



**Housing Finance
Agency**

Housing Development Assistance Program (HDAP) *Compliance Manual*



Multifamily HOME Investment Partnership, National Housing Trust Fund (NHTF), Ohio Housing Trust (OHTF) and HOME Investment Partnerships American Rescue Plan Program (HOME-ARP) Programs

Note: All of the calculation examples in this manual use the 2026 HUD asset limitation threshold of \$52,787. HUD changes this threshold amount annually. Owners/management agents must ensure they use the current HUD threshold amount when qualifying applicants/tenants.

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Introduction

The Ohio Housing Finance Agency (OHFA) administers the HOME Investment Partnerships Program (HOME), National Housing Trust Fund (NHTF) program, Ohio Housing Trust Fund (OHTF) program, and HOME – American Rescue Plan (HOME-ARP) program. Ohio projects that have received these funds are subject to specific rules designed to ensure they remain affordable throughout the required period of affordability. OHFA’s Housing Development Assistance Program (HDAP) Compliance Manual is designed to assist owners/management agents with maintaining compliance with the regulatory requirements associated with these funds in multifamily projects.

OHFA is responsible for monitoring compliance of projects that receive HOME and HOME-ARP funds in accordance with U.S. Department of Housing and Urban Development (HUD) regulations contained in § 24 CFR Part 92 as well as [Notice CPD-21-10](#). Projects that receive NHTF funds are monitored in accordance with NHTF regulations contained in § 24 CFR Part 93. Projects that receive OHTF funds are monitored in accordance with HUD HOME regulations with a few exceptions. **Unless a provision is noted as “HOME only,” “NHTF only,” or “OHTF only,” all provisions in this manual apply to all three programs. HOME-ARP provisions are described separately.**

Owners/management agents must have a thorough understanding of program requirements and compliance monitoring procedures. Failure to comply with program requirements may have very serious consequences including acceleration of repayment of funds. OHFA recommends owners/management agents receive compliance training before certifying or leasing HDAP-assisted units.

Note: *OHFA HDAP forms may be amended from time to time. Owners/management agents should routinely check OHFA’s website to ensure the most updated forms are used to qualify residents.*

Disclaimer

The publication of this manual is for convenience only. Owners/management agents use of or reliance upon any of the provisions or forms contained herein does not, expressly or impliedly, directly or indirectly, suggest, represent, or warrant that your project will be in compliance with the requirements of 24 CFR Part 92, 24 CFR Part 93, or 24 CFR Part 570, or other applicable regulations, as amended. OHFA hereby disclaims any and all responsibility of liability which may be asserted or claimed arising from reliance upon the procedures and information or utilization of the form links in this manual.

Due to the complexity of federal and state regulations and the necessity to consider their applicability to specific circumstances, owners/management agents are urged to consult with their company attorney, accountant, and/or consultant regarding HDAP requirements.

OHFA’s obligation to monitor compliance with the requirements of the regulations does not make OHFA or its subcontractors liable for an owner’s noncompliance.

Some calculation examples and charts contained within this manual are used by the permission of [Costello Compliance](#) and [US Housing Consultants](#).

Section 1:

**Overview,
Affordability
Periods,
and Funding
Agreement**

This manual includes Housing Opportunity Through Modernization Act of 2016 (HOTMA) provisions from the HOTMA Final Rule and HUD Notice H 2023-10/PIH 2023-27 “Implementation Guidance: Sections 102 and 104 of the Housing Opportunity Through Modernization Act of 2016.” Sections 102 and 104 of HOTMA redefine income and asset calculations and verification requirements. Further information on HOTMA and OHFA guidance is [found here](#).

Note: HOTMA resources may be amended from time to time.

For a quick and very useful reference on HOTMA changes, view Appendix G-HOTMA Crosswalk.

Any future HUD CPD HOTMA guidance shall supersede any guidance in this manual and OHFA will announce any change through our email subscription listing service.

Owners/management agents should ensure all staff associated with a project have enrolled in OHFA’s e-mail subscription listing which provides OHFA’s latest news on policies, forms, regulations and more. [Click here to join our email list](#).

Overview

Basic information on the various HDAP programs is outlined below.

HOME Investment Partnership Program (HOME)

HOME was created through the passage of the Cranston Gonzalez National Affordable Housing Act in 1992. HOME is a type of federal assistance provided by HUD and used to provide affordable housing. HOME is the largest Federal block grant awarded to states and local governments each year. The program is administered through participating jurisdictions (PJs). The Ohio Department of Development is the PJ for Ohio and subgrants HOME funds to OHFA for multifamily housing developments. PJs not only allocate HOME funds, but they also monitor funded projects for continued compliance with HOME regulations.



Further information is found here: [HOME Investment Partnerships Program](#).

The Federal HOME Regulations are found here: [24 CFR Part 92 – Home Investment Partnerships Program](#).

2025 HOME Final Rule

On January 6, 2025, HUD published a [Final Rule in the Federal Register](#) that revises and updates the requirements governing HOME to make the program easier to administer and lower housing costs. HUD's 2025 HOME final rule fact sheet can be [found here](#).

After certain delays and revisions by HUD, the regulatory changes implemented through the 2025 HOME Final Rule became effective on April 20, 2025. HUD allows a “one-year compliance period” for Participating Jurisdictions (PJs)/HFAs to implement the new Rule or by April 20, 2026 HUD also allows flexibility to apply most provisions of the Rule for all HOME projects so long as it is addressed in the PJs written policies or a compliance manual. With this said, OHFA will retroactively implement all provisions of the rule (with the exception of the new tenant protections which HUD delayed until October 30, 2025) to **all** OHFA HOME-funded projects. The use of the new HOME rule is mandatory for initial certifications and recertifications which are effective February 1, 2026 and going forward.

OHFA will not take any enforcement actions for file noncompliance with the new HOME rule until January 1, 2026.

Note: The new HOME rule changed the verbiage of ‘the affordability period’ to ‘the period of affordability’. Since this manual provides instruction on all HDAP programs, OHFA will continue to use ‘the affordability period’ throughout this manual. Importantly, the new HOME rule does not apply to NHTF projects.

Further information on OHFA’s implementation of the new HOME Rule can be [found here](#).

