

HOTMA - WHEDA Policies For Housing Tax Credit and WHEDA Financed		
	HTC/WHEDA	Notes
Implementation Date	NOW	The effective date for HOTMA implementation in Housing Tax Credit (HTC), aka Low Income Housing Tax Credit (LIHTC), and WHEDA Financed Properties is 01/01/2024. However some changes may be delayed due to pending updates by major software vendors.
INCOME		
Revised definition of INCOME per §24 CFR 5.609(a); 5.603; 5.100	YES	HUD is revising the definition of annual income in § 5.609(a) for clarity. In paragraph (a)(1), HUD relies on the definition of excluded income under § 5.609(b) to provide the scope of what is included in income. https://www.federalregister.gov/d/2023-01617/p-21
Revised INCOME EXCLUSIONS §24 CFR 5.609(b)(3)	YES	Income and Income Exclusions Resource Sheet (hudexchange.info)
Unsecured and Unverifiable Income	Do Not Count	
Income: Use Average in range (not highest)	YES	Average is used for TBRA and PBRA assisted units. To provide consistency in the rules applied at a property the average will be used for TBRA and PBRA assisted units as well as for unassisted units at HTC properties.
Income: Year-to-Date (YTD) as an eligibility determiner	DEPENDS	Generally in HTC, income would be calculated using the higher of the YTD calculation and other methods. However, WHEDA does not require an Owner/Agent (O/A) to utilize year-to-date (YTD) as an eligibility determiner simply because it is higher if it can be shown that it is not indicative of anticipated income for the next 12 months. Use the method that best determines anticipated income for the next 12 months. If a household's rent is based on their income, do not utilize the YTD calculation method
Employment Income Verification Two (2) Paystubs	YES	For HTC, 2 paystubs are required, unless the income is verified with the PHA using HTC Form 520.
Income: Use anticipated income for MOVE-INS (upcoming 12 months)	YES	Anticipated income for the next 12 months is calculated for HTC.
Income: Use anticipated income at RECERTIFICATION	YES	Although, HOTMA requires that income determinations for annual certifications be based on the previous 12 months, HTC requires that income determination be based on the anticipated income for the next 12 months. Additionally, HOTMA takes into consideration that changes made through interim certifications in the previous year may initiate tenant challenges which would then require the Owner/Agent to utilize the anticipated income. In response, WHEDA has concluded that anticipating income for all certifications will best meet the goals of the HTC program.
Child Support/ Alimony	YES	The income received from child support or alimony must be based upon payments received by the household, not the court ordered amount.
Student Financial Aid Income	YES	Student Financial Aid is counted as income depending on it's source and type, and can be offset by the cost of attending school. All financial assistance covered in 479B of the Higher Education Act (HEA) and the Bureau of Indian Education will be excluded from income, regardless of any excesses calculated, except in 2 circumstances. Financial assistance from other sources will always be counted, but can be offset for any excess costs left over after applying costs to HEA funds. The two exceptions to never counting HEA funds apply to students that are the head, spouse, or co-head and are either under 24, or 24 or older without dependent children. For these students you count all excess aid as income, including HEA sources. Loans are never counted as income.

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Exclude Income from Foster Adults and Foster Children per 24 CFR § 5.609(b)(8)	YES	Income of foster children or foster adults* is excluded from the family's calculation of annual income. In addition, payments received for the care of foster children and foster adults are excluded as income. Please note foster children and foster adults are not counted for eligibility purposes but are counted to determine unit size. *Subject to change per IRS guidance.
Use of "Means-Tested" Income	NO	HTC does not permit the use of "Means-Tested" income from all sources. HOTMA allows means testing for Section 8 programs from a variety of sources, including WIC and SSI. However, only income calculations from Public Housing Authorities for Section 8 voucher holders may be used in Wisconsin for Section 42. HTC Form 520 is available for that purpose. (Updated 5/20/2024).
HUD's Hierarchy of Verification	YES	Refer to 3.5 Verification Hierarchy on pages 121-125 of HUD's 2023-10 Notice . Please note the Work Number and copies of paystubs for employment and award letters for SS and Pensions are listed as acceptable sources of income verification.
PBRA (PHA/Administrator) income determination required	YES	When using a PHA or other administrators' determination of income, the Owner/Agent must obtain a completed PHA Income Determination Certification (HTC 520), which states the household size and annual gross income. Note, if the PHA or Section 8 administrator is the HTC owner/agent for the property, HTC Form 520 is not available for the project. Certifications of income must be performed using documentation in accordance with program requirements.
TBRA (PHA/Administrator) income determination required	YES	When using a PHA or other administrators' determination of income, the Owner/Agent must obtain a completed PHA Income Determination Certification (HTC 520), which states the household size and annual gross income. Note, if the PHA or Section 8 administrator is the HTC owner/agent for the property, HTC Form 520 is not available for the project. Certifications of income must be performed using documentation in accordance with program requirements.
De Minimis Errors	NO	The "De Minimis Errors" calculation method is not permissible for HTC (subject to change per IRS guidance).
Earned Income Disregard (EID)	N/A	EID is available only to families that are participating in the program as of 1/1/24. They may continue to receive EID benefits until the allowable timeframe expires. All EID benefits expire as of December 31, 2025.
ASSETS		
Revised ASSET EXCLUSIONS per §24 CFR 5.603 (3)	YES	Asset Exclusions and Limitation on Assets Resource Sheet.pdf (hudexchange.info) . HUD's 2023-10 Notice mentions 24 CFR 5.609(b). See Attachment F.
Checking Account	YES	Utilize the current balance for checking accounts. The six-months average is no longer used.
Imputed Asset Threshold §24 CFR 5.609(a)	YES	Through HOTMA, HUD raised the imputed asset threshold from \$5,000 to \$50,000 for 2024. This figure will be adjusted annually for inflation. Asset income is imputed only for those assets where the actual income cannot be computed when total assets exceed the imputed asset threshold. Changes are also reflected on the updated TIC (HTC Form 300) and Under \$50,000 / Zero Asset Certification (HTC 600) Self-Certification form. https://www.federalregister.gov/d/2023-01617/p-46

