd.)

State Rental Housing Fund Loans and Federal Low Income Housing Tax Credits (LIHTC)

- **Competitive application funding rounds 2 times per year**

Tax Exempt Revenue Bonds

- **Provide funds for loans with “below market” interest rates**
- **Can qualify for “automatic” 4% Tax Credits**
- **“Non-competitive” funding**
- **Applications accepted on a first-come, first-serve basis**
- **Project must meet basic income targeting and public purpose requirements**

DHCD's Multifamily Financing Group (cont'd.)

Loan and Tax Credit Program Application Processes Governed By:

“Qualified Allocation Plan” and

“Multifamily Rental Financing Program Guide”

Loan and Tax Credit Program Underwriting Based On:

- Fundamentally sound real estate financing structure
- Solid market for proposed units
- Experienced development team
- Public purpose priorities
- Leveraging of non-State resources

DHCD Loan / Tax Credit Funded Projects: Lead Elimination Policy-Qualified Allocation Plan

Lead Hazard Elimination

- The Department is committed to the goal of 100% elimination of risk from lead hazards in housing. Upon completion of any rehabilitation, all existing buildings must be certified by the Maryland Department of the Environment (MDE) as lead-safe and meet HUD/EPA clearance standards. All abatement and clean-up must be carried out in accordance with MDE requirements (COMAR 26.02.07, Procedures for Abating Lead Containing Substances in Buildings). All abatement contractors or subcontractors must be certified and accredited by MDE.

Federal Low Income Housing Tax Credits

What is It? How do I get It?

- LIHTCs Finance:
 - New construction & rehab rental housing
 - For families, seniors, and special needs
 - Urban, rural and suburban locations
- Affordability and Leasing Restrictions:
 - Income Restricted to $\leq 60\%$ of HUD AMI
 - Rent Restricted to $\leq 30\%$ of AMI for Rent + Utilities
- Federal Program with Many Market Elements



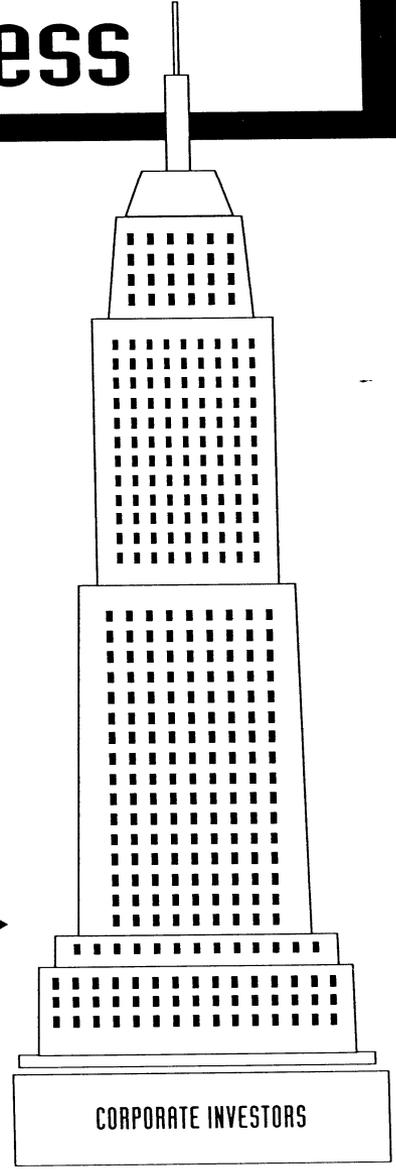
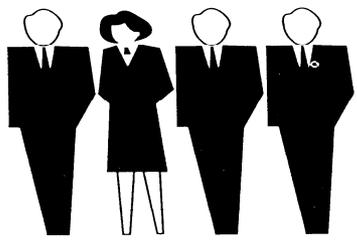
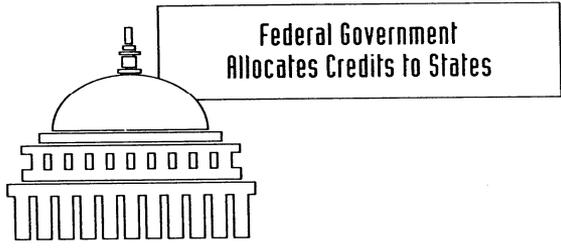
Federal Low Income Housing Tax Credits

What is It? How do I get It?

