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to: Owners and Property Management Agents of Housing Tax Credit (HTC) Developments

from: CHFA Multifamily Program Compliance

subject: New HTC Property Compliance Requirements

Congratulations on your development receiving an award of Housing Tax Credits (HTC; also referred to as LIHTC) to increase the stock of quality affordable housing in Colorado! The following is a summary of CHFA's Multifamily Program Compliance highlights and tools we offer to ensure your development is off to a successful start.

housing tax credit compliance training

For all newly placed-in-service HTC developments (paired with or without the state Affordable Housing Tax Credit), the Qualified Allocation Plan (QAP) requires all owner representatives, their management agent representatives, onsite staff, and any other staff involved in qualifying households to successfully complete a compliance training session conducted or approved by CHFA prior to the release of IRS form 8609 for Federal Credits or the Allocation Certificate for State Credits.

It is also critical that all corporate and onsite staff involved in program compliance attend CHFA's Colorado-specific program compliance training prior to lease-up and at least every other year to keep abreast of changes in laws, regulations, and CHFA policies. CHFA offers basic and advanced state-specific HTC classes through the **chfareach** training program.

To view **chfareach** HTC compliance training information and register for a training session, visit the online **chfareach** calendar at www.chfainfo.com/chfareach. For further assistance with registration, contact chfareach@chfainfo.com, or call Belinda Waldron at 303.297.7394.

average income minimum set-aside

If the owner is making the Average Income (AI) set-aside election on the IRS form 8609, CHFA requires the owner and management agent to complete an AI-specific training before the IRS form 8609 is issued. Refer to CHFA's QAP, AI policy, and compliance monitoring guidance for additional information, including annual reporting requirements specific to AI developments.

[Average Income Policy](#)

[Average Income Compliance Monitoring Policy](#)

compliance manual and forms

For your reference, CHFA's Multifamily Program Compliance Manual and sample compliance forms are available at:

[Multifamily Program Compliance Manual](#)

[Program Compliance Forms and Checklists](#)

tax-exempt private activity bond-funded developments

If your development is financed with Private Activity Bonds, also referred to as tax-exempt bonds, it is subject to additional obligations. Please refer to the Written Procedures for Ongoing Tax Compliance (WPOTC) executed at closing for owner obligations, including the filing of an IRS Form 8703. Refer to the Regulatory Agreement and [CHFA's Multifamily Program Compliance Manual](#), Chapter 13, or contact your CHFA Program Compliance Officer (PCO) with questions.

lease-up and nextgen

Once your building receives its Certificates of Occupancy (CO) or Temporary Certificate of Occupancy (TCO) and lease-up begins, management must begin entering each unit's occupancy and demographic data into the online [NextGen compliance system](#). CHFA Multifamily PCOs will then monitor lease-up and pull the initial occupancy report that is due to CHFA once the property reaches 50 percent occupancy or at the end of the first year of lease-up, whichever occurs first.

To begin using NextGen, [click here](#) to register for a username and password. For more information on NextGen, see Section 3.3 in [CHFA's Multifamily Program Compliance Manual](#).

Note: Tenant data must be updated in NextGen monthly, and all households must be entered, including those in market and employee units.

initial site visit

Once the owner has received CO or TCO for all buildings in the development, an initial site visit must be conducted prior to CHFA issuing the IRS form(s) 8609. Please upload your COs and TCOs to the Procorem work center for the project in the Placed in Service (PIS) folder. Then contact your Program Compliance Officer (PCO) to schedule the site visit.

During the initial site visit, the PCO will inspect and take photos of the grounds, common areas, and a sample of vacant units. The PCO will also review some files, provide feedback, including a cure date for any necessary corrections, and discuss any questions you have regarding HTC compliance. This may be done in person or remotely.

irs form 8609

CHFA will issue the IRS form 8609 for each HTC building with "Part 1 Allocation of Credit" completed. **Within 90 days of the end of the first year for which HTCs are claimed, the owner must:**

1. Complete "Part II First-year Certification" on each form, and

2. Provide to CHFA copies of the IRS forms 8609 as filed (or prepared for filing) with the Internal Revenue Service and executed by, or on behalf of, the owner. The forms must be uploaded to [CHFA's Insight system](#).

colorado state affordable housing tax credit

For developments that have also received an award of Colorado State Affordable Housing Tax Credits, a copy of the Colorado State Affordable Housing Tax Credit Allocation Certificate is due to CHFA within 90 days of filing with the Colorado Department of Revenue. The form must be uploaded to [CHFA's Insight system](#).

utility allowance policy

CHFA's Utility Allowance Policy for Housing Tax Credit and Multifamily Loan Developments outlines both the IRS and CHFA's requirements regarding the ways in which utility allowances and gross rents are determined. The policy can be accessed [here](#).

compliance management review

A full management review (following the initial inspection) of resident files and a physical inspection of the property will be conducted within two years of the last placed-in-service date of the development. Your PCO will contact you to schedule the review. For information on what to expect in a management review, see Chapter 10 in [CHFA's Multifamily Program Compliance Manual](#).

annual submissions

By **February 15th**, the owner is required to submit the following information reflecting the compliance status of the property.

- **LIHTC Owner Certification of Continuing Program Compliance**
This form will cover the previous calendar year and must be signed and submitted by the Owner from their own account directly within CHFA's secure [Insight system](#).
- **Occupancy and Demographic Report**
All resident certifications effective in the previous year must be entered and submitted in the online [NextGen system](#). Your CHFA PCO will then run annual reports for review and will contact you with questions.
- **Utility Allowance Schedule**
The schedule for the current calendar year must be uploaded to [Insight](#).
- **Average Income Qualified Group and Income Designation Report**
A spreadsheet covering the previous calendar year must be submitted using CHFA's Average Income Qualified Groups Report. Your CHFA PCO will reach out to begin this process after February 15th.

chfa insight system

Owners are required to upload most annual submissions and management review documentation in CHFA's secure Insight system. Owners can also use Insight to access HTC and CHFA multifamily loan information and view property documents and reports.

The owner/agent must have an Insight username and password to use the online system. To register for an Insight account, please go to the [Insight login page](#) and click the [request a new user account](#) link.

chfa enews

Stay on top of compliance requirements and CHFA's latest news and updates by signing up for eNews. Click [here](#) to register and be sure to check the box for Multifamily Program Compliance updates.

coloradohousingsearch.com

List your available units on this free website for renters, buyers, and affordable housing property managers—also the State of Colorado's official disaster housing resource. Register your community at coloradohousingsearch.com.

questions

If you have any questions about Housing Tax Credit Allocation, please contact Megan Herrera, Tax Credit Program Administrator at 303.297.7316 or mherrera@chfainfo.com. For questions about Program Compliance, please contact your [Program Compliance Officer](#) or the Manager of Multifamily Program Compliance, Jen Fayollat, at 303.297.7491 or jfayollat@chfainfo.com.

We look forward to working with you!

Best regards,

CHFA Multifamily Program Compliance