

Property Loss Q&A

Q: What are my obligations to MaineHousing when the property suffers/experiences a loss?

A: The terms of the Mortgage obligate an owner/manager to report a loss and work with MaineHousing. The full obligation is denoted under the section titled “Care for Mortgaged Premises”.

Q: Who is responsible for the costs associated with relocation of tenants when a unit is deemed uninhabitable due to a property loss or damage?

A: It is the Owner/Managers responsibility to assist in funding and paying for alternate housing until such time that the unit is back on line.

Q: If the unit receives project based subsidy, will the property continue to receive rental assistance while the tenant is relocated?

A: Typically, no. Rental subsidy ceases from the time of the incident until the unit is deemed habitable and ready for occupancy. There are circumstances, if the relocation will be long term, that HUD may approve a pass through arrangement so the subsidy continues in the interim.

Q: If the project was funded through the tax credit program, are there any tax credit implications when a project sustains a loss?

A: Yes. Per the 8823 Guide, physical damage to a project caused by casualty events which render the LIHTC units, buildings or commons areas unsuitable for occupancy is reported as noncompliance with UPCS standards on the 8823 Form. Uncorrected 8823 violations could result in tax credit recapture.

Q: Can the insurance deductible related to a property loss be paid from Replacement reserves?

A: No. The insurance deductible must be paid from the property’s operating account or by the owner.