Funding Agreements

The new HOME rule outlines five exceptions in which funding agreements made prior to April 20, 2025 cannot be amended and these include:

1. **Certain costs allowed to be reimbursable** under § 92.206(d)(1) and (2) may only be included in written agreements for projects if the participating jurisdiction committed the HOME funds for the project on or after April 20, 2025.
2. **Requesting an increase in maximum per-unit subsidy up to 10% to cover costs associated with meeting green building standards** in accordance with § 92.250(c) is only permitted for projects if the participating jurisdiction committed the HOME funds for the project on or after April 20, 2025.
3. Use of the **revised dollar thresholds for the periods of affordability** in §§ 92.252 and 92.254 is only permitted for projects if the participating jurisdiction committed the HOME funds for the project on or after April 20, 2025.
4. **Tenant protections** provided in § 92.253, including the tenancy addenda requirements in § 92.253(b) through (d), apply for rental housing projects if the participating jurisdiction committed the HOME funds for the project, entered into the rental assistance contract, or entered into an agreement to provide security deposit assistance on or after April 20, 2025.
5. The **revisions to the roles of community housing development organizations (CHDOs)** in owning, developing, and sponsoring affordable housing in § 92.300 only apply if the participating jurisdiction committed the community housing development organization set-aside funds for the project on or after April 20, 2025.

Note: HUD delayed the effective date of provisions #2 and 4 to October 30, 2025. HUD will issue additional guidance on provision #4 (tenant protections), specifically if the provision can be applied retroactively for projects allocated HOME funds before April 20, 2025. Without this guidance, new projects (i.e. those allocated funds on/after April 20, 2025) will have more specific tenant protections and rights than older HOME funded projects. For the new tenant protections, HUD will develop three new tenant lease addendums, one for each type of HOME rental activity (i.e., rental housing, tenant-based rental assistance, and security deposit assistance). Publication and guidance of these lease addendums is not known as of the publication of this manual.

National Housing Trust Fund (NHTF)

The NHTF was established by the Housing and Economic Recovery Act of 2008 to provide funds to states to use for affordable housing activities with a focus on producing rental housing for extremely low-income households. At least 80% of NHTF funding must go to rental activities. Up to 10% can be used for homeownership, and up to 10% can be used for the grantee's reasonable administrative and planning costs.

NHTF program requirements are found here: [HUD's NHTF website](#) and [§ 24 CFR Part 93 - Housing Trust Fund](#).

Ohio Housing Trust Fund (OHTF)

The Ohio Housing Trust Fund (OHTF) was created in 1991 and has been a flexible state funding source that supports activities such as construction, rental assistance, emergency repair, accessibility modifications and homeless prevention.

Additional information is found here: [Ohio Housing Trust Fund - Ohio Department of Development](#)

HOME-ARP (American Rescue Plan)

On April 8, 2021, HUD announced the state of Ohio was allocated funding as part of the HOME-American Rescue Plan Act (HOME-ARPA) for homelessness assistance and assistance to other vulnerable populations. Projects receiving HOME-ARP funding must comply with all traditional HOME project standards applicable to rental projects required in [24 CFR Part 92 – Home Investment Partnerships Program](#), specifically 24 C.F.R. §92.251 paragraphs (a), (b), (c)(1), (e), and (f).

Under this program, HUD requires the following targeting requirements:

Qualifying Populations (QPs) Units: All HOME-ARP-assisted rental units must serve an individual or family that meets one of the following four QPs:

1. Homeless as defined in 24 CFR 91.5 — Definitions
2. At risk of homelessness as defined in 24 C.F.R. §91.5
3. Fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking (all defined in 24 C.F.R. §5.2003), or human trafficking (as defined in 42 U.S.C. §7102)
4. Other populations in which providing supportive services or assistance in 42 U.S.C. §12742(a) would prevent a family's or individual's homelessness or would serve those with the greatest risk of housing instability, including the following:
 - ▶ Households who have previously qualified as homeless as defined in No. 1 above but are currently housed due to temporary or emergency assistance
 - ▶ ≤30% area median gross (AMI) households experiencing severe cost burden by paying more than 50% of household income toward housing costs
 - ▶ ≤50% AMI households that meet one of the conditions of being "at risk of homelessness" as defined above in No. 2

5. Preferences Among QP:

- ▶ Veterans and families that include a veteran family member who meets the criteria for one of the qualifying populations as described above

Owners/management agents must use the [HOME-ARP Qualifying Population Verification](#) form to verify an applicant/tenant meets one or more of the Qualifying Populations (QP) criteria in accordance with HUD's HOME-ARP rules. This form is to be used only for initial certifications (i.e., new move-ins). It should not be used for recertifications throughout the affordability period. It also should not be used for HOME, NHTF or OHTF assisted units.

Rent Limits: HOME-ARP rent may not exceed 30% of the adjusted income of a household whose annual income is equal to or less than 50% of the median income for the area as determined by HUD (i.e., low HOME rents). HOME-ARP-assisted units are restricted for low-income households and must comply with the rent limitations found in [CFR Part 92.252\(a\)](#).

Further information can be [found here](#).

Household Income: At initial occupancy and each subsequent year during the affordability period, owners/management agents must determine annual income in accordance with [24 CFR 5.609](#).

A household that meets the definition of one or more qualifying populations at initial occupancy remains a qualifying household throughout its period of occupancy irrespective of changes in income or whether it continues to meet a “qualifying populations” definition (i.e., no longer qualify as homeless after being admitted to a HOME-ARP unit).

QPs households are eligible for HOME-ARP-assisted units solely by meeting one of the four QPs. OHFA is not required to perform an initial determination of household income except as necessary to determine an affordable rental contribution by a qualifying household or establish income eligibility for another program, like LIHTCs. In other words, HOME-ARP will always be layered with LIHTC. Therefore, income verification is required for this program.

Note: *Projects receiving HOME-ARP funding must comply with all traditional HOME project standards applicable to rental projects required in 24 CFR Part 92 - Home Investment Partnerships Program, specifically [24 CFR 92.251](#) paragraphs (a), (b), (c)(1), (e), and (f).*

Further information is found here: [HOME-ARP Program](#) and the [Final HOME-ARP Implementation Notice – HUD](#).

