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# Compliance Solutions

an affiliate of Zeffert & Associates

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Winter 2004

## Leave No One Behind

*Removing barriers to certain full-time students in LIHTC properties.*

By Scott Michael Dunn



**T**he staff and owners of Compliance Solutions firmly believe that in the Tax Credit industry, the goal should be to help as many low-income individuals and families in need of decent, safe, and sanitary housing as qualify. Of course, there are some exclusions as to

who the program is intended to help. Among the hallmarks of the Tax Credit program are its student rules. These prohibit renting tax credit units to households made up ENTIRELY of full time students, even if they are otherwise eligible. There are four exceptions under which such households may qualify, however. To help ensure that no student that qualifies is missed, in this article we will briefly focus on one of these exceptions. We will also provide guidance on developing a verification form to establish whether this exception applies to an individual student or not. The exception under discussion relates to the JTPA program.

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**U**nder the tax code certain full-time students do not disqualify a unit for LIHTC if "it is occupied by—an individual who is ... enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State or Local laws". (IRS Sec. 42 (i)(3)(D)(i)(II)). The Job Training Partnership Act is designed to improve the employment status of disadvantaged young adults, dislocated workers, and individuals facing barriers to employment. The code thus also removes their full-time student status as a barrier to housing. Back when this section of the Code was written, the JTPA program was still widely active, and it was relatively easy to verify that a student was involved in a program funded by JTPA. Since then, the JTPA program has been largely phased out by congress in favor of "similar" programs funded by other units of government. Fortunately, as the quote from the code above shows, these programs are specifically allowed as exceptions in qualifying full-time students.



***In order to assist in developing this form, Compliance Solutions has posted the mission statement of the JTPA along with this article at our website.***

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## Rural Development Issues New 3560 Regulations

Believe it or not, Rural Development has issued the new 3560 Regulations. They call them "interim final", an oxymoron if there ever was one. The finalized version is expected in February or March. Meeting the needs that the regs create will be a major focus for us in 2005. If they are finalized as proposed, the new regulations do require many properties to have Capital Needs Assessments prepared. We expect this service to be in demand next year. Once they are finalized, Compliance Solutions will also be announcing a schedule of training on the new regulations at our normally reasonable prices. Watch our web site for further information.



**For more information on this and other regulations, please visit our website at [www.zeffert.com](http://www.zeffert.com).**

## A Short Break

Over 3000 utility allowances. Hundreds of Handicap Accessibility Reviews, Capital Needs Assessments and Energy Audits. Over 20,000 file and physical reviews for states, investors and general partners. This is just part of what the staff of **Zeffert and Associates** and **Compliance Solutions** did in 2004. They also started a training program that has trained attendees from several states and expanded their offices in December. It is no wonder that they want a little break! As is traditional, the entire office will be closed between the Christmas and New Years holidays. They will re-open on Monday January 3<sup>rd</sup>, refreshed and ready to tackle what promises to be an even busier 2005!

Note: in order to meet the daily needs of our fax file review clients, our Compliance Officer will man the fax machine during the break.

## Leave No One Behind Cont.

The task for managers working with the LIHTC program is to verify if a program is "similar" to JTPA. The following steps will be helpful. First of all, check if your state or management company has a form designed for this purpose. If not, then it is a good idea to design one. This verification form should provide the JTPA mission statement. Then it should ask two questions with opportunity for the 3<sup>rd</sup> party to check "yes" or "no". The two essential questions are: 1. "Based on the JTPA mission statement above, is the program that the student is involved in similar in mission to the JTPA? 2. "Does the program receive Federal, State, or Local Government funding?" If the answer to both of these questions is "yes", then the exception is established, and another qualified individual can be added to the hundreds of thousands that the LIHTC program has already helped.

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**Job Training Partnership Act:** Statement of Purpose. "It is the purpose of this act to establish programs to prepare youth and adults facing serious barriers to employment for participation in the labor force by providing job training and other services that will result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependence, thereby improving the quality of the work force and enhancing the productivity and competitiveness of the Nation." JTPA as amended by the Job Training Reform Amendments of 1992 and the School-To-Work Opportunities Act of 1994. Sec. 2.