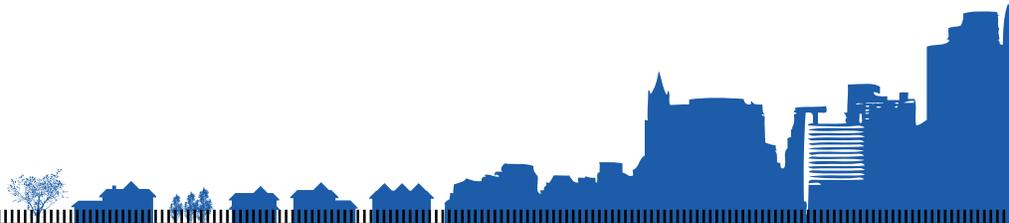


# Documentation Guide for HUD's Low Income Housing Tax Credit (LIHTC) Tenant Data



# **Documentation Guide for HUD's Low Income Housing Tax Credit (LIHTC) Tenant Data**

Office of Policy Development and Research  
U.S. Department of Housing and Urban Development

In 2008, Congress passed the Housing and Economic Recovery Act (HERA), which, among other things, requires each housing finance agency (HFA) that administers the low-income housing tax credit (LIHTC) to submit certain demographic and economic information on tenants in LIHTC units to the U.S. Department of Housing and Urban Development (HUD) according to standards determined by the Secretary of HUD. HERA specifically requires HFAs to submit to HUD information concerning race, ethnicity, family composition, age, income, use of rental assistance, disability status, and monthly rental payments of households residing in LIHTC properties.

Most of the information presented in these data tables were collected by the administering state HFAs as part of program compliance enforcement. Although tenant income and rent information are collected per specific program rules, some HFAs have not fully adopted the HUD standards for collecting demographic information. Thus, although income and rent information was collected across HFAs using fairly uniform standards and definitions, the demographic information was not standardized and, for some HFAs, not collected at all.

Finally, HUD's administrative responsibility in the LIHTC Program is strictly limited to the designation of Difficult Development Areas (DDAs) and Qualified Census Tracts (QCTs). HUD is not involved in enforcing the statutory or regulatory compliance of LIHTC properties unless HUD subsidies are present. The HUD collection of tenant data, although required by statute, is not used in program administration.

The publication of these data tables complies with the HERA mandate to publicly release the collected information. Although the information reported here is not inclusive of all tenants served by the LIHTC, it provides a useful picture of the program's beneficiaries.

### ***State Housing Finance Agencies***

The LIHTC is administered by 66 state-level and, in limited instances, substate, allocating HFAs (for simplicity, hereafter referred to as "states").<sup>1</sup> Several states separate administrative functions among multiple state agencies or local suballocators. The District of Columbia, Massachusetts, and New York separate functions related to the allocation of tax credits and the issuance of tax-exempt private activity bonds between two agencies. Compliance for all properties in the District of Columbia and Massachusetts, however, is conducted by a single agency in each state. Illinois, Minnesota, and New York allow local suballocators to award LIHTCs in certain cities or counties. The City of Chicago has the authority to award credits and administer the program within city limits. New York City and several northern counties<sup>2</sup> receive suballocations from New York state. Minnesota allows seven local governments<sup>3</sup> to allocate tax credits.<sup>4</sup>

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<sup>1</sup> This total includes the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands. Aside from its use of the Tax Credit Exchange Program, or TCEP, in 2009, American Samoa does not actively administer the LIHTC Program and is therefore exempt from the HERA requires of submitting LIHTC tenant information to HUD.

<sup>2</sup> The Development Authority of the North Country administers the LIHTC Program in Jefferson, Lewis, and St. Lawrence Counties, New York. The state HFA, however, monitors for program compliance and reports the tenant data directly to HUD.

<sup>3</sup> Dakota and Washington Counties and the cities of Duluth, Minneapolis, Rochester, Saint Cloud, and Saint Paul each receive a portion of the state allocation.

<sup>4</sup> The suballocators in Minnesota monitor for compliance and report tenant and property data directly to HUD.

HUD requests tenant data and property characteristics from the 65 agencies that conduct program compliance.<sup>5</sup> The exhibit below lists the HFAs that did not submit tenant data in certain years.