Other HOME-ARP Resources:

- [HOME-ARP Qualifying Populations At-A-Glance](#)
- [HOME-ARP Qualifying Populations Definitions and Required Documentation](#)
- [HOME-ARP Fact Sheets](#)

Additional Compliance Requirements

1. Referral Methods

- ▶ Must be used throughout the period of affordability
- ▶ Must provide access to all four Qualifying Populations (QPs)
- ▶ Must prioritize qualifying households according to any preferences (i.e., allows one household to be referred before another or provides priority to a specific QP or subpopulation) and methods of prioritization (i.e., determines the order of referral of a household who qualify for a preference). One example of a method of prioritization is the length of time homeless for homeless household
- ▶ Owners/management agents must collect documentation to demonstrate QP eligibility
- ▶ Must comply with all applicable nondiscrimination and equal opportunity laws and requirements listed in 24 CFR 5.105(a) and any other fair housing and civil rights laws and requirements

2. Tenant Selection Plan (TSP)

Owners/management agents must ensure the project's TSP contains the following items in order to comply with OHFA's TSP Guidelines and HOME-ARP rules:

- ▶ **Referral Process:** Description/explanation on how the owner/management agent will document the referral process for the HOME-ARP assisted units
- ▶ **Verification Documentation:** Description/explanation of what proof will be used to show the HOME-ARP units meets one of the qualifying population criteria
- ▶ **Preferences:** If the project has preferences among the QP (i.e. veterans, elderly), description/explanation on the process for tenant selection (i.e. through the wait list)

Reference [OHFA's Tenant Selection Plan Guidelines](#) which may be amended from time to time for further information.

3. Floating Units

OHFA allows HOME-ARP assisted units to float. If an owner/management agent determines a unit needs to float, it cannot float to an existing household in the project who does not meet a QP criteria or QP preferences. In other words, the owner/management agent must float the unit to a new move-in unit only in order to comply with the QP criteria.

Key Players

There are several key roles or players in the HDAP Program.

HUD

HUD is the federal agency responsible for national policy and programs, such as HDAP, that address America's housing needs, improve and develop the communities, and enforce fair housing laws.

Funds for HOME are appropriated annually to HUD who in turn distributes the funds to states and certain localities by the following formula:

- 40% HOME funds are allocated to states.
- 60% HOME funds are allocated to localities.

HUD determines each state's NHTF formula allocation amount on an annual basis and publishes a notice in the Federal Register announcing the availability of funds.

Participating Jurisdictions (PJs)

PJs are states and localities who receive HOME funds from HUD. PJs will then commit and distribute these funds to HFAs (Housing Finance Agencies) such as OHFA who then sub-allocates HOME funds to owners of affordable housing.

Sub-recipients

Sub-recipients are public agencies or nonprofit organizations selected by OHFA to administer all or some of its HDAP funds. Public agencies or nonprofit organizations who receive HOME funds solely as developers or owners of housing projects are not sub-recipients.

Community Housing Development Organizations (CHDOs)

A CHDO is a private nonprofit organization that meets the qualification requirements in HOME regulations and has the experience and knowledge to develop affordable housing projects. PJs perform an evaluation of the organization qualifications and designate them as CHDOs. Each PJ must set aside 15% of its annual allocation for housing developed or sponsored by a CHDO.

Owners and Management Agents

Owners/management agents also play a key role in HDAP projects. Reference Appendix A of this manual for further information on owners/management agents responsibilities.



Affordability Periods

The affordability period is the length of time for which a project must continue to remain in program compliance and meet its specified requirements, as outlined in the application and HDAP funding agreement. The funding agreement establishes the parameters of the affordability period. The affordability period for HOME rehabilitation is at least 15 years, and HOME new construction is at least 20 years or as outlined in the funding agreement. NHTF has a minimum affordability period of 30 years. OHTF affordability period is also 30 years, but it can vary. HOME-ARP is typically 30 years but can be longer.

When Does the Affordability Period Begin?

The start of the affordability period for HOME, HOME-ARP, and NHTF is based upon when a project is completed or what is outlined in the HDAP funding agreement.

- ⇒ Project completion means all necessary title transfer requirements and construction work have been performed.
- ⇒ The project complies with the requirements under 24 CFR § 92.2, including property standards under CFR § 92.251 and 24 CFR § 570.
- ⇒ The final drawdown of HDAP funds has been disbursed for a project.
- ⇒ The project completion information has been entered into HUD's Integrated Disbursement and Information System (IDIS).

Owners/management agents must review the project's HDAP funding agreement to confirm the project's affordability start date.

Fixed Versus Floating Units

A project's Funding Agreement will outline whether the program assisted units are fixed or floating units.

Fixed units: The program assisted units remain the same throughout the affordability period. Specific units are designated as assisted units and those units will remain assisted throughout the affordability period. Any non-assisted units at a project with fixed program units will remain non-assisted and can be rented without regard to rent and income restrictions.

Floating units: The program assisted units may change during the affordability period so that the total number of assisted units meets the requirements set out in the application and recorded funding agreement or because of noncompliant units due to over-income households. Each substituted unit must be comparable in terms of size, features, and number of bedrooms to the originally designated program assisted unit.

Note #1: *If all units in a project are program assisted units, then the units are considered fixed units. In a project with a mix of program assisted and non-assisted units, the assisted units may be fixed or floating.*

Note #2: *OHFA allows HOME-ARP assisted units to float. If an owner/management agent determines a unit needs to float, it cannot float to an existing household in the project who does not meet a QP criteria or QP preferences. In other words, the owner/management agent must float the unit to a new move-in unit only in order to comply with the QP criteria.*

Funding Agreement

The owner signs a deed restriction with OHFA which ties HDAP requirements to the project through a funding agreement. It is important the owner/management agent understand the content and requirements of the funding agreement

OHFA's funding agreements have varied in organization and content over time. The following outlines funding agreement requirements. The descriptions are based on federal regulation requirements.

Use of the funds – The agreement must describe the amount and use of the funds, including tasks performed, schedule for completing tasks and a project budget.

Deadlines (NHTF only) – The agreement must state the time requirements for the commitment and expenditures of NHTF funds and specify the remaining funds will be reduced or captured.

