KHC Compliance for Multifamily Projects

Upon completion of construction and submittal of all close-out documentation, multifamily projects financed by Kentucky Housing Corporation (KHC) are "handed off" from the Multifamily Programs staff to the Compliance Team. The relationship between KHC's Compliance Team and the affordable project will last for the term of affordability as noted in the applicable legal documents. This term is generally thirty years.

A "welcome letter" is mailed to the owner when the project is complete and handed off to the Compliance Team. Upon receipt of the letter, the owner has 60 days to return the completed and signed IRS Form(s) 8609 to KHC. The 8609 information is entered in KHC's database and all legal documents are reviewed for accuracy. Once the project is switched to "compliance ready," the manager will turn on the Rental Reporting for the project owner.

KHC will monitor multifamily projects financed with the following programs:

- Low-Income Housing Tax Credits (Housing Credits)
- HOME Investment Partnerships Program (HOME)
- National Housing Trust Fund (NHTF)
- Affordable Housing Trust Fund (AHTF)
- Small Multifamily Affordable Loan Program (SMAL)
- Risk-Sharing
- Tax Credit Assistance Program (TCAP) and Tax Credit Exchange Program (TCEP) – *authorized under the American Recovery and Reinvestment Act of 2009*

Within one to two years of the placed-in-service date or project completion date, Compliance will conduct a review and inspection of the project. During the review, the Compliance Team will ensure that amenities pledged by the owner in the application are present, as well as discuss the programmatic compliance requirements with the property manager and staff. Compliance staff will conduct a thorough first-year review of the qualifying files and a Uniform Physical Condition Standards (UPCS), Housing Quality Standards (HQS), or Habitability inspection of a sampling of units, common areas, building systems, building exteriors, and site to ensure all regulations are being followed.

Each funding source has specific requirements for how often KHC must perform a compliance review. Most programs require that a monitoring review be conducted once every three years. However, some programs, such as HOME and NHTF, may require more frequent visits. KHC reserves the right to monitor more often per the Risk Assessment score completed at the end of every monitoring visit.

Owners of multifamily projects are also required to submit annual performance reports, regardless of the funding source. All Housing Credit projects are required to pay an annual monitoring fee. The fee must be paid with submission of the annual report, which is due by April 1 of each year. If the report or fee is not received by the deadline, late fees will be added to the project. Owners are also encouraged to visit the Compliance and Asset Management page of KHC's website for more specific information on each program. This page contains many useful resources, including the maximum rent and income limitations for each program, as well as the required annual reporting forms. KHC also has a Compliance Manual to assist our partners with maintaining compliance of their Housing Credit portfolio.

Questions regarding this document or any of KHC's compliance monitoring requirements or procedures may be emailed to mfcreviews@kyhousing.org.