

HOTMA:

LIHTC/HOME/HTF

Impacts

BY:
Preferred Compliance
Solutions



***Be sure to check your state on our "HOTMA Implementation Tracker" for further information regarding your state agency's implementation plan.**



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TAX RETURNS & VERIFICATIONS

Tax Returns

- When tax returns are used to document income, proof of transmission is required (per the verification hierarchy section of HOTMA)

HOME/HTF PHA Verifications

- PHA verification is REQUIRED (when applicable).

Third Party Verifications

- With HOTMA, the new order of acceptability is as follows (highest to lowest):

Work Number, web-based state benefits systems, etc.

Tenant provided verifications: pay stubs, payroll summary reports, employer notices, SSA benefit verification letters, bank statements, child support payment stubs, welfare benefit letters and/or printouts and unemployment benefit notices.

Written third party verification form

Oral third party verification

Self Certification

NOTE: HOTMA changes the required number of pay stubs to a minimum of 2 current and consecutive stubs



FAMILY & HOUSEHOLD DEFINITIONS

- "Family" members are counted for income limit purposes.
- "Household" members are all authorized occupants of a unit (Foster adults and children, live in aides = "household" members)



FOSTER PERSONS

- Foster children and foster adults will NOT be considered household members for the purposes of eligibility. Income and assets will NOT be included.
- Foster persons will still be listed on the TIC (code "F" / treated similar to a Live in Aide)

*Persons between the ages of 18 and 24, who have left foster care and are homeless or at risk of becoming homeless, will be considered "single persons" and their income and assets will be included.

NON-RECURRING INCOME



Non-Recurring Income further defined as will “not be repeated in the coming year.”

**THE WORD “SPORADIC”
HAS BEEN REMOVED
FROM THE DEFINITION.**



Examples of Excluded non-recurring income that would be excluded

- U.S. Census Bureau for employment income (relating to decennial census or the American Community Survey) lasting no longer than 180 days and not resulting in permanent employment.
- Direct federal or state payments for economic stimulus or recovery.
- State or federal refundable tax credits or state or federal tax refunds received directly at the time they are received directly by the family.
- Gifts for significant life events or milestones (e.g., holidays, birthdays, wedding gifts, baby showers, anniversaries).
- Non-monetary, in-kind donations, such as food, clothing, or toiletries, received from a food bank or similar organization. Please note: this implies that any periodic non-monetary, in-kind donations from family and friends would still be included as income.
- Lump-sum additions to net family assets, including but not limited to lottery or other contest winnings

*Note: Once a year IS RECURRING and will be included as income (i.e. RMD, annual distributions and payments that will continue)

*Note: Day laborers and seasonal workers income IS INCLUDED.

INCOME EXCLUSIONS

Exclusions For Uncommon Income Sources

- Payments received for the care of foster children/adults (including state kinship, guardianship care payments, tribal kinship payments).
- Income earned by government contributions to/from "baby bond" accounts
- Payments made by a state Medicaid managed care system to enable a family member to live in the unit
- Insurance payments and settlements for personal or property loss
- Payments related to aid and attendance for veterans
- Amounts recovered in a civil action or settlement based on malpractice, negligence, etc. resulting in a family member becoming disabled.
- Payments received by tribal members from claims relating to mismanagement of assets held in trust by the US
- Civil rights settlements or judgements, including settlements for back pay
- Incremental earnings and benefits from training programs funded by HUD or qualifying federal, state, tribal or local employment training programs
- Income earned on amounts placed in a family's Family Self Sufficiency Account
- Refunds or rebates under state or local law for property taxes paid on the dwelling unit
- Net amount disbursed by a lender to a borrower, under the loan terms
- Deferred Supplemental Income, Social Security and Department of Veterans Affairs disability benefits that are received as a lump sum or in prospective monthly amounts.



