



OFFICE OF POLICY DEVELOPMENT
AND RESEARCH

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-6000

October 22, 2007

Sheila Crowley, President
National Low Income Housing Coalition
727 15th Street NW, Sixth Floor
Washington, DC 20005

Dear Ms. Crowley:

Thank you for your letter dated October 18, 2007 providing comments on the Low-Income Housing Tax Credit (LIHTC) database data collection form. In your letter, you requested the addition of ten items to our data collection form or final database release. As you are aware, in designing the data collection form we have to balance the additional burden placed on the state and local LIHTC allocating agencies versus the public need for additional information on LIHTC projects.

As stated in the discussion below, HUD has decided to amend the data collection form to ask about project-based rental assistance. Also, the question regarding the percentage of rent-restricted units has already been added to the form. Among the remaining requests, the first two do not require a change to the survey form, but rather HUD internal action. The remaining questions can be deduced from current data and therefore will not be added to the data collection form.

- 1) What is the property's REMS (Real Estate Management System) ID? The REMS ID is assigned by FHA to multifamily projects insured or otherwise associated with FHA programs. It is not clear that the LIHTC allocating agencies could provide this number or even if they collect it during the application process. Thus, adding it to the data collection form would probably not be useful. However, for projects that have FHA-insured loans, HUD is working internally to match tax credit properties with their REMS ID and will consider publishing this ID in future releases of the LIHTC database. This process will be aided by the newly added request for FHA loan ID numbers.
- 2) Assign a unique LIHTC database ID for each project that does not change from year to year. Although changing the LIHTC ID number does not require a change to the data collection form, HUD is interested in making the database more user friendly. The unique ID assigned to a property within the LIHTC database was created for informational purposes, not with the intent to track a project, or data revisions, over time in the database. Specifically, the ID consists of 1) the state allocating agency code, 2) the year placed in service, and 3) a three-digit number based on an alphabetic listing of the project name within the placed-in-service year. Thus, the ID number changes when the placed-in-service date changes or if a missing project is added to the database. Again, this format for the ID was developed to provide a meaningful ID rather than to allow users to track database changes over time. In the next database release, HUD will consider including a variable indicating whether information on that project was revised since the previous release.

- 3) For multi-phase projects, what is the property's phase number, to assist in identifying seemingly duplicate records? Your request for identifying multi-phase projects is in response to the concern that the LIHTC database contains duplicate records. Researchers using the LIHTC database should understand that HUD and its contractor take great care to avoid duplicate records and to not double count units. Confusion among database users primarily occurs when two projects with similar names and addresses appear in the database.

Whether a specific allocation enters the database as a separate project or as a subsequent phase added onto an existing tax credit property, in which case the record is revised, depends on how the state allocating agency tracks and presents their data to HUD. If an agency contends that Phase 1 of a development is different from Phase 2, and we can confirm that the units reported for Phase 1 are different units than those reported in Phase 2, each phase is a different project and a different record. If an agency says that with the tax credits awarded in Phase 2, the project data reported as a Phase 1 record should be updated to add Phase 2 units, we update the original record, adding the new units and usually changing the placed in service date to reflect the latest placed in service year. Finally, with each update to the LIHTC database, HUD and its data collection contractor reviews the historical data with the specific purpose of avoiding duplicate records.

- 4) Is the current allocation of credits the property's first allocation? The LIHTC database currently includes both a placed-in-service date and an allocation year. For the initial allocation of tax credits, these dates differ by no more than two years. If the difference is greater than two, one can assume that the project has received multiple allocations of tax credits. Thus, comparing the placed-in-service date and the allocation year provides an indication of whether the most recent allocation is the project's first allocation. For this reason, HUD has decided against adding this question to the data collection form.
- 5) Does the project have a project-based rental assistance contract? HUD has decided to amend the LIHTC data collection form to ask whether a project has a project-based rental assistance contract at the time the credit allocation is awarded. Recall that the database contains information about the financing and characteristics of the project rather than changes over time. Thus, if a project-based rental assistance contract is signed after credits are awarded, state agencies are unlikely to report the information to HUD.
- 6) What is the option year for the contract? The standard option year for LIHTC projects is after the completion of the 15-year compliance period. Thus, the option year can be calculated from the placed-in-service date, which is included in the database. The ability to approximate the option year in this manner negates the need for asking state agencies to provide the option year.
- 7) What is the final year of the extended use period? Due to the competitive nature of the allocation process, many states require developers to commit to a longer extended use period than the minimum 15 years required by statute. While this varies by state, it is not clear that this longer commitment varies within states. It is likely that developers commit to the minimum period requested by the state, with minimal variation among competing projects. Therefore, HUD has decided against adding this question to the survey form.

- 8) Is the project currently monitored for compliance with the LIHTC program use restrictions? If not, why not? As part of the data collection process, HUD asks agencies, when reviewing past data, to indicate whether projects are no longer monitored due to expired use or other reason. As with other questions, HUD and its contractor encourage the state allocating agencies to update any missing or incorrect data. Unfortunately, there is a high non-response rate for this question. HUD and its contractor will continue to encourage allocating agencies to provide this information.

- 9) At what percent of area median gross income (AMGI) are the low-income units rent-restricted? One of the new questions added to the data collection form this year asks what the elected rent/income ceiling for low income units is. The form also asks how many units are set aside to have rents below the elected rent/income ceiling.

- 10) What is the number of low-income units by size? Due to the statutory restrictions, low-income units must be materially similar to non-rent restricted units. Thus, the distribution of low-income units by size should be approximately the same as for all units within a project. For this reason, HUD has decided against adding this question.

I thank you again for taking the time to comment on the LIHTC database data collection form. Should you have any questions about this response, please contact me by phone at 202-402-5878 or by e-mail at Michael.K.Hollar@HUD.gov.

Sincerely,

Michael K. Hollar, Ph.D.
Economist
Policy Development and Research
U.S. Department of Housing and Urban Development

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