

HOTMA Notice 2023-10 Guidance

Eligibility Areas	LIHTC	Loan Only	HOTMA Reference & Agency Guidance	Description
Implementation & Program Eligibility Criteria	Yes	Yes	Agency Guidance HOTMA Notice 7.1	<p>Effective January 1, 2024, all properties in the Virginia Housing Rental portfolio may rely on the written guidance contained herein.</p> <p>HOTMA Implementation Notice 2023-10 supersedes the guidance in the HUD Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs, Chapter 5, upon which the Tax Credit program relies to determine tenant eligibility.</p> <p>Income deductions and look back for annual recertification described in the HOTMA guidance do not apply to the Virginia Housing Rental Portfolio eligibility requirements.</p> <p>HOTMA Resources HUD.gov / U.S. Department of Housing and Urban Development (HUD)</p> <p>Housing Opportunity Through Modernization Act HUD.gov / U.S. Department of Housing and Urban Development (HUD)</p> <p>HOTMA Talking Points Multifamily Programs.pdf (hud.gov)</p>
Occupancy Household Composition	Yes	Yes	HOTMA Notice Attachment E E.2	All occupants are counted for unit size and rental assistance (if applicable) and must be listed on the Tenant Income Certification (TIC) form.

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Occupancy - Family Revised Definition	Yes	N/A	HOTMA Notice Attachment E E.1 & E.2	<p>HUD expands the definition of "family members" under HOTMA with new statutory language including "single persons" in the "family" definition across all programs. The income of family members is counted for eligibility.</p> <p>The definition of "dependent" was revised to exclude foster children and foster adults.</p>
Annual Income Revised Definition	Yes	Yes	HOTMA Notice Attachment F F.1	<p>HUD revised the definition of annual income in § 5.609(a) for clarity. Annual income includes "all amounts received," not the amount that the "family" <i>may be</i> legally entitled to receive by court or agency orders but which they do not receive. (e.g., child support, alimony, etc.). Also include income from all assets, even if the asset is excluded from the net family assets.</p>
Revised Annual Income	Yes	Yes	HOTMA Notice F.1	<p>Annual income includes all amounts received from all sources by each adult family member who is 18 years of age or older, unearned income received by or on behalf of each dependent who is under 18 years of age, and all income from assets, supported by documented verification.</p> <p>HOTMA Income and Assets Fact Sheet (hudexchange.info)</p>
Anticipated Income Calculation	Yes	Yes	<p>Agency Guidance</p> <p>HOTMA Notice Attachment F F.1</p>	<p>All properties may continue using the anticipated annual income calculation for move-in and for recertifications (as applicable), considering verified current and estimated income in determining eligibility under the applicable income limits.</p>

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Revised Income Exclusions	Yes	Yes	HOTMA Notice Attachment G	<p>Exclude unsecured and unverifiable income that is not known. Annual income only includes anticipated annual or current amounts received, not the amount the family may be entitled to receive through a court or agency order or other written payment agreement, but which they do not receive.</p> <p>Income and Income Exclusions Resource Sheet (hudexchange.info)</p>																				
Revised Definition of Assets	Yes	Yes	HOTMA Notice Attachment F F.4	<p>All Assets are categorized as either “Real Property” (e.g., land, home) or personal property. The tenant certification must</p> <ul style="list-style-type: none"> • Include all real property the tenant has a legal authority to sell • Include all non-necessary personal property with a total value over \$50,000 • Exclude all necessary personal property • Exclude all non-necessary personal property with a total value of \$50,000 or less <p>https://www.federalregister.gov/d/2023-01617/p-27</p> <table border="1"> <thead> <tr> <th>Net Family Assets Scenario</th> <th>Actual Income</th> <th>Imputed Returns</th> <th>Amount Included in Income</th> </tr> </thead> <tbody> <tr> <td>Assets of \$50,000 or less</td> <td>Included</td> <td>Not calculated</td> <td>Actual income only</td> </tr> <tr> <td>Exceeds \$50,000 and actual income can be computed for ALL assets</td> <td>Included</td> <td>Not calculated</td> <td>Actual income only</td> </tr> <tr> <td>Exceeds \$50,000 and NO actual income can be computed</td> <td>N/A</td> <td>Calculated using HUD passbook rate for all assets</td> <td>Imputed returns for all assets</td> </tr> <tr> <td>Exceeds \$50,000, but actual income can only be computed for some assets</td> <td>Included for assets that can be computed</td> <td>Calculated for any remaining assets where actual income cannot be computed</td> <td>Actual income that can be computed AND imputed returns for all remaining assets that cannot be computed</td> </tr> </tbody> </table>	Net Family Assets Scenario	Actual Income	Imputed Returns	Amount Included in Income	Assets of \$50,000 or less	Included	Not calculated	Actual income only	Exceeds \$50,000 and actual income can be computed for ALL assets	Included	Not calculated	Actual income only	Exceeds \$50,000 and NO actual income can be computed	N/A	Calculated using HUD passbook rate for all assets	Imputed returns for all assets	Exceeds \$50,000, but actual income can only be computed for some assets	Included for assets that can be computed	Calculated for any remaining assets where actual income cannot be computed	Actual income that can be computed AND imputed returns for all remaining assets that cannot be computed
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Revised Assets Exclusions	Yes	Yes	HOTMA Notice Attachment F F.4.b	<p>Asset Exclusions and Limitation on Assets Resource Sheet.pdf (hudexchange.info)</p>																				