Exclusions For Common Income Sources

- Income/assets of foster adults and children.
- Gifts from holidays, birthdays, or other significant life events or milestones
- Amounts received for or in reimbursement of cost of health and medical expenses
- Income received from any account under an IRS recognized retirement plan (asset income)
- *Note: periodic payments are INCLUDED as income
- Insurance payments and settlements for personal or property loss including but not limited to: payments through health insurance, motor vehicle insurance and workers' compensation
- Worker's compensation

CHILD SUPPORT REVISIONS



- Child support or alimony income must be based on payments received, not the amounts to which the family is entitled by court or agency orders.

- *Court ordered amount is now irrelevant. No longer need to inquire if child support/alimony is court ordered or if they're receiving the full ordered amount.

- *Anticipated child support is irrelevant. Only include what is currently received.

- *Do NOT include cash medical support.

STUDENT INCOME



HOUSEHOLD WITH A SECTION 8 VOUCHER

- HOTMA CHANGE: The under 23 living with a parent or guardian exemption has been removed.
- There is only one exemption: If the applicant is 24 years or older with a dependent child.
 - *If the household meets the exemption, they will need to follow the steps below.
 - *If the household does not meet the exemption, student income will be calculated using the pre-HOTMA rules.

NO SECTION 8 VOUCHER OR SECTION 8 VOUCHER THAT MEETS THE EXEMPTION:

- Student income must be assessed and included for ALL PT/FT adult household members
- If student claims they are not receiving financial aid, verification is required.

• Student Aid and Financial assistance now grouped into two categories:

Category 1

Assistance under Title IV of the Higher Education Act (HEA):

Any assistance under Title IV, 479B of the Higher Education Act of 1965 (HEA), as amended, or under Bureau of Indian Affairs is EXCLUDED from income. Title IV of HEA currently includes, but is not limited to:

Federal Pell Grants

Federal outreach and student services programs

- Federal TRIO Programs
- Gaining Early Awareness and Readiness for Undergraduate Programs
- Model Program Community Partnership and Counseling Grants
- National Student Savings Demonstration Program

Federal supplemental educational opportunity grants

Leveraging educational assistance partnership program

Special programs for students whose families are engaged in migrant and seasonal farm work

Robert C. Byrd honors scholarship program

Child care access means parents in school

Teach grants

Scholarships for veteran's dependents

Federal Family Education Loan Programs

Federal Work-Study Programs

William D. Ford Federal Direct Loan Program

Federal Perkins Loans

Higher Education Relief Opportunities for Students

Income earned in employment and training programs under section 134 of the Workforce Innovation and Opportunity Act (WIOA)

*Assistance in this category is excluded

STUDENT INCOME CONTINUED

•Category 2:

Other Student Financial Assistance: Other student financial assistance that is not included under Title IV of the HEA or under Bureau of Indian affairs student assistance program. Examples include:

- A grant or scholarship received from:

- The federal government

- A state, tribe or local government

- A private foundation registered as a nonprofit under 26 U.S.C. 501c(3)

- A business entity (such as a corporation, general partnership, limited liability company, limited partnership, joint venture, business trust, public benefit corporation or nonprofit entity.

- An institution of higher education

*Assistance in this category is only excluded when applied to actual covered costs of schooling (Title IV HEA Assistance must be applied first).

*Covered costs are defined as: the actual costs of tuition, books, and supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board, or other fees required and charged to a student by the education institution, and the reasonable actual costs of housing while attending the institution of higher education and not residing in the unit.

*Room and board at school (not apartment rent). Applies to a student away at school



ASSETS



Revisions to uncommon assets:

- Income and distributions excluded: from Coverdell education savings account or any qualified tuition program under IRS section 530 or 529
- Trusts:
 - Irrevocable trusts or revocable trusts outside of family or household control are excluded from assets. NOT ASSETS (but may be income, see below)
 - *If not in control: distributions minus principle amounts minus amounts for minor health and medical costs will be included as income (meaning ONLY the portion of the distribution that comes from interest/dividends is included as income)
 - *If in control: actual income as trust receives it will be included as income
 - Revocable trust under the control of the household:
 - *Any distributions from the trust, except that any actual income earned by the trust, regardless of whether it is distributed, shall be considered income to the family at the time it is received by the trust.

