



NOTICE: LIHTC COMPLIANCE MONITORING CHANGES

December 17, 2020

On February 26, 2019, the Internal Revenue Service (IRS) and the Department of the Treasury (Treasury) released final regulations regarding compliance monitoring requirements to be followed by Low-Income Housing Tax Credit (LIHTC) allocating agencies. New Hampshire Housing incorporated these requirements into our Qualified Allocation Plan (QAP) and they were set to be effective on December 31, 2020. The most significant change in these requirements was a sample size methodology that greatly increased the number of files chosen for review and units selected for physical inspection for the majority of the LIHTC properties in New Hampshire Housing’s portfolio.

After much industry feedback, on July 7, 2020, IRS and Treasury released a **proposed rule** that repeals the overly-burdensome sample size methodology and allows allocating agencies to monitor the lesser of 20 percent of units in each project or the number of units in the Low-Income Housing Credit Minimum Unit Sample Size Reference Chart:

Number of low-income units in the low-income housing project	Number of low-income units selected for inspection or for low-income certification review (minimum unit sample size)
1	1
2	2
3	3
4	4
5-6	5
7	6
8-9	7
10-11	8
12-13	9
14-16	10
17-18	11
19-21	12
22-25	13
26-29	14
30-34	15
35-40	16
41-47	17
48-56	18
57-67	19
68-81	20
82-101	21
102-130	22
131-175	23
176-257	24
258-449	25
450-1,461	26
1,462-9,999	27

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The proposed rule became effective on the date of release and allocating agencies are permitted to rely on it retroactively to February 26, 2019.

To alleviate the potential burden on all parties involved, New Hampshire Housing has chosen to rely on the sample size methodology outlined in the July 7, 2020 proposed rule and will not be implementing the sample size change outlined in the current QAP.

Please contact our office if you have any questions or concerns.

Sincerely,
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