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<p>Imputed Assets (Applies if \$50,001+)</p> <p>**Annual Inflation-Adjusted Value</p>	Yes	N/A	HOTMA Notice Attachment F F.6.b	<p>Through HOTMA, HUD raised the imputed asset threshold from \$5,000 to \$50,000, which will be adjusted annually for inflation. Asset income is calculated only for those assets where the actual income cannot be computed, and the total assets exceed \$50,000.</p> <p>Only count actual asset income in the certification. Verified assets with 0% actual interest should not be imputed, even if the asset is over \$50,000.</p> <p>HOTMA Income and Assets Fact Sheet (hudexchange.info)</p> <p>All properties must use the HUD-published passbook rate. The Final Rule supersedes Notice H 2016-01. Imputed income must be calculated for specific assets when the net family assets (1) exceeds \$50,000 (as adjusted for inflation), the specific asset is (2) included in net family assets, and (3) the actual income cannot be calculated for the specific asset.</p> <p>2024 HUD Passbook Savings Rate (Table 2): Effective January 1, 2024</p> <table border="1" data-bbox="1087 1036 1969 1239"> <thead> <tr> <th>Adjusted Item</th> <th>Regulatory Reference</th> <th>Rate</th> <th>Applicable Programs</th> </tr> </thead> <tbody> <tr> <td>Passbook Savings Rate</td> <td>24 CFR 5.609(a)</td> <td>0.40%</td> <td>Section 8 PBRA, 202/8, 202/811 PRAC, 236 IRP, 811 PRA, SPRAC, HCV, Public Housing, Section 8 Mod Rehab, Section 8 Mod Rehab SRO, HOPWA, HOME, HTF</td> </tr> </tbody> </table> <p>Calendar Year 2024 Revised Amounts and Passbook Rate (huduser.gov) for Inflation-Adjusted Values</p>	Adjusted Item	Regulatory Reference	Rate	Applicable Programs	Passbook Savings Rate	24 CFR 5.609(a)	0.40%	Section 8 PBRA, 202/8, 202/811 PRAC, 236 IRP, 811 PRA, SPRAC, HCV, Public Housing, Section 8 Mod Rehab, Section 8 Mod Rehab SRO, HOPWA, HOME, HTF
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Under \$50,000 Asset Self-Certification *Annual Inflation-Adjusted Value	Yes	N/A	HOTMA Notice Attachment F F.7	<p>The HOTMA Final Rule supersedes Rev. Proc. 94-65, which permits a tenant’s sworn statement of assets instead of requiring verification for all assets.</p> <p>When the combined value of all net family assets has a total value equal to or less than \$50,000, the family must include, on the \$50,000 and Under Asset Self-Certification form that the net family assets do not exceed \$50,000 and list the amount of actual income the family expects to receive from such assets.</p> <p>HOTMA Income and Assets Fact Sheet (hudexchange.info)</p>
Dependent Student Earned Income Exclusion *Annual Inflation-Adjusted Value	Yes	N/A	HOTMA Notice Attachment G G.8	<p>Full-time students counted in the “family” are considered dependents, and their income is partially excluded. Only the first \$480 of earned income is counted on the TIC form.</p> <p>The dependent earned income exclusion will be adjusted annually according to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)</p> <p>Calendar Year 2024 Revised Amounts and Passbook Rate (huduser.gov) for Inflation-Adjusted Values</p>
Student Financial Assistance Income Exclusion	Yes	N/A	HOTMA Notice Attachment G G.16	<p><i>HUD believes that it is appropriate to exclude student financial assistance, as defined in § 5.609(b)(9)(ii), from income regardless of whether the student is full or part-time. While HOTMA specifies that the student financial assistance exclusion is for full-time students, HUD is using its authority when defining income to provide the same student financial assistance exclusion for part-time students. If student financial assistance is paid to the student, the responsible entity must verify that the assistance meets the requirements.”</i></p> <p>HOTMA Student Financial Assistance Resource Sheet (hudexchange.info)</p>