ASSETS CONTINUED

REVISIONS TO COMMON ASSETS

- Non-necessary personal property: items of personal property not counted as "necessary items" must have a combined total value of \$50,000 or less (as such amount is adjusted by CPIW annually) for the PHA, owner, or grantee to exclude the property value from the family's assets.
- Retirement accounts recognized by the IRS are excluded
- Family Self-Sufficiency accounts are excluded
- Income from assets – all actual income from assets is counted.
- Imputed income: only calculated total assets are over \$50k and is only calculated on assets from which actual asset income cannot be determined. Actual income from assets will be added together with the imputed income for assets that have no actual income is computed for the total asset income. *See steps to take below for further information.
- Imputed income passbook rate to be adjusted annually for inflation.
- Checking accounts: 6 month average is no longer required. Current balance will always be used. When verification is required, only the current balance/one statement is needed.
- Can Self Certify assets that are \$50,000 or less

HOME/HTF: must verify at MI regardless of value and again every 6 years.

- Assets can be self certified if under \$50,000 in years where verification is not required

***BOND & MFDL: Assets MUST be verified at MI and again every 3 years.**

- Sites that can self-certify will verify assets at MI and never again.
- Assets can be self certified if under \$50,000 in years where verification is not required.



REVISIONS TO COMMON ASSETS CONTINUED



LIHTC: Assets can be self certified if under \$50,000.

ALL ASSETS CAN BE CATEGORIZED IN 3 GROUPS: “NON-NECESSARY PERSONAL PROPERTY,” NECESSARY PERSONAL PROPERTY,” & REAL PROPERTY.”



1. Necessary personal property: cars, used for transportation, furniture, appliances, electronics, clothing, personal effects, etc.

- Items that are commonly used on a daily basis.
- Always EXCLUDED

2. Non-necessary personal property: RVs/cars not used for day-to-day transportation, bank accounts (checking, savings, stocks, bonds, etc.), recreational boats, expensive jewelry without religious or cultural value or which does not hold family significance, collectibles, equipment that is not used to generate business income, items such as gems/precious metals, antique cars, artwork, etc.

- Items that are NOT commonly used on a daily basis.
- Non-necessary Personal Property with a combined value greater than 50,000, is considered part of net family assets. Must be verified and values will be listed on the TIC.
- If non-necessary personal property has a total value LESS than \$50,000, these will be reflected on the TIC with a value of "0." Actual asset income will still be included on the TIC.

3. Real Property: land, home

- Always INCLUDED

STEPS TO TAKE WHEN DETERMINING ASSETS

- 01 -

IDENTIFY AND EXCLUDE ANY NECESSARY PERSONAL PROPERTY. CALCULATE ACTUAL ASSET INCOME.

- 02 -

BASED ON SELF-CERTIFICATION, DETERMINE IF THE VALUE OF ALL NON-NECESSARY PERSONAL PROPERTY EXCEEDS \$50,000.

YES: Total non-necessary personal property exceeds \$50k, all non-necessary and real property assets must be third party verified. Each asset's value and actual asset income will be reflected on the TIC.

NO: Total non-necessary personal property is under \$50k, each asset will be listed with "\$0" value on the TIC. Actual asset income will be listed on the TIC.

- 03 -

DETERMINE THE VALUE OF REAL PROPERTY (VERIFY WITH 3RD PARTY DOCUMENTATION). DOES REAL PROPERTY VALUE EXCEED \$50,000?

YES: Impute income on assets that have income that cannot otherwise be determined and add it to other income.

NO: Use self-certification to determine asset values and income. Do NOT impute asset income on any assets.



- No change to the current rules: Only the lesser of actual earned income or \$480 is included
- Amount will be adjusted annually for inflation

FT STUDENT ADULT DEPENDENT AND ADOPTION ASSISTANCE PAYMENTS



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