- Allocated each year to each state on per capita basis. Maryland will get \$11.2 million to allocate for CY 2008.
- Administered under Internal Revenue Code Section 42 and Awarded under Maryland's *Qualified Allocation Plan (QAP)*.
 - *50 states, plus PR, Guam, Chicago, N.Y.C.*
- Tax Credits syndicated (sold) to raise equity (cash) for development sources.
- Tax Credit Equity reduces long term debt burden on housing project.
- In exchange for LIHTCs, property agrees to long term (30+ years) income and rent restrictions, i.e. Compliance.



The Tax Credit Investment Process



Federal Low Income Housing Tax Credits

What is It? How do I get It?

- A project's tax credit allocation is based on the development budget.
- Tax Credit Investor gets \$1 of LIHTC against their corporate income tax every year for 10 years.
- Compliance to Leasing Restrictions (and Fair Housing and General Public Use, etc.) stay in place for minimum of 15 years.
- Compliance means leasing only to qualified tenants ($\leq 60\%$ of AMI) and not selling the property for at least 15 years.
 - Tax Credit Investor's Underwritten Risk: Tax Credit Recapture, Plus Interest and Penalties

Federal Low Income Housing Tax Credits **Affordability Restrictions**

- **Income Restrictions**

- 40/60 election
or
- 20/50 election
- Families must earn less than threshold income based on HUD median income data, adjusted for family size
- Next Available Unit Rule

- **Rent Restrictions**

- Must be affordable to tenants earning threshold income
- Based on size of unit
- Rent + Utilities \leq 30% of threshold income per month

Federal Low Income Housing Tax Credits

Tax Credits vs. Tax Deductions

	No Tax Credit/ No Deduction	\$300,000 Deduction	\$300,000 Tax Credit
Net Income from operations	1,000,000	1,000,000	1,000,000
Tax Deductions	none	(300,000)	none
Taxable Income	1,000,000	700,000	1,000,000
Tax Liability: Tax at 40% tax rate	\$ 400,000	280,000	400,000
Low Income Housing Tax Credits	none	none	(300,000)
Net Tax Liability	\$ 400,000	\$280,000	\$100,000



Federal Low Income Housing Tax Credits Structure -Tax Credit Syndication

- Limited partnership structure
- General partner owns just 0.01%, but controls and operates the project-developer and management fees.
- Passive limited partner invests equity in return for 99.99% ownership-tax credits and losses
- Sale to Investor Limited Partner of most of the tax credits and tax losses maximizes investor equity
- More investor equity reduces other financing needs and helps project development
- L.P. is a passive investor, and gets its return almost exclusively from the tax credits and losses



Federal Low Income Housing Tax Credits

What can I do with It?

- Developers and Tax Credit Investors partner on Tax Credit projects:
 - Developer contributes development expertise for developer fee.
 - Tax credit investor contributes TC equity for LIHTCs over 10 years.
- Price paid reflects real estate investment risk.
 - Average project today is \$0.80 for \$1.00 of LIHTC.
 - LIHTCs are taken over 10 Years.
 - \$1 Allocation = \$1 LIHTC/Yr. for 10 years = \$10 LIHTCs.
 - \$10 LIHTC X \$0.80 = \$8 of LIHTC Equity for Project.



Federal Low Income Housing Tax Credits **Affordable Housing Development Problem**

- Affordable Housing Development:
 - Development Costs (land, construction, design, lead engineering, environmental and lead abatements, financing, etc.)
 - Rental Income from Restricted Rents.
 - Operating Expenses – Real Estates Taxes, Insurance, Repairs and Maintenance, Utilities, etc.
- Affordable Housing Finance:
 - Lower Income (NOI) to support development financing.
 - Remaining Financing Gap