Audit (HOME, HOME-ARP and NHTF only) – The agreement must specify a recipient will submit to the grantee a cost certification performed by a certified public accountant and annually submit an audit performed.

Affordability including rent and rent increases – The agreement must require that units assisted with HDAP funds meet the income and rent affordability requirements and must require repayment of the funds if the housing does not meet the affordability requirements throughout the affordability period. HOME and HOME-ARP requirements are identified in § 92.252 or § 92.254. NHTF requirements are identified in § 93.302 or § 93.304.

The agreement must establish:

- Initial rents
- Procedures for rent increases
- Number of HDAP units
- Size of the HDAP units
- Designation of the HDAP units as fixed or floating
- The address (e.g., street address and apartment number) of each HDAP unit no later than the time of initial occupancy

Tenant Protections (HOME and HOME-ARP only) – The agreement must require compliance with the tenant protections outlined in the HOME regulations. If the PJ or sub-grantee (OHFA) has approved an occupancy preference or restriction (§ 92.253(d)), this must be stated in the agreement. Because OHFA treats OHTF like the HOME program, tenant protections must also be followed.

Note: *The 2025 HOME Final Rule outlines additional tenant protections which apply only to projects allocated funding on/after April 20, 2025 or until HUD issues additional guidance.*

Property Standards – The agreement must require the project meets the applicable standards upon project completion. The agreement must also require owners of HDAP-assisted units to maintain the housing in compliance with the applicable standard for the duration of the affordability period.

Initial Occupancy – The agreement must require that the units assisted with HDAP funds meet the initial occupancy deadlines.

Affirmative marketing – The agreement must require use and occupancy obligations and affirmative marketing.

Requests for disbursement of funds – The agreement must specify the developer may not request disbursement of funds under the agreement until the funds are needed for the payment of eligible costs. The amount of each request must be limited to the actual amount needed.

Records and reports – The agreement must specify the particular records that must be maintained and the information or reports that must be submitted in order to assist OHFA in meeting its recordkeeping and reporting requirements.

Enforcement of the agreement – The agreement must provide for a means of enforcement of the affordable housing requirements by the PJ, OHFA, and the intended beneficiaries.

Duration of the agreement – The agreement must specify the duration of the agreement.

Fees – The agreement must prohibit project owners/management agents from charging fees that are not reasonable and customarily charged in rental housing. All fees must be approved by OHFA for HOME, HOME-ARP and NHTF- assisted units. Further information is found in Section 3 of this manual.

The funding agreement also outlines certain program requirements as follows:

- ⇒ Federal Requirements & nondiscrimination established in CFR § 92.350
- ⇒ Displacement/relocation/acquisition requirements (**HOME and HOME-ARP only**)
- ⇒ Labor requirements (**for HOME and HOME-ARP projects**) such as federal prevailing wage rates and labor standards. NHTF projects are subject to state prevailing wages.
- ⇒ Conflict of Interest
- ⇒ Violence Against Women Act (VAWA)

Section 2:

**OHFA and Owner/
Management Agent
Responsibilities**

There are several key roles, players, and responsibilities associated with the HDAP program. Reference **Appendix A** for further information.

Section 3:

**Leasing and
Initial Occupancy
Requirements**



Initial Leasing and Lease-Up

HOME Only

Two deadlines apply to the initial leasing of HOME-assisted units:

1. Within six months of the date of project completion, all HOME-assisted units must be occupied by a HOME-eligible household.
2. If a HOME unit is not occupied by a HOME-eligible household after six months, the owner must submit a new marketing plan to HUD
3. Within 18 months of project completion, if any HOME-assisted unit is not yet occupied by a HOME-eligible household, the PJ is required to repay the amount of HOME funds invested in the unoccupied HOME-assisted units to HUD

Failure to meet these deadlines constitutes a breach of the HOME agreement. The owner may be responsible for paying the PJ the amount of HOME funds invested into any unoccupied HOME-assisted unit(s).

Lease Requirements

Project leases must be for at least one year, unless the owner/management agent and the applicant/tenant mutually agree to a shorter period, but it can never be for a period less than 30 days. If the tenant has agreed to a different lease term, the agreement should be documented in the tenant's file by using an [OHFA Clarification Record](#) to fully explain the situation.

Importantly, an owner/management agent may not terminate the tenancy or refuse to renew the lease of a tenant who resides in an HDAP-assisted unit, except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable federal, state or local law, or for other good cause. Good cause does not include an increase in the tenant's income. To terminate or refuse to renew tenancy, the owner/management agent must serve written notice upon the tenant specifying the grounds for the action and providing a specific period for vacating that is consistent with state or local law. For HDAP-assisted units, the owner/management agent must provide the tenant with a 30-day notice for all terminations, except exigent safety matters. Good cause applies to all HDAP-assisted units. Further information can be found in [24 CFR § 93.303 -- Tenant protections and selection](#).

In addition to a lease, owners/management agents must use [OHFA's HOME/HOME-ARP/NHTF Lease Addendum](#) for each HOME, HOME-ARP, or NHTF-assisted unit. Note, this addendum may be used at projects with Section 8 assistance when the HUD model lease is used. This addendum is not required for OHTF-assisted units.



Affirmative Fair-Housing Marketing

Owners/management agents of HDAP projects are responsible for marketing the assisted units regardless of the number of assisted units. However, projects with 5 or more HDAP units, have specific marketing requirements to ensure the project is marketed to those persons least likely to apply because of language barriers or other protected class issues.

Owners/management agents of HDAP projects must develop and implement an Affirmative Fair Housing Marketing Plan (AFHMP) in accordance with HUD and OHFA requirements. Owners/management agents must regularly review and update the plan and use affirmative fair housing marketing practices in soliciting renters, determining eligibility, and concluding all transactions. Affirmative marketing includes actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status (persons with children under 18 years of age, including pregnant women), or disability.

Owners/ management agents are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant- based rental assistance.

Further information is found in [24 CFR § 93.350 - Affirmative Marketing](#) and [OHFA's Affirmative Fair Housing Marketing Plan Guidance](#), which may be amended from time-to-time.