<b>Housing Finance Agency</b>	<b>Year(s) Tenant Data Not Submitted</b>
New York City Department of Housing Preservation and Development	2012, 2013, 2014, 2015, 2016, 2017, 2018
City of Chicago Department of Planning and Development	2012, 2013
DC Department of Housing and Community Development	2012
New Mexico Mortgage Finance Authority	2012

### ***Properties in the Tenant Data***

The HUD collection of LIHTC tenant data applies to all active LIHTC properties, including those in the extended-use period. Many states, however, were unable to submit information for all active properties for several reasons. First, most states simplify or decrease the stringency of compliance rules after Year 15, which lessens or eliminates certain information otherwise collected for compliance. For example, annual income recertifications may no longer be required because the Next Available Unit Rule does not apply during the extended-use period. Thus, states may not have previously maintained compliance information for properties in the extended-use period. Second, some states previously accepted Tenant Income Certification (TIC) forms from smaller properties in hard copy as opposed to electronically because independent owners, who may not have the ability to submit electronically, manage many of these properties. Converting or hand entering the information into electronic compliance and reporting systems requires considerable time, and some states were not able to complete this type of labor-intensive work. Third, HERA permits states to forgo annual income recertification of tenants if 100 percent of a building’s units are income or rent-restricted. Therefore, income information from tenants in these properties may not be available or, if available, may not be current. To present an appropriate comparison, HUD’s tabulation of income relies on incomes certified in the year of the request data and the year before and after, such that 3 years of income certification are considered.

### ***Rent-Restricted Units***

The HERA-mandated collection of LIHTC tenant data is intended to include all rent-restricted LIHTC units. Because the HUD PIS data include primarily only property addresses and, in only limited cases, building addresses, it is not possible to match actual units between the two datasets. Although the information in these tables focuses primarily on households or individual members, such as heads of household, information is submitted on a unit basis. The difference between reported units and the total number of households is the number of vacant units.

### ***Household Members***

Much of the information required by HERA focuses on households or individual household members. As required by HERA, HUD requests household-level information, such as rent and income, and individual member information, such as race, ethnicity, and disability status. In addition, HUD requests information on a household member’s age and relationship to the head of the household<sup>6</sup>, both of which can be used

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<sup>5</sup> The District of Columbia and Massachusetts allocating agencies conduct compliance for their bond-issuing agencies and New York state HFAs conduct compliance for the state’s Development Authority of the North Country, which has allocation authority for Jefferson, Lewis, and St. Lawrence Counties.

<sup>6</sup> The reporting of the head of household in the LIHTC program is merely for reference and is unrelated to status reported on individual income returns.

to determine household composition, which is a HERA-required reporting category. In addition, not all states reported all certified household members when reporting on individual household members, which affects the extent to which their data can be used to report on all tenants versus all households. Completeness of data reporting for some analyses, such as household composition tabulations, is difficult to assess in states with incomplete data on all household members. Hence, for tables presenting information on individuals as opposed to households, it is important to have some sense of the coverage of household members.

The currently approved LIHTC tenant data collection form is available at <https://apps.huduser.gov/XMLValidate/>.

### **Description of Tables**

**Table 1** provides a comparison of the two most recent property and tenant data collections to provide a basic understanding of how the current data presented in these tables compare with previously reported data. The previous year's data presented in Table 1 do *not* include updated information on properties placed in service (PIS) before the latest data year that was reported with the most current release of LIHTC properties PIS data collection. The changes between the two most recent data collections all represent *net* changes in either total properties or total units.

**Table 2** sums the number of units from matched *properties* in the PIS database and reported units from matched properties in the tenant collection. The HERA-mandated collection of LIHTC tenant data is intended to include all rent-restricted LIHTC units. Unit addresses cannot be matched between the HERA-mandated collection and the HUD PIS data because neither of the two datasets includes unit-specific addresses. This table summarizes the completeness of each state's HERA-mandated tenant data by comparing the total number of properties the data contained with the number of properties reported to HUD through its LIHTC PIS data collection<sup>7</sup>. The time period covered in the HUD PIS data collection is consistent with the tenant collection. The HUD PIS database also has known undercounting, primarily for the most recently collected placed-in-service years. In addition, the PIS database also fails to correctly identify some properties that are no longer monitored for program compliance, which inflates the true number of properties in service. Hence, the databases are not expected to be 100 percent complete. From the data available to HUD, it is impossible to provide a definitive assessment of completeness based on one number. Rather, comparisons across the two sources of data suggest areas in which incomplete data issues, in either data source, may be larger.

