

# Low-Income Housing Credit Allocation Certification

OMB No 1545-0988  
 Expires 3-31-90

▶ **To be attached to return of owner of building**

**Part I Allocation of Credit—To Be Completed by Housing Credit Agency**

Address of <b>building</b> (do not use P. O. box)	Name and address of <b>owner</b> of building
Name and address of <b>housing credit agency</b>	Taxpayer identification number of owner of building
Taxpayer identification number of agency	

1 Enter date of allocation ▶ .....	<b>2</b>	
2 Enter housing credit dollar amount allocated on date entered on line 1 . . . . .	<b>3</b>	%
3 Enter maximum applicable credit percentage allocated . . . . .	<b>4</b>	%
4 Enter maximum qualified basis . . . . .	<b>5</b>	%
5 Enter percentage of the aggregate basis financed by tax-exempt bonds . . . . .		

Under penalties of perjury, I declare that the allocation made is in compliance with the requirements of section 42 (h) of the Internal Revenue Code, and that I have examined Part I of this form and to the best of my knowledge and belief, the information is true, correct, and complete.

.....▶  
 Signature of authorized official Title Date

**Part II First-Year Certification—To Be Completed by Building Owner Only for First Year Credit Is Claimed**

1 Enter adjusted basis of building at close of tax year the building was placed in service . . . . .	<b>1</b>	
2 Enter date building was placed in service (MO-YR) ▶ .....		
3 Check the box that describes the building (check one only)		
a Newly constructed and Federally subsidized . . . . .	<input type="checkbox"/>	
b Newly constructed and not Federally subsidized . . . . .	<input type="checkbox"/>	
c Existing building . . . . .	<input type="checkbox"/>	
d Rehabilitation expenditures treated as separate new building under section 42 (e) . . . . .	<input type="checkbox"/>	
4 If line 3a is checked, do you elect to reduce eligible basis under section 42 (i)(2) . . . . .	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5 Check the appropriate box for each election:		
a Elect to begin credit period the first year after the building is placed in service (section 42 (f)(1)) . . . . .	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b Elect to treat large partnership as taxpayer (section 42(j)(5)) . . . . .	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c Elect applicable percentage test (section 42(g)) . . . . .	<input type="checkbox"/> 20-50	<input type="checkbox"/> 40-60

**Part III Statement of Qualification—To Be Completed by Building Owner for Each Year of the 15-Year Compliance Period (check applicable box in statement)**

**Caution:** Make a copy of this form before completing this part (see instructions).

Under penalties of perjury, I declare that the above building continues to qualify as part of a qualified low-income housing project as prescribed in section 42(g) of the Internal Revenue Code, and that the qualified basis of the building has ▶  /has not ▶  decreased for this tax year. I also declare that I am not claiming any relief from the passive loss rules of section 502 of the Tax Reform Act of 1986 for this property. I further declare that I have examined this form, and to the best of my knowledge and belief, it is true, correct, and complete.

.....▶  
 Signature Title Date

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

**General Instructions**

*(Section references are to the Internal Revenue Code unless otherwise noted.)*

**Purpose of Form.**—The Tax Reform Act of 1986 allows owners of residential low-income rental projects to claim a low-income housing credit for each qualified building over a 10-year credit period. Form 8609 is used to obtain a housing credit allocation from the housing credit agency and to certify certain necessary information under section 42. Form 8609 can also be used to certify certain information required by the section 502 passive loss transitional rule of the Tax Reform Act of 1986.

**Housing Credit Agency.**—The authorized housing credit agency must complete **Part I** and forward a copy to the owner of the building **when an allocation of credit is made**. The housing credit agency must retain the original to send to the IRS with their annual report, **Form 8610**, Annual Low-Income Housing Credit Agencies Report.

“Housing Credit Agency” means any state or local agency authorized under section 42 to provide low-income housing credits within its jurisdiction.

**Owner of Building.**—Owners must complete **Parts II and III** of this form, even if an allocation of credit by a housing credit agency is not required, and attach it to their income tax return. If an allocation is not required, the owner should enter in Part I the address of the building and the name and address of the building owner. See specific instructions before completing these parts.

**Tax-Exempt Bonds.**—No housing credit allocation is required for any portion of the eligible basis of a qualified low-income building that is financed with tax-exempt bonds taken into account for purposes of the volume cap under section 146. No allocation at all is required to claim the credit if 70 percent or more of the aggregate basis of the building and the land on which the building is located is financed with such tax-exempt bonds. “Aggregate basis” means the sum of the eligible basis of the qualified low-income building and land on which the building is located. “Land on which the building is located” includes only land that is functionally related and subordinate to the qualified low-income building (see regulations section 1.103-8(b)(4)(iii) for the meaning of “functionally related and subordinate.”)