Federal Low Income Housing Tax Credits Affordable Housing Development Problem

	<u>Market Rate</u>	<u>Affordable LIHTC</u>
Development Costs	10,000,000	10,000,000
Rent (\$1,000/mo)	1,200,000	(\$750/mo)900,000
Operating Expenses	<u>500,000</u>	<u>500,000</u>
Income for Debt Service	700,000	400,000
Debt Supported (7%/30 yr)	<u>(8,686,329)</u>	<u>(4,963,616)</u>
FINANCING GAP(rounded)	1,310,000	5,040,000

Federal Low Income Housing Tax Credits Affordable Housing Development Problem

	<u>Market Rate</u>	<u>Affordable LIHTC</u>
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Income for Debt Service	700,000	400,000
Debt Supported (7%/30 yr)	<u>(8,686,329)</u>	<u>(4,963,616)</u>
FINANCING GAP(rounded)	1,310,000	5,040,000

Tax Credit Calculation:

LIHTC Basis:	7,000,000
Tax Credit Rate:	8.00%
Allocation:	560,000
10 Years:	5,600,000
Raise Up:	\$0.80

<u>Low Income Housing Tax Credit Equity:</u>	<u>4,480,000</u>
<u>Other GAP Funding-State/Local Funds:</u>	<u>560,000</u>

Federal Low Income Housing Tax Credits **Affordable Housing Development Problem**

Sources of Gap Financing

- HOME, CDBG funds
- AHP Funds
- Other Local Funds
- Deferred Development Fee
- Cost Savings (development or acquisition)
- Modification of First Mortgage Terms
- Income or Expense Modifications

Federal Low Income Housing Tax Credits Placing a Project in Service-Earn Credits

- **New Construction**
 - Within 24 months of receiving Allocation
 - When first unit is ready and available
 - Certificate of Occupancy
- **Rehabilitation – more flexibility**
 - No earlier than the date when the rehab equals the greater of:
 - \$6,000 per unit or
 - 20% of acquisition price
 - Major States and Tax Credit Investors have minimums of \$15,000+/U or CNA/PNA Requirement. No Mod Rehabs.

Federal Low Income Housing Tax Credits **Parties in a Tax Credit Syndication**

- **Development Team**

- Developer
- General contractor
- Architect
- Attorney
- Accountant
- Property manager
- Consultants

- **Lenders**

- Construction lender
- Permanent lenders
- Lender attorneys

- **State Housing Finance Agency**

- Underwriter
- Asset manager
- Attorney

- **Syndicator**

- Underwriter
- Fund manager
- Attorney

Federal Low Income Housing Tax Credits

Tax Credit Timeline

- Apply for tax credits
- Get TC reservation
- Pass 10% Test
- Receive Carryover allocation
- Finance/Complete project
- Place In Service
- Obtain 8609s
- Record LURA
- Rent tax credit units to qualified tenants
- Keep tax credit units in compliance
- Keep project maintained & financially sound

Federal Low Income Housing Tax Credits Development Realities

- Private Lenders –
 - Market Rate Developments:
 - Typical Tax Treatments
 - Market Rate Lending Terms

- LIHTC and Other State and Federal Financing Programs-
 - Affordable Housing for Our Communities
 - Below market interest rates and terms
 - Required to restrict rents and only rent to income qualified households
 - Significant paperwork and compliance requirements
 - Competitive – hard to get

The End Result: Projects Financed by DHCD



Victoria Park Jaycees Senior Housing

Walldorf

9% Tax Credits / HOME Loan

Gateway

Hagerstown

9% Tax Credits / RHPP Loan



The End Result: Projects Financed by DHCD



Mt. Clare Apartments
Baltimore City
Tax-Exempt Bonds / 4% Tax Credits

Cottages at River House
Cambridge
9% Tax Credits / EHRP Loan



The End Result: Projects Financed by DHCD



**Seneca Heights Supportive Housing
Gaithersburg, Montgomery County
PRHP Loan**

**Rosemary Village / Barrington Apts.
Silver Spring, Montgomery County
4% Credits / Tax Exempt Bonds**



The End Result: Projects Financed by DHCD



Hampstead Senior Apartments

Carroll County

9% Tax Credits/ ERHP Loan

New Shiloh Senior Apartments

Baltimore City

9% Tax Credits/ ERHP Loan



LIHTC Resources

- www.reznickgroup.com accounting and consulting
- www.novoco.com accounting, consulting, desk reference guide
- www.ncsha.org trade group for the 55 SHAs, desk reference guide
- www.huduser.org gov site
- www.ipedinc.net training
- www.uli.org urban land institute
- www.housingfinance.com publication
- www.taxcredithousing.com Low Income Housing Credit Newsletters