**Table 3** compares household size at certification with the number of household members actually reported in the tenant data. States provide information on household size, which is used to determine the maximum applicable income limit during household income certification. When all household members are included, household size equals the number of household members for whom data are submitted. The first column reports the share of households for which household size at certification was not reported—that is, households for which HUD is unable to determine whether all household members are included in the tenant data. This variable can be used to assess the completeness of household members in the tenant data.

**Table 4** shows the percentage of reported heads of household for whom race and ethnicity were submitted to HUD. The first column repeats the percentage of properties reported from Table 2 to provide perspective on the completeness for the entire active LIHTC stock in each state.

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<sup>7</sup> HUD annually collects information on LIHTC properties placed in service during the previous calendar year. This information is available from <https://lihtc.huduser.gov/>.

The HUD LIHTC Tenant Data Collection Form requests race data according to the U.S. Office of Management and Budget standards and used by the HUD rental assistance and multifamily housing programs. Although most of the information requested on the HUD LIHTC Tenant Data Collection Form is required and necessary for program compliance by the state HFAs, race and ethnicity are not. Before the HERA-mandated HUD collection, many states did not collect any race or ethnicity information, whereas others collected similar information using categories or standards different from those established by HUD. The incorporation, or modification, of race and ethnicity data into states' TIC forms caused a delay in their ability to report this information to HUD. This delay was caused, in part, by the process of amending the state TIC forms to request this information, but also the need to collect this new information from all LIHTC tenants. Many states did not have this information already incorporated in their TIC forms, unlike compliance items such as income and rent.

Race and ethnicity data are requested for each household member. As explained above, data submitted at the individual level suffer from underreporting of properties, units, and household members. Furthermore, under fair housing laws, tenants are not required to report their race or ethnicity.

Among the households and units reported, many suffered from an underreporting of household members. The underreporting of household members across states led to the decision to include only tabulations of heads of household for race and ethnicity and several other tabulations.<sup>8</sup>

**Table 5** provides household-level information on the presence of at least one tenant with a disability per household. Tenant disability status is collected per the Fair Housing Act's definition of disabled. A tenant's response, or nonresponse, does not affect the tenant's ability to claim disability benefits or request handicap-accessible features in the LIHTC unit. The Fair Housing Act defines a disability as a physical or mental impairment that substantially limits one or more major life activities, a record of such an impairment, or being regarded as having such an impairment. Definitions of physical and mental impairment are in 24 CFR 100.201. In compliance with the Fair Housing Act, tenants are not required to respond to this question.

Before the HERA data collection mandate, few states collected tenant disability status for the head of household or other household members. Thus, nearly all HFAs had to amend their TIC forms to request this information, which delayed their ability to report to HUD. Missing data or data coverage of disability status were similar to those for race and ethnicity, neither of which are used for programmatic purposes. Similar to all LIHTC tenant data, this information suffers from potential incomplete coverage of properties, units, and household members. In addition, the reported information for some states did not contain all household members, further limiting the ability of HUD to report disability status.

**Table 6** reports disability status at the individual household member level. The first column, Properties Reported, repeats data from Table 2. The second column, All Household Members Reported, contains data from Table 5. The last two columns present strictly individual-level information, beginning with the share of reported individuals in that state for whom disability status is reported. The underreporting mentioned previously for Table 5 also applies to Table 6, likely skewing the estimate of individuals with disabilities downward from the actual percentage.

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<sup>8</sup> Included in these tabulations are household members who are not reported as heads but are the only reported household members. Also, if a head of household is not indicated, the first member reported on the submitted form is included in these tabulations.

**Table 7** reports family composition and age, highlighting households with children and senior members. HUD determines family composition based on the age of household members and their relationship to the head of household. The HUD LIHTC Tenant Data Collection Form requests the relationship to head of household and date of birth for each household member. Relationship to head is used for program income determination because income from certain household members does not count toward annual household income.<sup>9</sup> Some states did not collect the date of birth for all LIHTC tenants before the HERA mandate, instead opting to collect the number of household members by age group. Thus, although similar information was collected, this information also required a change in some states' TIC forms. HUD uses the date of birth to determine the age of tenants as of the reporting date, which is December 31 of the most recent data collection. The relationship to head of household is used to identify the head for households headed by an elderly person or senior.

