

# **SPOKANE INDIAN HOUSING AUTHORITY**

## **Low Income Housing Tax Credit Program**

### **Tenant Selection**

**Adopted: July 17, 2003**

**Amended: April 19, 2007; June 5, 2019**

The Spokane Indian Housing Authority has homes constructed by funds received in part from investors who obtained federal tax credits through the Washington State Housing Finance Commission, using an Internal Revenue Service program known as “Low Income Housing Tax Credit Program (LIHTC), which is available to developers building homes for low income families.

The program known as the New House Lane Development has 25 units that are rentals for the first 15 years then are made available to the tenants as homebuyer homes. This selection policy will be specific to the LIHTC program homes.

**A. Selection Process:**

1. Current rental tenants will be considered first. In order for a current rental tenant to be considered, the family must:
  - a. meets income eligibility requirements
  - b. be current on their rent, including required damage deposit
  - c. has remained current on their monthly rent payments for the last 12 months. An exception may be made for one payment, fees waived by the Board of Commissioners, and temporary payment arrangements.
  - d. not owe any outstanding debt to the housing authority
  - e. have housing authority inspections that indicate tenant took proper care of their rental unit and maintains utilities for the unit.
  - f. pre-pay move-out costs on the current rental unit
  - g. qualifies for house size available
  
2. Families and individuals on the homebuyer list will be considered as second priority and the rental waiting list will be considered next. Families and individuals need to meet all LIHTC and other housing authority program eligibility requirements before being selected, including:
  - a. meet income eligibility requirement
  - b. Former tenants or homebuyers must have annual and move-out inspections that indicated tenant took proper care of their rental unit and maintained a good payment history.
  - c. does not owe any outstanding debt to the housing authority
  - d. qualify for house size available

**B. Purchase Price:**

Purchase price of the home will be set at the time of completion, before families move into the home. Sales price for the home will be total development cost to construct the home (driveway, on-site water and sewer, utility connection costs, and other related home site costs). Over the 15 years that the home is a rental, the family will be credited 5% the first year, then thereafter 5% will be credited off the remaining balance for each year they are in the unit.

Example:

Sales Price \$86,000.00		
	Annual Adjustment	Adjusted Balance
Year 1	-\$4,300.00	\$81,700.00
Year 2	-\$4,085.00	\$77,615.00
Year 3	-\$3,880.75	\$73,734.25
Year 15		\$39,843.05

Beginning the 16<sup>th</sup> year, the remaining balance will be the sales price to the family. At this point the family has the option to seek mortgage financing from a financial institution to pay the housing authority the amount owed, or can continue making monthly payments to the housing authority at 2% below the current prime interest rate, but not lower than 5% per annum, for a term of 15 years or longer, depending on the ability of the family to pay the monthly payment not longer than 30 years.

If the family cannot or chooses not to convert to a homebuyer program at the end of the 15 years, the home will remain a rental unit. At some future time, the family can make a request to purchase the home which will then be considered but the credit for living in the home will only be given for the first 15 years based on the above schedule.

**C. Families/Individuals Moving Into Unit Mid-Term:**

Families or individuals moving into the home any time within the first 15 years of the initial rental period will be given the opportunity to purchase the home at the end of the initial 15 year period based on the initial sales price after years of adjusted credit (5% per year) as if the family or individual was the initial renter. In the example given above, if a family moves out and a new family moves in at year 12, with an adjusted balance of \$46,470.97, the family obligation is to remain a rental tenant for the remaining 3 years, and then can purchase the home for \$39,853.05.

**D. Subdivision Covenants:**

All families agreeing to be renters then homebuyers under this program agree to the following covenants:

1. Animal Restrictions:

- a. no dogs, cats or other animals will be allowed in the units or on the grounds with the exception, of: seniors or households with handicapped individuals will be allowed up to two household pets (non-vicious dogs or cats), according to the current pet policy of the housing authority.

2. Vehicle Restrictions:

- a. no junk or broken-down vehicles will be allowed anywhere on the premises, in order to keep the rental/homebuyer site clean and safe for the family and others in the subdivision.
- b. major repairs on vehicles will not be allowed on the premises
- c. If the housing authority has to remove the vehicle, the family will be charged all related costs for removal

3. Yard and Grounds Maintenance:

- a. yards will be maintained including clean of debris, lawns mowed, etc.
- b. tenants will participate in annual clean-up day, or regularly scheduled clean up days by subdivision tenants and/or housing authority staff.
- c. sheds and other outbuildings are not allowed during the rental period, in order to keep the subdivision in neat and orderly manner.

**E. Succession:**

Since the New House Lane LIHTC houses are to be homebuyer homes at the end of 15 years, the families selected as renters will be given the opportunity to purchase the homes. This process suggests a need for succession of the home in case of death or mental incapacitation of the initial tenant selected for the home.

To be eligible for succession, the family must meet the following requirements:

1. be a member of the original household selected and have remained in the home in good standing during the rental period.
2. be an enrolled tribal member or eligible for a tribal land lease.
3. if not eligible for a land lease, home will remain a rental unit until a tribal member child becomes of age and is eligible then the option to purchase can be made.

**F. First Time Homebuyer Status:**

For families selected, if during the 15 years of initial rental period, the family will be considered a renter. This is so that if the family is given an opportunity to become a homebuyer under another of the housing authority programs, they will be considered first time homebuyers and given the opportunity to participate in the other homebuyer programs. This is also so that if the family or individual has an opportunity to purchase or build a home on family or individual trust land, they are given that option.

As amended by the Board of Commissioners on June 5, 2019:

  
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Timothy Horan, Executive Director