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NAHMA Announces New LIHTC Data Transfer Standard

May 31, 2006, Alexandria, Va. – The National Affordable Housing Management Association (NAHMA) today announced the release of the new State Housing Finance Agency (HFA) Low Income Housing Tax Credit (LIHTC) Data Transfer Standard, an open data standard developed to assist state housing finance agencies and their industry partners and regulated entities with the exchange of information required for the LIHTC program.

The State HFA LIHTC Data Transfer Standard and related documents can be viewed at <http://www.mitsproject.com/Content/BrowseContent.cfm?menuID=471>. The standard is published in Extensible Markup Language (XML) format.

The standard was developed over an almost two-year period by an open-invitation group of industry stakeholders, including representatives from state housing finance agencies, industry trade associations, software providers, and property managers and owners. NAHMA has served as the primary facilitator for the stakeholder group.

As an “open” standard, the State HFA LIHTC Data Transfer Standard is voluntary and not regulated. Compliance is the obligation of the users. As a service to the housing credit industry, the standard is being hosted by the National Multi Housing Council’s (NMHC) Multifamily Information and Transactions Standard (MITS) web site (www.mitsproject.org). This unique collaboration combines the eight MITS data standards with the new NAHMA LIHTC Data Transfer Standard in a single location, making it easy for users to find all of the existing open source data standards targeting the apartment sector.

“There are many benefits to the entire Housing Credit industry by adopting an electronic submission standard,” said NAHMA Executive Director Kris Cook, CAE. “We believe the greatest benefit is that for the first time, nationwide, the Housing Credit industry will have a common process, based on an open source community, that anyone and everyone will be able to understand, use and leverage without a major investment. It will demonstrate to federal agencies and the U.S. Congress that the Housing Credit community respects the resources devoted to the Housing Credit program, understands the importance of a common submission standard, and is willing to provide the equity and transparency that a program of this scope and importance should have.”

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The U.S. Congress created the federal Low Income Housing Tax Credit program (“Housing Credit”) in 1986 to encourage the construction and rehabilitation of apartments that are affordable to low-income families by offering a credit or reduction in federal tax liability for 10 years for the owners or developers of such housing. Each year the Housing Credit infuses several billion dollars worth of private investment to produce nearly 125,000 apartments that are affordable to low-income families, the elderly, and other special needs populations. Under the program’s current terms, these new units of housing will remain affordable for a minimum of 30 years.

There are currently 55 State Housing Finance Agencies (HFAs) that administer the Housing Credit program on behalf of state governments. The HFAs are state-chartered authorities established to help meet the affordable housing needs of the residents of their states. Although they vary widely in several key ways, such as their relationship to their state government, most HFAs are independent entities that operate under the direction of a board of directors appointed by each state's governor.

As independent entities, the HFAs’ administrative procedures and compliance requirements vary from state to state. In many cases, equity providers, owners and management agents conduct business in several states, and they must adapt to the different requirements established by the HFAs in each of the states in which they have properties operating under the Housing Credit program.

For example, every HFA establishes its own compliance reporting requirements within the Housing Credit program. Some HFAs require submission of compliance data on an annual basis while others may require it on a quarterly or even monthly basis. Some HFAs allow for the submission to be reported electronically while others may require a paper report. In some cases HFAs are requiring owners and management agents to manually type in the compliance data by using Internet based web-portals managed by the HFA.

Owners and management agents that use compliance software applications expect to meet *all* of their reporting requirements through their software application. However, if they manage Housing Credit properties in different states, there is the strong likelihood they will need to meet different reporting formats and/or reporting cycles in each state. For owners and management agents with large portfolios across many states, this can be an exceptional additional expense in software modifications and staff training. In particular, reporting via manually typing into HFA web-portals is the least attractive option because it duplicates the work already performed on owner/agents’ own software applications, and it also reduces the quality of data due to human error in retyping the data.

The following examples are some of the many ways in which standardizing the reporting submission nationwide will benefit the Housing Credit industry.

A. The Benefits of Standardization for the HFAs:

- 1) *Flexibility.* The electronic submission file will include both a universal data set containing all related data that is considered to be universal in nature, as well as a specific state section for unique data requirements that a state may require. HFAs will be able to choose the data they import and/or use from the universal section of the document plus their own section.
- 2) *Accountability.* Federal agencies such as the IRS and HUD have already adopted standardization models for electronic submissions such as TRACS, PIC and the IRS-1040 submissions. The agencies will certainly look favorably on the Housing Credit industry's effort to do the same.
- 3) *Accuracy and Efficiency.* As HFAs update their information technology infrastructure, their capacity to receive information electronically increases. By having a national electronic submission standard, more owners and management agents will be encouraged and able to use compliance software applications and therefore report electronically using the new submission standard. Manual reporting, which is a time burden and results in data errors, will be phased out, resulting in more accurate and efficient data and processing by the HFAs.

B. The Benefits of Standardization for Owners and Management Agents:

- 1) *Simplicity.* Owners and management agents will be able to use the same version of their compliance software application across their entire portfolio, regardless of which HFAs they must report to.
- 2) *Cost.* Various costs – including maintaining the compliance software application as modified for reporting differently to various states, training staff on the various software modifications and different state data submission requirements, and typing in data manually – will be eliminated or greatly reduced.
- 3) *Accuracy and Efficiency.* Owners and management agents will definitely be encouraged to switch to the electronic submission standard instead of reporting manually on a state-by-state basis. This will make their data more accurate, and their reporting and administrative processes more efficient.

The National Affordable Housing Management Association (NAHMA) is the leading voice for affordable housing management, advocating on behalf of multifamily rental property managers and owners whose mission is to provide quality affordable housing. NAHMA supports legislative and regulatory policy that promotes the development and preservation of decent and safe affordable housing. NAHMA serves as a vital resource for technical education and information, fosters strategic relations between government and industry, and recognizes those who exemplify the best in affordable housing.

For general questions regarding the development of this standard, please contact Michelle Kitchen, NAHMA director of government affairs, at 703-683-8630 or by email at michelle.kitchen@nahma.org.

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