Maryland DHCD Multifamily Housing

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BUILDING A FRAMEWORK FOR HEALTHY HOUSING

Low Income Housing Tax Credits and Childhood Lead Poisoning Prevention

David E. Jacobs, PhD, CIH, National Center for Healthy Housing

Larry Franklin, MPH, Centers for Disease Control & Prevention

Sept 2008

Report for CDC

- **The report is available at:**
http://www.afhh.org/res/res_pubs/lihtc_cdc_report_final.pdf.
- **The Low-Income Housing Tax Credit and Childhood Lead Poisoning Prevention**

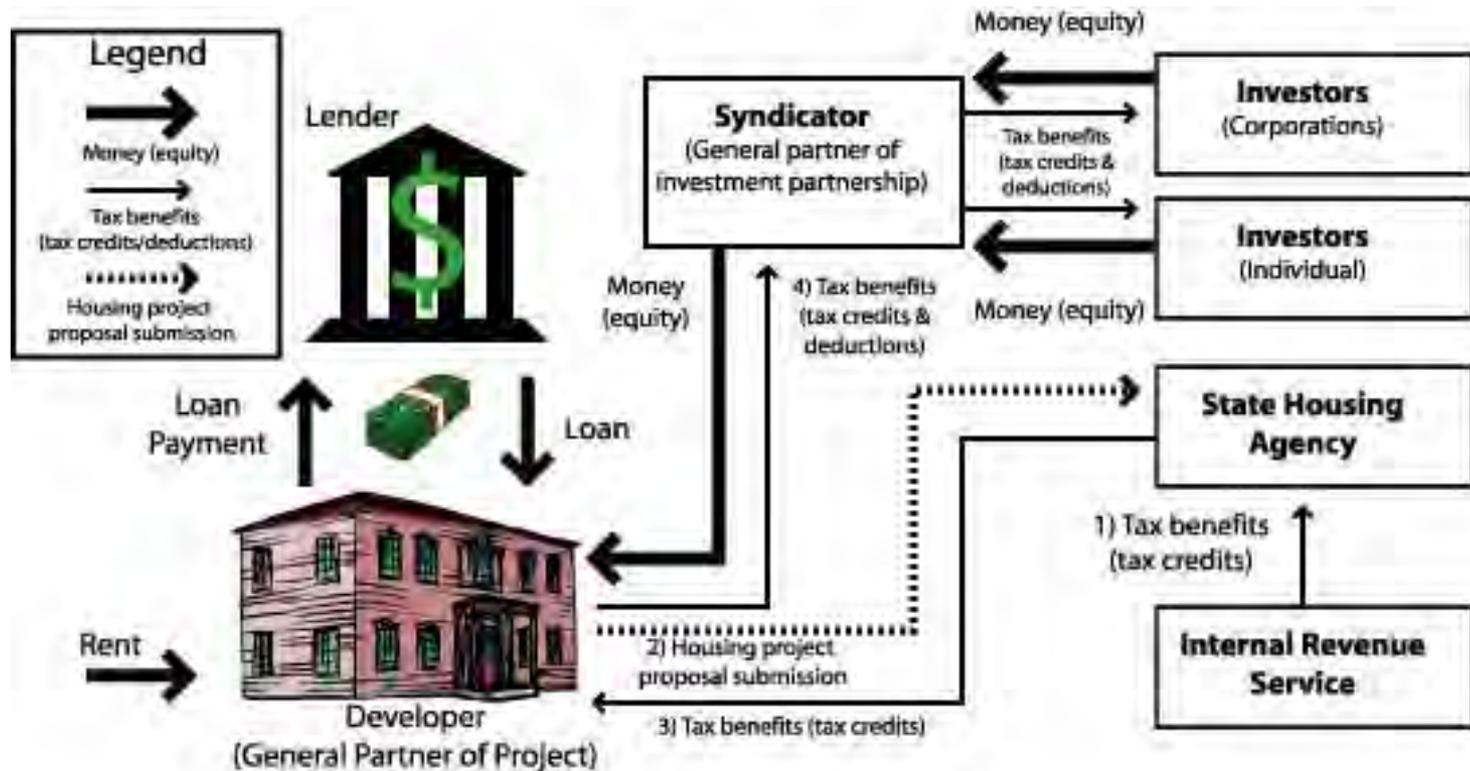


LIHTC Overview

- Federal government's main program for new low-income housing construction and rehab
- Each state gets \$1.95/person in 2007 (\$500 million)
- Hundreds of millions more in leveraged funding
- 1.9 million units rehabbed/constructed since program began in 1986
- Slightly less than 500,000 are older units being rehabbed and are likely to have lead paint



LIHTC Process



LIHTC Report Findings (1)

- There is wide disparity in the way in which the states administer the LIHTC with regard to lead paint hazard controls.
- Only 15 of the 52 QAPs explicitly address lead-based paint and of those, only 4 explicitly state that lead-based paint hazards are required to be eliminated or controlled.
- This means that 74% of the housing units being rehabilitated under the LIHTC program do not have lead paint requirements.
- State Housing Codes and HUD Uniform Physical Condition Standards



LIHTC Report Findings (2)

- Private underwriting standards do not provide specific lead-based paint requirements,
- FHA regulations cover lead paint, but only for multi-family mortgage insurance; no updated regs for single family.
- IRS states that the HUD Lead Safe Housing Rule applies to states using the HUD Uniform Physical Condition Standards, but no specifics.