Identifying the presence of children and seniors in households requires having valid dates of birth for all household members. As reported previously, to determine whether all household members are reported, HUD compared the number of reported members for whom the date of birth and other information is requested with the reported household size at certification.

**Table 8** shows the median reported income of households and the distribution of income. Household income is a central part of LIHTC tenant qualification and ongoing compliance. To qualify for tax credits, LIHTC property owners must elect to maintain maximum income-qualifying limits of either 50 or 60 percent of Area Median Gross Income (AMGI). LIHTC property managers must submit detailed household income information to the administering HFA at tenant move-in and annually thereafter. To certify household income, states collect detailed income information for each household member on the state's TIC forms. The HUD LIHTC Tenant Data Collection Form requests the same income information collected by states for compliance, although HUD requires only total annual household income. HUD does not require the submission of household income components such as earned income or income from assets. The HUD form also does not require the submission of income for each household member. Because income limits can vary by property, depending on the percentage of AMGI an owner elects to enforce, state TIC forms and the HUD LIHTC Tenant Data Collection Form also request the applicable income limit and maximum percentage of AMGI for each unit.

Although all states receive household income information for compliance, not all states maintained this information electronically before HERA reporting requirements, especially for properties in the extended-use period with less strict income certification rules. These looser reporting rules and lack of data maintenance hindered the abilities of some HFAs to provide annual household income and related income limit information for all households. Because program rules do not require annual recertification for all units, HUD also requests the income certification date. The income tabulations in this report include only household incomes reported for the current request year, plus the year before and after. This method will exclude some units in properties with 100 percent low-income units and some properties in their extended-use period because annual recertifications are not required.

**Table 9** provides the total annual household income relative to the derived area median gross income (AMGI). Comparing household income across states does not account for differences in cost of living, therefore, providing a somewhat skewed comparison. Comparing household income with AMGI provides a more informative assessment and provides measures of income more directly relevant for LIHTC program eligibility. HUD, however, does not request AMGI and to make this comparison. The AMGI must either be determined by address or derived from information provided on the LIHTC Tenant Data Collection Form, specifically the percentage of income or rent restriction (50 or 60 percent of AMGI) and

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<sup>9</sup> For example, income of live-in aides and earned income of dependents do not affect income eligibility.

the applicable income limit for each unit. The distribution provided in this report uses the latter method because it yielded a larger sample on which the distribution could be calculated.

**Table 10** shows the distribution of gross rent as a percentage of annual household income. Both household income and rent must be provided to calculate this distribution. As in the previous table, this table includes only household incomes certified in the year of the request data and the year before and after.

A critical goal of the LIHTC Program is to provide affordable housing by limiting the share of a household's income paid in rent, referred to as rent burden. The LIHTC Program restricts the maximum rent that can be charged for a unit to 30 percent of either 50 or 60 percent of AMGI, according to that chosen by the developer during the application process. Although the LIHTC Program sets a maximum rent, actual rents are often less and fluctuate with market conditions. Unlike in most housing programs, income and rent limits are set for the unit and do not vary directly with tenant income. Thus, rent may exceed 30 percent of income at qualification. In addition, after a tenant has qualified for a unit based on the unit's income limits, increases or decreases in a tenant's household income do not result in corresponding changes in rent paid. Combining these factors may result in the share of a household's income spent on rent varying substantially from 30 percent.

**Table 11** shows the use of rental assistance from all sources—federal, state, local, and nonprofit organizations—for reported LIHTC tenants. Some states did not report any households that did not receive rental assistance—that is, households receiving \$0 in rental assistance—but did report a large percentage of households with an unknown status; that is, the amount of rental assistance was reported as missing. Although these states could not confirm, it is likely that “Not Reported” in Table 11 for these states, and possibly others, actually represent households that did not receive any rental assistance.

**Table 12** shows the programmatic source for federal rental assistance. Inconsistencies between the amount of federal rental assistance received and the reported source of rental assistance prevent a confident determination on the completeness of this information. The first column in Table 12 provides the percentage of units that received federal rental assistance; that is, the reported amount of federal rental assistance was greater than \$0. The second column shows the percentage of units for which the HFA identified the programmatic source of federal rental assistance. For most states, the source of federal rental assistance was reported, indicating that the household received assistance for more units than for which a positive amount was provided.

U.S. Department of Housing and Urban Development  
Office of Policy Development and Research  
Washington, DC 20410-6000



February 2021