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Under \$50,000 Asset Self-Certification per § 24 CFR §§ 5.603; 5.609; 5.618; 5.659; 891.105; and 891.415(a)(2) at RECERTIFICATION	YES	<p>When the combined value of all net family assets has a total value of \$50,000 or less, the family must include, on its self-certification of assets (Updated HTC Form 600) that the net family assets do not exceed \$50,000, the amount of actual income the family expects to receive from such assets, and that this amount is to be included in the family's income. (See, § 5.618(b)).</p> <p>Federal Register :: Housing Opportunity Through Modernization Act of 2016:</p> <p>WHEDA's initial position was that at Move in, O/A must verify all assets and at Recertification, assets less than \$50,000 can be attested to in a affidavit, but must be verified at least every 3 years. The IRS may issue further guidance. This policy is changed with this update to allow for self-certification of assets when the total is less than \$50,000 for all certifications. Owners / Agents are encouraged to seek guidance from their investors and tax advisors before instituting this change. See the HOTMA FAQ for detailed information if making a decision to rely on self-certification of assets.</p>
Passbook Rate per 24 CFR § 5.609(a)(2)	YES	Passbook Rate of 0.40% effective January 1, 2024; updated annually by HUD.
Annual Imputed Asset Threshold and Passbook Rate		<p>Around August each year, HUD will calculate the inflation factor for the imputed asset threshold and passbook rate to become effective January 1st of the next year. The updated figures will be posted at https://www.huduser.gov/portal/datasets/inflationary-adjustments-notifications.html</p>
NOTED Asset Exclusions	YES	Settlements recovered in any civil action based on a claim of malpractice, negligence, or other breach of duty owed to a family member that resulted in a disability and Federal tax refunds or refundable tax credits are excluded from net family assets for a period of 12 months after receipt by the family. The amount of the settlement and/or refund must be deducted from the cash value of the asset.
Restrictions on eligibility for households with Real Estate or assets over \$100,000 §24 CFR 5.618(a)(ii)	N/A	https://www.federalregister.gov/d/2023-01617/p-74
OTHER		
Annual Self-Certifications of Income allowed after move-in (year one)	SEE NOTES	<p>For mixed income properties, recertifications of income, household composition and student status is required. In the Extended Use Period (EUP), self-recertification of income is exceptable.</p> <p>In 100% properties, recertification of income following move-in is not required. Annual certification of household composition and student status is always required.</p>
Tenant Income Certification Form (TIC) Form 300	YES	Owner/Agents may continue to use a TIC generated from their software provider as long as it maintains the required components until software can be updated. Full implementation is required by January 1, 2025. WHEDA has an updated TIC (HTC Form 300) available on our Forms page for our partners who manually produce the TIC.

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General Release Form	NO	Currently, WHEDA is not contemplating the creation of a new form for HTC. Although the form has not been a requirement of the IRS, for logistical reasons, it has been our understanding Management Agents have their own applicant authorization form that has been in-place for many years. It is recommended, but not required, each household member aged 18 and older sign a General Release Form which remains effective over the duration of their tenancy. (Updated May 20, 2024)
Self-Certification of Social Security number	YES	HTC requires owner/agents to collect and report the last 4 digits of household member's SSN. Under HOTMA, applicants/residents are permitted to self-certify their social security number after the PHA/MFH Owner has attempted to first obtain a valid SSN card issued by the SSA or an original document issued by a federal or state government agency that contains the name and SSN of the individual, accompanied with acceptable identifying information. There is no requirement to maintain verification methods or documentation in the HTC file. (Updated May, 20, 2024)