LIHTC Report Findings (3)

- States not selecting the UPCS are not under an affirmative responsibility to follow any lead safe procedure unless another federal or state or local authority requires compliance.
- The Internal Revenue Service has not issued any training materials on lead safe work practices.



MOU

- In 2003, the IRS failed to execute a proposed Memorandum of Understanding with HUD and the Dept of Agriculture (Rural Housing Service) to clarify lead paint issues in the LIHTC program.
- HUD and Treasury have successfully executed an MOU on fair housing requirement--fair housing is now included in all QAPs.



Internal Revenue Service

8823
Form (Rev. Oct. 2005)
Department of the Treasury
Internal Revenue Service

Low-Income Housing Credit Agencies
Report of Noncompliance or Building Disposition
Note: File a separate Form 8823 for each building that is disposed of or goes out of compliance.

OMB No. 1545-1204
Check here if this is an amended return

1 Building name (if any). Check if item 1 differs from Form 8609 **IRS Use Only**

Street address
City or town, state, and ZIP code

2 Building identification number (BIN)

3 Owner's name. Check if item 3 differs from Form 8609

Street address
City or town, state, and ZIP code

4 Owner's taxpayer identification number EIN SSN

5 Total credit allocated to this BIN \$

6 If this building is part of a multiple building project, enter the number of buildings in the project

7 a Total number of residential units in this building
b Total number of low-income units in this building
c Total number of residential units in this building determined to have noncompliance issues
d Total number of units reviewed by agency (see instructions)

