



Section 42 Low Income Housing Tax Credit FAQ for Applicants and Residents

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What is Section 42 Low Income Housing Tax Credit housing?

Section 42 is an affordable rental housing program. You may also hear the program referred to as either the “low-income housing tax credit program” or the “rental housing tax credit program.” This is because Section 42 is an affordable housing program established by the federal tax code that allows developers of affordable housing to receive a federal tax credit. In exchange, the developer agrees to keep the housing income restricted, rent restricted, and in safe, decent, and sanitary condition.

What is IHCD's role?

The Indiana Housing & Community Development Authority (IHCD) awards Section 42 tax credits for the State of Indiana. In addition, IHCD conducts file audits, physical property inspections, and annual reviews of all active Section 42 properties in the state to ensure program compliance.

ELIGIBILITY

How Do I Apply to Live at a Section 42 Property?

Property applications can be accessed by visiting the property office or the property website. IHCD does not receive or review applications for residency. Interested applicants apply directly with the property's owner / management company.

Indiana Housing Now (www.IndianaHousingNow.org) is a free, IHCD sponsored website that individuals can use to locate vacant units throughout the State.

What determines my eligibility?

Eligibility to live at a Section 42 property is based on three factors: (1) income eligibility, (2) student status eligibility, and (3) tenant selection plan criteria. The income and assets of all household members (not counting foster children, foster adults, and live-in aides) must be verified by the property management in accordance with program requirements. Once the total gross household income has been calculated, this is compared to the maximum income limits in effect at the property. All Section 42 units are income restricted for households at or below 20%, 30%, 40%, 50%, 60%, 70% or 80% of area median income. Specific restrictions may vary from property to property.



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The household must also meet the program's student status eligibility requirements. Generally, any household in which all members are full-time students is not eligible for a Section 42 unit. However, there are several exceptions to this rule. During the application intake, property management will require all applicants to fill out forms to determine student eligibility based on the regulation and possible exceptions.

Property management will also conduct tenant screening based on such factors as credit score, minimum income, previous rental history, and criminal record. Such requirements are imposed by the owner / management company and are not set by IHCD.

Once the tenant meets the tenant selection plan screening criteria, income eligibility, and student status eligibility, then the tenant will be eligible to move in when a unit of the appropriate size is available.

The property has an age restriction. What does that mean?

Tax credit projects may be designated as housing for older persons in one of the following ways and not be in violation of Fair Housing:

1. 100% of the units are restricted for households in which all members are age 62 or older;
or
2. At least 80% of the units in the entire development are occupied by households in which at least one member is age 55 or older. The property can determine how they want to restrict the remaining 20% of units.

RENT

What will I pay in rent?

This depends on the restrictions on the property at which you are applying to live and the rent limits published by HUD for the county in which you are applying to live. Each county has its own set of rent limits, and the property can have units designated at either 20%, 30%, 40%, 50%, 60%, 70% and/or 80% rent limits. Rents are restricted and strictly monitored for program compliance.

Can the property raise my rent every year?

Yes, properties can raise a tenant's rent every year based on the maximum rent limits that are set for the property. Rent limits are calculated based on the county in which the property is located, the number of bedrooms in the unit, and the funding sources awarded to the property. There is not a limit on how much rent can increase every year as long as it doesn't exceed HUD's maximum rent limits. For further clarification of rent limits, please contact the property of interest.

MAINTENANCE ISSUES

General maintenance issues should be reported to the property manager following the property's protocol for reporting issues and requesting maintenance. The owner / management company is responsible for maintaining the property in a safe and habitable condition.

RESIDENTS COMPLAINTS

Review your property's grievance procedure and follow the steps as outlined in the document to report issues to the owner / management company.

Who should I contact if the property is not handling my maintenance requests?

If you have reached out to the owner / management company and submitted maintenance requests but your issue has not been resolved, you may contact IHCD at 317-232-7777.

If the property hasn't fixed my maintenance issues, do I still have to pay rent?

Yes, you still must pay rent in accordance with your lease. Failure to pay rent is a lease violation that could result in eviction or non-renewal of lease.

Who should I contact for mold or infestation concerns?

If property management is not responding to concerns about mold or infestation, please contact your [local/county health department](#) to notify them of your concern and request an inspection. If the inspection confirms the presence of mold, please contact your property manager, providing them with the confirmation report as well as IHCD to notify of the mold issue

Who should I contact about crime?

If you have witnessed illegal activity occurring on the property, call 911 for an emergency or the local police department.