Fees

Owners/management agents may not charge fees that are not reasonable and customarily charged in rental housing per 24 CFR § 93.204(b)(4) and 24 CFR §92.214.

However, fees considered reasonable and customary may be charged, such as application fees and parking fees if such fees are customary for rental housing in the neighborhood. Fees for services such as bus transportation or meals may also be charged, as long as the services are voluntary and fees are charged only for services provided. An eligible tenant cannot be charged a fee for the work involved in completing the forms or documentation required for certifying eligibility, such as the Tenant Income Certification.

HOME, HOME-ARP, and NHTF regulations requires fees to not create an undue burden to the household. OHFA is required to approve fees charged to tenants.

Assuming fees are truly optional, fees may be charged for elected services or additional amenities (such as pet fees, fees for extra storage units, etc.) and these fees would not be included in the gross rent calculation. For LIHTC projects with HDAP funding, services which are excluded from eligible basis such as pet fees, cable TV, Wi-Fi/ internet, coin-operated washers and dryers, garages, carports, and storage fees may be charged in addition to rent but cannot be included in the gross rent.

Note: *OHTF projects follow the HOME regulations regarding fees.*

Optional Vs Non-optional Fees

Any fee that is charged for a service that is a condition of occupancy (i.e., a fee for a service that is non-optional/ mandatory) must be included in the gross rent calculation when checking rent against the applicable rent limit. Assuming they are truly optional, fees may be charged for elected services or additional amenities (such as pet fees, fees for extra storage units, etc.) and these fees would not be included in the gross rent calculation.

A service or amenity is considered optional only if:

1. A tenant may opt out of the service or amenity without penalty and still move in or continue to live at the project and “reasonable alternatives” exist.
2. “Reasonable alternatives” exist.

Note: *Any services the tenant pays for that are provided by the project (whether optional or non-optional) must be listed in the tenant’s lease with the cost of each individual service clearly listed.*

Fees with Accessibility Requests

Fair Housing Modification and Accommodation Requests

The Fair Housing Act prohibits a housing provider from refusing to permit, at the expense of the person with a disability, reasonable modifications of existing premises occupied by such a person if such modification may be necessary to afford such person full enjoyment of the premises. For further information reference [24 CFR Part 100](#).

Projects receiving federal funds must pay the cost of modifications. Projects that do not receive federal funds must permit the modification at the tenants’ expense. If a tenant pays for the expense of modifications, landlords may not charge tenants a fee for the modifications.

Section 504 Reasonable Modification Requests

Reasonable accommodation requests must comply with the requirements under Section 504. Reasonable accommodations may include changes in rules, policies, practices, or services when necessary to afford persons with a disability equal opportunity to use and enjoy dwellings, including public and common use spaces, or in federally assisted programs or activities. For further information, reference [24 CFR 100.204](#). Housing providers must provide and pay for such reasonable accommodations unless doing so is considered an undue financial or administrative burden. Housing providers may not charge tenants a fee for making reasonable accommodation requests.

Transfers and Make-Rent-Ready Fees

Fees for transfers or to make rent ready must not exceed the average out-of-pocket costs to process unit transfers and may not include expenses to make units ready involved in transfers. Any costs that are due by residents who are transferring from one unit to another must be labeled appropriately. Costs must only include the actual costs of a transfer (e.g., the cost of paperwork and administrative time to process a transfer). An example of an appropriate charge would be tenant-caused damage deemed in excess of normal wear and tear. An example of what cannot be charged is painting or carpet cleaning since these are normal costs associated with turning a unit.

Allowed Fees

For a fee to be allowable, it must be reasonable and customary, and be approved by OHFA. Information on fees for HDAP projects with LIHTC funding is found in Section 8 of [OHFA's LIHTC Compliance Manual](#). Remember a fee which is a condition of occupancy must be included in the gross rent calculation when checking rent against the applicable rent limit.

Community Room Usage or Rental Fee	Deposits may be charged if fully refundable and the room is left clean and undamaged. Owners must have clearly written policies.
Coin-operated Laundry or Other Vending Machines	Note for LIHTC projects with HDAP: <i>Machines may have fees if they are not included in eligible basis. This also includes rentable machines that may not be part of a common area.</i>
Extra Parking or Storage Fees	Allowed if there is at least one alternative available, such as free parking.
Application Fees	Charging application fees is allowed. Fees charged must be for reimbursement for owners' actual out-of-pocket costs when screening, such as the actual cost to complete a credit background check. These fees would not be included in the gross rent.
Security Deposits	Security deposits must be fully refundable if a unit is left reasonably clean and does not have damages beyond normal wear and tear.

Pet Deposits and Monthly Pet Rent	<p>Pet deposits must be fully refundable if a unit is left reasonably clean and the pet(s) did not cause damages beyond normal wear and tear.</p> <p>Monthly pet fees should be no more than \$30 total, not per pet.</p> <p>Owners cannot charge non-refundable deposits and monthly pet fees; it must be one or the other. Pet fees are not allowed for companion/service animals.</p>
Late Rent Fees	<p>Fees may be charged if the rates are explicitly spelled out in writing either in the lease or a lease addendum. Late fees must be reasonable.</p>
Service Fees	<p>Fees, such as for lockouts and key losses, may be charged if the rates are explicitly spelled out in writing either in the lease or a lease addendum. Service fees must be reasonable.</p>
Maintenance Fees	<p>Maintenance completed by owners but is normally required to be completed by the households, such as changing unit light bulbs or removing furniture, may be charged if the rates are explicitly spelled out in writing either in the lease or a lease addendum. Maintenance fees must be reasonable.</p>
Unit Transfer Fees	<p>Transfer fees must not exceed the actual out-of-pocket costs to process a unit transfer and may not include expenses to make the original apartment ready to rent again.</p>
Lease Breakage Fees	<p>Fees must be worth no more than two months' rent and release tenants from any further liability. Fees are not allowed when a lease breakage is due to a VAWA request. If tenants terminate their leases pursuant to RC 5321.07(A)(3), lease termination/breakage fees shall not apply.</p>
Monthly or One-time Processing or Rebill Fee	<p>When tenants do not put utility services in their names at time of move-in, a fee is limited to \$10 per month per utility.</p>
Mandatory Renter's Insurance	<p>If renter's insurance is required as a condition of occupancy, then the amount of renter's insurance must be included in the gross rent calculation. In this scenario, the owner/ management agent must obtain proof of renter's insurance for the tenant, locate the annual premium, and divide by 12 to obtain a monthly cost of renter's insurance. This monthly cost must be added to the tenant-paid rent portion, tenant-based rental assistance, the utility allowance, and any other non-optional fees when calculating gross rent.</p>
Fees for Making Online Payments	<p>The fee may not exceed the actual costs incurred by the owner/ management agent for offering online payment. <i>Reference the example shown on the next page.</i></p>

Example: Fees for Making Online Payments

Some owners/management agents may accept online payment of rent. A convenience fee may be charged to the tenant and this fee would be considered optional if the tenants have alternative methods of paying rent that do not include a fee (e.g., cash, money order, check, etc.).