8 Date building ceased to comply with the low-income housing credit provisions (see instructions) (MMDDYYYY)

9 Date noncompliance corrected (if applicable) (see instructions) (MMDDYYYY)

10 Check this box if you are filing only to show correction of a previously reported noncompliance problem

11 Check the box(es) that apply:

	Out of compliance	Noncompliance corrected
a Household income above income limit upon initial occupancy	<input type="checkbox"/>	<input type="checkbox"/>
b Owner failed to correctly complete or document tenant's annual income recertification	<input type="checkbox"/>	<input type="checkbox"/>
c Violation(s) of the UPCS or local inspection standards (see instructions) (attach explanation)	<input type="checkbox"/>	<input type="checkbox"/>
d Owner failed to provide annual certifications or provided incomplete or inaccurate certifications	<input type="checkbox"/>	<input type="checkbox"/>
e Change in Eligible Basis or the Applicable Percentage (see instructions)	<input type="checkbox"/>	<input type="checkbox"/>
f Project failed to meet minimum set-aside requirement (20/50, 40/60 test) (see instructions)	<input type="checkbox"/>	<input type="checkbox"/>
g Gross rent(s) exceed tax credit limits	<input type="checkbox"/>	<input type="checkbox"/>
h Project not available to the general public (see instructions) (attach explanation)	<input type="checkbox"/>	<input type="checkbox"/>
i Violation(s) of the Available Unit Rule under section 42(g)(2)(D)(ii)	<input type="checkbox"/>	<input type="checkbox"/>
j Violation(s) of the Vacant Unit Rule under Reg. 1.42-5(c)(1)(ix)	<input type="checkbox"/>	<input type="checkbox"/>
k Owner failed to execute and record extended-use agreement within time prescribed by section 42(h)(6)(J)	<input type="checkbox"/>	<input type="checkbox"/>
l Low-income units occupied by nonqualified full-time students	<input type="checkbox"/>	<input type="checkbox"/>
m Owner did not properly calculate utility allowance	<input type="checkbox"/>	<input type="checkbox"/>
n Owner has failed to respond to agency requests for monitoring reviews	<input type="checkbox"/>	<input type="checkbox"/>
o Low-income units used on a transient basis (attach explanation)	<input type="checkbox"/>	<input type="checkbox"/>
p Project is no longer in compliance nor participating in the section 42 program (attach explanation)	<input type="checkbox"/>	<input type="checkbox"/>
q Other noncompliance issues (attach explanation)	<input type="checkbox"/>	<input type="checkbox"/>

12 Additional information for any item above. Attach explanation and check box

13 a Building disposition by Sale Foreclosure Destruction Other (attach explanation)

b Date of disposition (MMDDYYYY)

c New Owner's Name
Street address
City or town, state, and ZIP code

d New owner's taxpayer identification number EIN SSN

14 Name of contact person

15 Telephone number of contact person () Ext.

Under penalties of perjury, I declare that I have examined this report, including accompanying statements and schedules, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of authorizing official Print name and title Date (MMDDYYYY)

For Paperwork Reduction Act Notice, see instructions. Cat. No. 123080 Form 8823 (Rev. 10-2005)



**BUILDING A FRAMEWORK
FOR HEALTHY HOUSING**

IRS Instructions (1)

Item 11c. Housing credit agencies must use either (a) the local health, safety, and building codes (or other habitability standards) or (b) the Uniform Physical Conditions Standards (UPCS) (24 C.F.R. section 5.703) to inspect the project, but not in combination. The UPCS does not supersede or preempt local codes. Thus, if a housing credit agency using the UPCS becomes aware of any violation of local codes, the agency must report the violation. Attach a statement describing either (a) the deficiency and its severity under the UPCS, i.e., minor (level 1), major (level 2), and severe (level 3) or (b) the health, safety, or building violation under the local codes. The Department of Housing and Urban



IRS Instructions (2)

“Health and Safety Hazards. All areas and components of the housing must be free of health and safety hazards. These include, but are not limited to: air quality, electrical hazards, garbage and debris, handrail hazards, infestation **and lead-based paint.**”



Housing Units at Risk, 1986 - 2006

Total number of LIHTC units financed $\times R \times Q \times P \times H$

Where:

R is the fraction of units rehabilitated (36%)

Q is the dollar weighted fraction of QAPs with no lead paint requirements (74%)

P is the fraction of units with lead paint (40%)

H is the fraction of units not covered by other HUD programs (95%)

$$1,900,000 \text{ units} \times 36\% \times 74\% \times 40\% \times 95\% =$$

193,000 housing units



Annual Number of LIHTC Units At Risk

- $140,000 \times 36\% \times 74\% \times 40\% \times 95\% =$
14,200 housing units
- Unless explicit requirements are put in place, each year will result in at least another 14,000 old housing units with lead paint being rehabilitated without explicit lead paint requirements under the LIHTC program.