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Documenting Tenant Eligibility and Maintaining Compliance	Yes	Yes	Agency Guidance HOTMA Notice Attachment J J.5	<p>All properties must demonstrate efforts to verify tenant eligibility using acceptable verification methods before using a self-certification alone for the tenant certification. The PHA Income Certification may be used to verify eligibility for all properties.</p> <p>Properties with HUD or federal programs should rely on all income verification methods included in the HOTMA Final Rule and Implementation Notice 2023-10.</p> <p>LIHTC and Loan properties without HUD programs, may rely on all income verification described in the HOTMA Implementation Notice.</p>
Income Verification Source and Documentation	Yes	Yes	Agency Guidance HOTMA Notice Attachment J J2 Verification Hierarchy	<p>All verification methods included in the HOTMA Implementation Notice are acceptable for LIHTC and Loan programs, including The Work Number, pay stubs showing a minimum of two consecutive weeks of pay, current asset statements, or third-party employment verification.</p> <p>Properties must use due diligence in confirming anticipated annual income in the tenant certification.</p> <p>LIHTC properties with HUD programs must maintain separate files when the Upfront Income Verification using the Enterprise Income Verification (EIV) system. The LIHTC program is not permitted to access or review EIV generated reports.</p>
Anticipated Annual Income Calculation	Yes	Yes	Agency Guidance	<p>Properties without HUD programs may continue to calculate anticipated annual income for all certifications completed in properties.</p> <p>LIHTC properties with HUD programs must follow the HOTMA guidance for income calculation at move-in, interim recertifications, and annual recertifications.</p>

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“Safe Harbor” Income Verification for Tenants Receiving Fixed Income or Rental Assistance	Yes	Yes	Agency Guidance HOTMA Notice Attachment J J.5.a	<p>A Safe Harbor verification is a third-party verification that includes the family size and the amount of the family’s annual income.</p> <p>All properties may request an income certification from a Public Housing Authority (PHA) to document tenant eligibility. The PHA income certification must state the household size and annual gross income and be signed by the PHA.</p>
Federal Programs Required Authorization for the Release of Information HUD-9886/HUD-9887 Forms	Yes, if applicable	Yes, if applicable	HOTMA Notice Attachment J J.1	<p>Virginia Housing properties should use the HUD Authorization for the Release of Information forms HUD-9886/HUD9887 to request income verification for households eligible for the “Safe Harbor” public assistance program income verification method.</p> <p>All adult applicants 18 or older in properties with HUD programs must sign the consent form at move-in and when a family member turns 18.</p>
Fast Act Streamlined Income Determination	Yes	Yes	HOTMA Notice Attachment I I.8	<p>Streamlined income certifications may be used when 90 percent or more of the family’s income is from a “fixed source.”</p> <p>Annually, the family must certify that there has been no change in the fixed source(s) from the previous year.</p>
Tenant Income Certification (TIC) LIHTC	Yes	Yes	Agency Guidance	<p>The TIC form may be generated from the online Tenant Portal, property management software, a manual form, or provided by a PHA using form 50058 or 50059 to document the tenant file.</p> <p>All completed certifications (initial, move-in, recertification, self-certification, etc.) must include a signed TIC summarizing the household occupancy, family income, assets, rent, utility allowance, student status and assigned unit set-aside.</p>

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Tenant Income Certification (TIC) Loan-Only	Yes	Yes	Agency Guidance	<p>Loan-Only: All completed certifications must include a signed TIC summarizing the household occupancy, income, and assigned unit set-aside.</p> <p>The online Tenant Portal must be updated with all tenant certification activity as it occurs and no later than 30 days after the tenant event.</p>
Public Housing Tenant Income Certification Forms HUD-50058 or HUD-50059	Yes	Yes	Agency Guidance	LIHTC properties with HUD programs may rely on the complete and signed HUD Tenant Income Certification form 50058/50059 (HUD TIC) as the official TIC for the LIHTC program.
Self-Certification TIC for LIHTC Properties with 100% Low-Income Units	Yes	N/A	Agency Guidance	The tenant(s) may self-certify their annual income beginning one year after the move-in date using the TIC with the occupancy, rent, utility allowance, and student status. Income and asset verification is not required for self-certifications.
Recertification TIC - LIHTC Properties with Market Units	Yes	N/A	Agency Guidance	Annually document the file with a signed TIC form supported by third-party income and asset verification, occupancy, rent, utility allowances, and student status.
Self-Certification TIC for Loan Only Properties	Loan Only Rule	Yes	Agency Guidance	<p>The TIC form must be signed at the initial move-in and supported by third-party income verification.</p> <p>Tri-Annual Certification: The VHDA Regulatory Agreement requires each household to recertify every three years on the anniversary of the move-in date to self-certify the tenant income and occupancy. Third-party income verification is not required.</p>

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Electronic Records and Signatures	Yes	Yes	Agency Guidance HOTMA Notice Reference 6.2	Per H2020-10 , electronic signatures and records storage are acceptable for all properties in the Virginia Housing portfolio, except where not permitted by separate property program requirements or state or local laws.