In this scenario, the online payment would be an optional service offered for the tenants' convenience. The amount of the fee for paying online, as well as a list of all accepted alternative methods of payment, must be disclosed to all tenants. Furthermore, the fee may not exceed the actual costs incurred by the owner/management agent for offering online payment.

Owners/management agents must keep documentation showing the actual costs of processing online payments and the amount of the fee being charged to tenants. If online payments are the only means of paying monthly rent, then the fee is not optional, but rather a condition of occupancy (as paying rent is a condition of occupancy). In this case, the fees for online payments would have to be included as part of the gross monthly rent calculation.

Fees Not Allowed:

Further information can be found in [24 CFR § 93.204 – Prohibited Activities and Fees](#) for NHTF and [24 CFR § 92.214](#) for HOME projects.

Tenant Selection Plan (TSP)

Owners/management agents must develop a formal written policy that clearly states the procedures and criteria the owner/management agent will consistently apply in drawing applicants from the waiting list, screening for suitability for tenancy, and implementing income targeting requirements. The TSP must state whether or not there are any restrictions or preferences in the admission of tenants.

As part of our mission, OHFA seeks to reduce barriers to housing and to further that goal, all projects financed through OHFA must have a TSP. [OHFA's Tenant Selection Plan Guidelines](#) provide guidance for property owners/management agents on what must be included in a project's TSP.

Note: *It is acceptable to call the TSP a “resident selection plan” or “qualifying criteria.” Compliance with the Mandatory Elements in the TSP Guidelines is a requirement for all projects funded by OHFA. The Tenant Screening Criteria section contains recommended best practice.*



Violence Against Women Act (VAWA)

The 2013 and 2022 reauthorizations of the Violence Against Women Act (VAWA) expanded the Act's original coverage to include projects funded through many, but not all, HUD programs. Those programs are referred to as “covered programs.” HUD then issued a final rule effective December 16, 2016 in 24 CFR Part 5 Subpart L “Protection for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking” to identify requirements specific to HUD-funded projects and to provide a list of all covered programs. The final rule and subsequent program-specific HUD regulations expanded VAWA protections to the HOME and NHTF programs as outlined below.

- HUD implemented specific VAWA regulations for the HOME program in 24 CFR 92.359. Per that regulation, VAWA requirements only apply to HOME projects “for which the date of the HOME funding commitment is on or after December 16, 2016.”
- HUD implemented specific VAWA regulations for the NHTF program in 24 CFR 93.356. Per that regulation, VAWA requirements apply to all projects assisted with NHTF.
- As HOME-ARP is monitored in accordance with 24 C.F.R. § 92.251 paragraphs (a), (b), (c)(1), (e), and (f), VAWA requirements apply to all rental projects with HOME-ARP funding. OHFA also requires VAWA requirements apply to OHTF-assisted units.

Further information is found in [OHFA's Policy on VAWA](#), which may be amended from time to time.



Determining Household Size

Determining household size is critical for determining income and rent limits for a unit. Owners/management agents must determine all persons living or intending to live (i.e. within the next 12 months) in the unit during the certification year and all persons that consider the unit their primary residence. OHFA advises all owners/management agents to be consistent when accepting or rejecting applications. Occupancy guidelines/requirements must be incorporated into a project's written Tenant Selection Plan.

Under HOTMA, one of the most substantial changes concerns foster adults and children. They no longer are counted for income limit purposes.

Household” vs. “Family”

Technically, HUD considers a “household” to include all persons who are legal residents (including fosters and live-in aides), while “families” are members counted for income limit purposes (excluding live-in aides and fosters). This distinction is crucial for many HUD rules, primarily relating to expenses and allowances. As this distinction is less vital for the programs covered by this Manual and the term “family” is often believed to imply that persons must be related by blood or marriage, OHFA uses the term “household” to describe those counted toward the income limits. The few times that fosters or live-in assistants relate to passages herein, the context will make the meaning of the term “household” clear, or the difference will be explained.

Treatment of Foster Adults and Children

Under HOTMA, foster adults or children are used for occupancy bedroom size standards but are no longer counted for income limit purposes. Their incomes and any assets are not counted. They are now treated like a live-in aide.

HOTMA Definitions - Foster Child and Adult

Foster child: A member of a household who meets the definition of a foster child under state law and, in general, is placed with a family by an authorized placement agency (e.g., public child welfare agency)

Foster adult: A member of a household who is 18 years of age or older, meets the definition of a foster adult under state law, is unable to live independently due to a physical and/or mental condition, and is placed with a family by an authorized placement agency

Reminder: When a member of a household is temporarily placed in foster care, that member is still counted as a household member for the unit from which he/she was removed. This is why the treatment of foster children was changed under HOTMA to avoid double-counting foster children in their new and old units.

Permanently Confined Household Members

4350.3 3-6 E 4 h

When a household member is permanently confined to a hospital or nursing home, the household determines whether to count that member as part of the household. If the absent member is counted as part of the household, his/her income is included in the household income.

Military Members

4350.3 5-6 C, HB-2-3560 6.9 A 3

Household members in the military who have a spouse and/or child(ren) in a unit are included. HUD encourages some leniency. A military member and his/her children might NOT be considered household members when grandparents are temporarily caring for their grandchildren while a parent in the military is deployed on active duty even though the military member's dependents are in the unit.