**Allocation of Credit.**—If the exceptions under “Tax-Exempt Bonds,” above are not met, no credit can be claimed by the owner unless the housing credit agency makes an allocation of credit by the earlier of:

- the 60th day after the close of the owner’s tax year, or
- the close of the calendar year in which the owner’s tax year ends.

An allocation of credit is not effective for a calendar year if the building is placed in service after the close of such calendar year. The housing credit agency can only

make an allocation to a building located within its geographical jurisdiction. Once an allocation is made, it is effective for the first tax year the credit is claimed and all future years during the 10-year credit period. If the housing credit agency increases or reduces the initial allocation of credit, a new Form 8609 must be completed by the housing credit agency and issued to the building owner at the time of the change. A separate Form 8609 must be completed for each building to which an allocation of credit is made.

**When To File.**—Housing credit agencies should forward a copy of Form 8609 (Part I completed only) to the owner of the building when the allocation of credit is made. The agency must also file the original Form 8609 (Part I completed only) with Form 8610 by February 28 following the calendar year for which an allocation of credit was made. (See instructions for Form 8610 for more information.)

Owners must attach a completed Form 8609 to **Form 8586**, Low-Income Housing Credit, and file both of these forms by the due date of their income tax return.

**Specific Instructions**

**Part I—Allocation of Credit**

**To Be Completed by Housing Credit Agency**

Enter the address of building. Do not use P.O. boxes for the address of the building. Enter the name, address and taxpayer identification number of owner of building and of the housing credit agency making the allocation.

**Line 2.**—Enter the yearly housing credit dollar amount allocated to the building for each year of the 10-year credit period. If there is a change in the amount of initial allocation, enter only the difference. If the change is a reduction in the amount of credit allocated, show the difference in brackets.

**Line 3.**—Enter the applicable credit percentage allocated to the building. For buildings placed in service in 1987 the maximum credit percentages are as follows:

Newly constructed buildings not Federally subsidized . . . . .	9%
Rehabilitation expenditures treated as separate new building . . . . .	9%
Newly constructed buildings that are Federally subsidized . . . . .	4%
Existing buildings . . . . .	4%

If less than the full maximum percentage applies to the building, enter the lesser percentage on line 3.

For buildings placed in service after 1987, the credit percentage will be determined by IRS for the month in which the building is placed in service.

**Line 4.**—Enter the maximum qualified basis of the building. To figure this, multiply the eligible basis of the qualified low-income building by the lesser of:

- (1) the percentage of low-income units to all residential rental units (the “unit percentage”), or
- (2) the percentage of floor space of the low-income units to the floor space of all residential rental units (the “floor-space percentage”).

The eligible basis for new buildings is generally the cost of construction. For existing buildings, the eligible basis is the acquisition cost plus capital improvements (see section 42(d)).

**Line 5.**—Enter the percentage of the aggregate basis of the building financed by tax-exempt bonds. If this amount is zero, enter zero (do not leave this line blank).

**Part II—First-Year Certification**

**To Be Completed by Building Owner Only for the First Year Credit Is Claimed**

**Line 1.**—Enter the adjusted basis of the building at the close of the tax year the building was placed in service. See **Publication 551**, Basis of Assets, for information on figuring adjusted basis.

**Line 3.**—A new building is treated as Federally subsidized for any tax year if at any time during such tax year there is outstanding any tax-exempt bond financing or a below market Federal loan.

**Line 4.**—Section 42(i)(2) allows an owner to elect to reduce the eligible basis by the amount of Federal subsidy and claim the 9 percent credit on the remaining eligible basis.

**Line 5.**—(a) Section 42(f)(1) allows an owner of the building to elect to begin the credit period in the succeeding tax year after the building is placed in service. (b) Section 42(j)(5) allows large partnerships which have 35 or more partners to elect to treat the partnership as the taxpayer. (c) The owner of a qualified low-income housing project must meet the requirements under section 42(g) by electing one of the following tests: (1) 20-50 Test: 20 percent or more of the residential units in the project must be both rent restricted and occupied by individuals whose income is 50 percent or less of the area median gross income, or (2) 40-60 Test: 40 percent or more of the residential units in the project must be both rent restricted and occupied by individuals whose income is 60 percent or less of the area median gross income.

The elections under sections 42(f)(1), 42(j)(5), and 42(g) once made, are irrevocable.

**Part III—Statement of Qualification**

**To Be Completed by Building Owner Each Year of the 15-Year Compliance Period**

In order to claim the credit, Part III of Form 8609 must also be completed and attached to your income tax return each year of the 15-year compliance period beginning with the first year the credit is claimed. **This form will NOT be issued annually by the housing credit agency. Part III requires an original signature each year. Therefore, make a copy of this form, sign the copy, and keep the original so that copies can be made and used for filing with your future years’ income tax returns.**

Section 502 of the Tax Reform Act of 1986 provides transitional relief from the passive loss rules for qualified investors in certain low-income rental housing projects. If you are claiming relief under this provision, attach a narrative statement to your income tax return containing the address of the building and other information required by section 502.