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100 Percent Buildings

Q One of the tax credit sites my company manages has only one building. Although the building's extended use restriction agreement sets a target for the first year fraction of 90 percent, all the units are rented to qualified low-income households. I know there are compliance differences that depend on whether a building is "100 percent" or "mixed-income." Does the building described above qualify as a 100 percent building?

A No. A "100 percent building" is a building that must have all its units rented to qualified low-income households throughout the compliance period to avoid losing tax credits, explains Sara Shimek, compliance coordinator for Heartland Properties, Inc.

Because you need to have only 90 percent of your building's units rented to qualified low-income households for the owner to claim all its credits, it's a mixed-income building, Shimek explains. When you manage a mixed-income building, you may rent 100 percent of your units to qualified low-income households in any year of the compliance period. But you don't have to do so to keep the owner's credits safe, she points out. 🏠

INSIDER SOURCE

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