Owners/management agents might not consider temporary guardians as household members (or count the temporary guardian's incomes) when those guardians are in a unit solely to care for the children of a household member that is on active duty.

Unborn Children and Child Custody

An owner must count an unborn child (or children) when determining household size and applicable income limits. The owner must obtain a self-certification from the household certifying the pregnancy and such statements must be placed in the tenant file. If the unborn child has been self-certified by the household, then it must be included in household size. Per the HUD Handbook 4350.3 Appendix 3, the owner "may not verify further than self-certification."

Additionally, when determining household size, owners should include children subject to a joint custody agreement, if such children live in the unit at least 50% of the time.

Unborn children are also counted as non-students for purposes of the student rules.

Live-In Aides

A person with disabilities qualifies for reasonable accommodation under the Fair Housing Act. A common accommodation is to have a person live with a disabled person because of disability-related needs and not to count that person or their income toward the income limits.

Definition of a Live-in Aide

A person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities, and who:

- Is determined to be essential to the care and wellbeing of the person(s)
- Is not responsible for the financial support of the person(s) and will not contribute materially to a household
- Would not be living in a unit except to provide necessary supportive services to a person within a unit

A live-in attendant may never be a dependent of a household. The live-in aide can be a family member/relative so long as they meet the requirements as outlined above.

For instance, adult children often return home to care for an elderly parent. Court cases have established that even a spouse may qualify if it can be proved that the live-in aide spouse would truly not have been in the unit except to provide assistance. It is important in these cases that the facts be examined, that the eligibility of a live-in aide is carefully documented, and that legal counsel is sought, if necessary.

The necessity of a live-in aide who is not counted toward the income limits must be verified by a qualified third party. They are also subject to the same criminal background check applied to all persons living at the project. They are not leaseholders. This means that, although they may be listed as residing in the unit on the lease, they are not signers of the lease. They do not have any surviving rights to reside in the unit once the person that they are caring for vacates the unit.

Although not used for income limit, student status, or income calculation purposes, a live-in aide will be counted when determining the correct unit size per the owner/agent's occupancy policy.

Household Size Inclusions

All persons living or intending to live in a unit during a certification year, including:

- Children who:
 - ▶ Live in a unit 50% of the time or more
 - ▶ Are away at school
 - ▶ Are being adopted
 - ▶ Are unborn
- A future spouse or roommate
- Temporarily absent persons:
 - ▶ Work-related
 - ▶ Hospitalization
- Military household members on active duty if a tenant is:
 - ▶ Head of household, co-head, or spouse of the head/co-head **or**
 - ▶ A dependent or spouse in a unit

Household Size May Include:

- Other types of military household members
- Persons permanently confined to a hospital or nursing home:
 - ▶ Each household decides if such persons are to be included.
 - ▶ If a person is included, then any income received by that absent member must be included when determining household size.
 - ▶ This person cannot be listed as head, co-head, or a spouse of the head/co-head

Household Members Do NOT Include:

- Guests
- Live-in aides/attendants for elderly or disabled household members
- Foster adults or children

Section 4:

**Income and
Rent Limits, and
How to Handle
Over-Income
Households**

This section provides guidance on how to properly apply HDAP income and rent limits.

Income Limits

To remain in compliance, HDAP units must be income and rent restricted and occupied by income qualified households, based on the income limits published annually by HUD. The owner/management agent must ensure that the correct set of income limits is being utilized based on the applicable funding sources. OHFA releases separate sets of income limits for different programs as required by HUD. Limits remain in effect until the new annual limits are officially published by HUD. New limits must be implemented by the HUD released implementation date.

Household income must be determined in a manner consistent with [24 CFR 5.609](#) methodology (commonly known as the “Part 5 Methodology” or “Section 8 methodology”) of calculating annual income as described in Chapter 5 of the HUD Handbook 4350.3. When determining if a household’s income is at or below the applicable income limit, the earned income from each adult household member 18 years of age or older and the unearned and asset income of all members of household (regardless of age) must be included in the total household income calculation. HOME income limits are based on the area median income (AMI). HOME limits are county or Metropolitan Statistical Area (MSA) specific and may go up or down any given year. The HUD very low (50% AMI) limits apply to LOW HOME units. High HOME limits are the HUD low income (80%).

National Housing Trust Fund (NHTF) income limits are HUD’s extremely low limits, which are the higher of the 30% limits or the poverty level for an area, capped at the very low (50%) limits.

For further information reference [HOME Rent Limits](#) and [HTF 24 CFR 93.302 \(a\) & \(b\)](#).

Note: *Ohio Housing Trust Fund (OHTF) units follow the HOME income limits.*

Rent Limit Terminology and Restrictions

The rent limit is the maximum rent amount published annually by HUD per bedroom size. The published rent limit includes tenant-paid rent plus utility allowance plus tenant-based rental assistance plus any non-optional charges. Therefore, tenants generally cannot actually be charged the rent limit unless all utilities are owner-paid, the tenant does not receive rental assistance, and there are no additional non-optional charges.

The **gross rent** for a unit is the sum of:

$$[\textit{tenant portion rent}] + [\textit{utility allowance}] + [\textit{non-optional charges}] + [\textit{tenant-based rental assistance}]$$

The gross rent may never exceed the rent limit.

Gross Rents are rounded down to the nearest dollar.

NEVER ROUND UP!

The **maximum allowable rent** is the most the owner/management agent is permitted to charge for rent once tenant-paid utilities (except telephone, cable television, and internet) and other non-optional charges are deducted. The maximum allowable rent can never exceed the rent limit. Maximum allowable rent may also be referred to as the “maximum chargeable rent” or the “net rent.”

The **tenant-paid rent or lease rent** is the actual rent charged to the household by the owner/management agent, as defined in the lease. The lease rent may never exceed the maximum allowable rent or the applicable published rent limit

Each project has a **gross rent floor**, defined as the lowest rent limit that the owner will ever be required to implement for a particular project. The gross rent floor is the rent limit in effect at the time the HDAP funds are awarded. If the current applicable limits drop below the gross rent floor, the owner/management agent is not required to accept lower rents.

