

**To:** Owners and Managers of Low Income Housing Tax Credit Projects  
**From:** OHFA, Office of Program Compliance  
**Re:** Handbook 4350.3 Rev-1 Change 3 Implementation for Tax Credit Project  
**Date:** July 27, 2009

Change 3 to Handbook 4350.3 Rev-1, *Occupancy Requirements of Subsidized Multifamily Housing Programs*, was issued on June 23, 2009. The tax credit program relies upon the 4350.3, particularly Chapter 5, for guidance regarding the calculation of household income. The following changes, August 1, 2009, appear to impact the calculation of income for tax credit households. The most significant change addresses how income is treated for households receiving Section 8 assistance. HUD has clarified that the rules regarding financial aid in excess of tuition, is income **only** for the calculation of income for purposes of the Section 8 Program. Excess financial income is not considered income for purposes of the tax credit program unless the household is receiving Section 8 assistance. Change 3 includes a number of revisions to program rules applicable to the Section 8 program. Managers of Section 8 properties are encouraged to review Change 3. The 4350.3 can be downloaded at [www.hud.gov/offices/adm/hudclips/handbooks/hsg/4350.3/](http://www.hud.gov/offices/adm/hudclips/handbooks/hsg/4350.3/).

Change 3 to Handbook 4350.3 Rev-1:

- Clarifies that for Section 8 programs only any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965, from private sources, or from an institution of higher education, shall be considered income to that individual. It is not considered annual income for persons over the age of 23 with dependent children. "Financial assistance" does not include loan proceeds. Note: This paragraph also does not apply to a student who is living with his/her parents who are applying for or receiving Section 8 assistance. Reference: Exhibit 5-1.
- Requires that the unearned income of foster children, and the earned and unearned income of foster adults, be included in the income calculation as income. Reference: Page 5-7, Figure 2. Questions have recently arisen regarding how foster adults and children should be identified on the OHFA Compliance Tool. Foster adults can be identified as an "Unrelated Adult"; foster children can be identified as an "other child".
- Clarifies that the same requirements for treatment of Federal Government pension funds paid directly to an applicant's/tenant's former spouse pursuant to the terms of a court decree of divorce, annulment, or legal separation also applies to Uniformed Services pensions and other state, local government, Social Security or private pension funds. Reference: Page 5-14, Paragraph 5-7.G.5.
- Includes a policy owners and managers must use when qualifying a live-in aide. Reference: Pages 3-8 through 3-10.