



TAX CREDIT HOUSING MANAGEMENT INSIDER

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ASK THE INSIDER

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Rounding When Calculating Rents

Q We calculated the maximum allowable rent for our low-income units. Since we'd like all our rents to be whole numbers, can we round the rents to the nearest whole number?

A No. Remember that the rents you've calculated are the highest amounts you can charge, says Sara Shimek, compliance coordinator for Heartland Properties, Inc. So, if you round to the nearest whole number, you'll charge some households more than the tax credit law allows. If you want to charge a whole number as your rent, round down, she suggests.

Starting to Claim Credits

Q The tax credit building we manage was placed in service last week. Because it may be difficult to meet the minimum set-aside this year, we're wondering whether the owner can wait until next year to begin claiming its tax credits if the set-aside isn't met this year. Can the owner wait, even though the building was placed in service this year?

A Yes. An owner can choose to begin claiming its credits either in the taxable year the building is

placed in service or in the following year, says affordable housing consultant Gwen Volk. In fact, if a building doesn't meet its minimum set-aside in the first year, it's not a qualified low-income building and the owner *can't* claim credits that year, she explains. Instead, the owner must wait until the following year to claim credits, assuming the building meets its set-aside then. If the set-aside isn't met by the end of that year, the owner must forfeit its credits, Volk warns.

The owner of your building must commit to its decision to claim credits next year by checking a box on Item 10(a) of the building's IRS Form 8609, Volk says. Although the owner has until 30 days after the end of the current taxable year to file this form, you should communicate with the owner throughout the year to make sure you know when the owner plans to claim credits, she recommends. 🏠

Insider Sources

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