Questions Put To CDC CLPPPs

- How many projects are aware of the Low Income Housing Tax Credits?
- Are the projects aware of the Qualified Allocation Plans (QAPs)?
- Do these QAPs address Lead?
- What is the project's relationship with HUD Representatives?



Findings

- Based on the information collected through the CDC project officers, over half of the projects (23 out of 42) were aware of what the LIHTC is.
- 13 projects were not aware but did do some research to investigate.
- 6 had no idea what it was.



Findings cont'd

- 18 projects were aware of the Qualified Allocation Plan (QAP).
- 24 projects were not aware of the QAP.
- 9 of the 18 were aware of how the QAP addressed lead.
- Several states have a limited relationship with HUD.



Recommendations

- Improve communication with state and local housing agencies
- Education and Awareness as to the availability of LIHTC with CLPPPs should be established in order to promote to property owners, especially low income eligible populations.
- Improve communication between CLPPPS and HUD.



Recommendations cont'd

- Using a template, incorporate Lead Poisoning Prevention language into all QAPs.
- Clarify federal rules to include lead as a requirement in the QAP.
- HUD, CDC, RHS and the IRS should execute an MOU to clarify lead requirements in LIHTC properties.



Two additional questions asked:

- What are the next steps regarding the addition of lead Elements to be included with future QAPS in your project?
- When is the QAP being drafted and finalized for the upcoming year?



Findings

- There is a need for improved communication and interaction between state housing agencies and the CLPPPs as well as including other federal partners such as HUD, EPA, Treasury (IRS).



Findings cont'd

- Responses received from 24 of the 42 CLPPPs.
- Approximately 22 of 24 QAPs are reviewed annually.
- Two of the 24 responding QAPs are done every two years



Recommendations

- CLPPPs should improve communication with State Housing agencies.
 - Invite them to be part of the team
 - Encourage participation of other federal partners
 - Develop local language



Recommendations cont'd

- The CLPPP and Housing Agency should work together to review and modify the QAP annually
- The state housing agencies, HUD and EPA need to be included in coalitions, partnerships, strategic advisory committees if not already included.



Model Language for QAPs

- Need
- Prioritization (points)
- Explicit Lead Paint Requirement



Model Language for Lead Poisoning Prevention in QAPs (Need)

“Our [state/jurisdiction] has a large number of housing units that may contain lead-based paint. If the paint is deteriorated, it presents a lead-based paint hazard, or if it is disturbed during the normal rehabilitation process, it can produce new lead-based paint hazards. Lead-paint hazards are especially prevalent in low-income housing. A larger supply of affordable, lead-safe housing is needed in our state to ensure that our children do not become lead poisoned.”



Model Language for Lead Poisoning Prevention in QAPs (Priority)

“We suggest that 5 points (or other appropriate quantity) be awarded to those preservation projects that will target housing units likely (or known) to have lead-based paint and/or lead-based paint hazards.”



Model Language for Lead Poisoning Prevention in QAPs (Clear Requirement for Lead -1)

“All units in all tax credit buildings built before 1978 must have lead-based paint identified and all lead-based paint hazards eliminated as part of the rehabilitation in a manner consistent with the HUD Lead-Safe Housing Rule at 24 CFR Part 35, Subpart J, or the state or local lead-based paint regulations, whichever is more stringent.”



Model Language for Lead Poisoning Prevention in QAPs (Clear Requirement for Lead -2)

“Inspections by a certified lead-based paint inspector should be performed to determine where any lead-based paint is located before the rehabilitation occurs to ensure that if the work disturbs lead-based paint, proper controls are used. Of course, if the unit is free of lead-based paint, no further lead hazard control work is required.”



Model Language for Lead Poisoning Prevention in QAPs (Clear Requirement for Lead - 3)

“All lead hazard control work shall be done in a manner that includes cleanup and clearance testing to ensure the unit is safe for occupancy following the rehabilitation. All lead hazard control work, including cleanup and clearance testing, must be performed prior to the issuance of a final allocation (IRS form 8609) for the project.”



Recommendations cont'd

- With Transition towards Healthy Homes, QAPs should consider including incentives for healthy housing issues.
- Some QAPs already award points for “green” rehab and construction.



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