HOME Only

Projects with five or more HOME-assisted units

Initial occupancy at project completion:

- At least 80% of all HOME-assisted units must be initially occupied by households with annual gross incomes at or below 60% of the area median income with rents at or below the High HOME rent limits.
- At least 20% of the HOME-assisted rental units must be initially occupied by households with annual gross incomes at or below 50% of the area median income with rents at or below the Low HOME rent limits unless a greater percentage is specified in the funding agreement.

Note for HOME projects with LIHTC funding: *The 2025 HOME Final Rule allows the LIHTC rent limit for low HOME units. This removes the Low HOME cap on LIHTC units that are Low HOME. Further information is found on page 35 of this manual.*

- The remainder of the HOME-assisted rental units must be initially occupied by households with annual gross incomes at or below 80% of the area median income with rents at or below the High HOME rent limits.

Subsequent to initial occupancy:

- The minimum percent of the HOME-assisted units designated in the funding agreement must continue to be occupied by households with annual gross incomes at or below 50% of area median income with rents at or below the Low HOME rent limit. The remaining HOME-assisted units must be occupied by households with annual gross incomes at or below 80% of the area median income with rents at or below the High HOME rent limit.

Projects with fewer than five HOME-assisted units

Initial occupancy at project completion:

- All HOME-assisted units must be initially occupied by households with annual gross incomes at or below 60% of the area median income with rents at or below the High HOME rent limit.

Subsequent to initial occupancy:

- All HOME-assisted units must continue to be occupied by households with gross annual incomes at or below 80% of area median income, with rents at or below the High HOME rent limit.

Rent Limits

Note: A project will never have to decrease the rents for HOME-assisted units below the HOME rent limits that were in effect at the time of project commitment.

HOME Units with Project-Based Rental Assistance (PBRA)

Rent limits do not apply to any rental assistance or subsidy payment provided under a Federal, State, or local rental assistance or subsidy program. If a household lives in a project-based rental assistance unit (e.g., PBV, PBRA, or Section 811 PRA) under a subsidy program in which the tenant-paid rent portion is no more than 30% of the household's monthly adjusted income or 10% of the household's monthly gross income, then the owner may ignore the rent limit and accept the rent allowable under the rental assistance program.

HOME units with Tenant-Based Rental Assistance (TBRA)

Rent limits do not apply to any rental assistance or subsidy payment provided under a Federal, State, or local rental assistance or subsidy program. If a household receives tenant-based rental assistance (e.g., a Housing Choice Voucher) under a subsidy program in which the tenant-paid rent portion is no more than 30% of the household's monthly adjusted income or 10% of the household's monthly gross income, then the owner may ignore the rent limit and accept the rent allowable under the rental assistance program.

Low HOME units with LIHTC

If a Low HOME unit is also a Low Income Housing Tax Credit (LIHTC) program unit, the owner agent may ignore the HOME rent limit and instead charge the rent allowable under the LIHTC program.

HOME-ARP Only

Units Restricted for Occupancy by Qualifying Households (QP)

The HOME-ARP rent must comply with HUD's rent requirements and may not exceed 30% of the adjusted income of a household whose annual income is equal to or less than 50% of the median income for the area, as determined by HUD (i.e. low HOME Rents). In no case can the HOME-ARP rents exceed 50% AMI. A unit that receives project-based rental assistance and is occupied by a QP that pays no more than 30% of its adjusted income in rent may charge the rent allowable under the subsidy program.

NHTF Only

HUD provides maximum NHTF rents:

1. Extremely low-income households (ELI): Rent plus utilities cannot exceed the greater of 30% of the federal poverty line OR 30% of the income of a household whose annual income equals 30% of the AMI adjusted for bedroom size.
2. Very low-income households (VLI): Rent plus utilities cannot exceed 30% of the income of a household whose annual income equals 50% AMI adjusted for bedroom size.

Set-Aside	Income Limit	Rent Limit
Extremely Low-Income At least 75% of NHTF Units	Not to Exceed ELI (Higher of 30% area median income (AMI) or area poverty level)	ELI Rent
Very Low-Income No more than 25% of NHTF Units. Only available in years where NHTF funding exceeds \$1 Billion	Not to Exceed VLI (50% AMI)	VLI Rent



HERA Hold Harmless limits do not apply to NHTF units. Like the HOME program, NHTF limits may decrease or increase any year.

Owners/management agents are required to decrease rents if rents are at the NHTF limit and the limits decrease. Also, if the utility allowance increases, rent may need to be decreased to remain under the applicable income limit.

Further information is found in the [NHTF Rent Limits](#).

NHTF units with Project-Based Rental Assistance (PBRA)

Rent limits do not apply to any rental assistance or subsidy payment provided under a Federal or State project-based rental assistance or subsidy program. If a household lives in a project-based rental assistance unit (e.g., PBV, PBRA, or Section 811 PRA) under a subsidy program in which the tenant-paid rent portion is no more than 30% of the household’s monthly adjusted income, then the owner may ignore the rent limit and accept the rent allowable under the rental assistance program.

NHTF units with Tenant-based Rental Assistance (TBRA)

If a household in an NHTF-assisted unit receives tenant-based rental assistance (e.g., a Housing Choice Voucher), the rental assistance portion must be included in the gross rent calculation. Therefore, the gross rent is calculated as tenant rent + utility allowance + non-optional charges + tenant-based rental assistance amount. Gross rent cannot exceed the NHTF rent limit.

OHTF Only

Ohio Housing Trust Fund (OHTF) units follow the HOME income and rent limit requirements.



Calculating Rent Limits for Households Without Rental Assistance

- ⇒ Determine the AMI% level (set-aside) the household fits into based on the project's application.
- ⇒ Determine the utility allowance for the unit based on bedroom size.
- ⇒ Determine the total maximum allowable rent. Maximum allowable rent equals the applicable HOME rent limit (based on the AMI level) minus the utility allowance and any non-optional fees

Example 1: With a Utility Allowance

Household Size: 3 persons
Annual Income: \$26,000
AMI: 60%
Maximum 3-bedroom HOME rent (60% Unit): \$700
Utility Allowance: \$100

Maximum Tenant Rent: \$600
(*\$700 limit - \$100 UA*)

Example 2: Without a Utility Allowance

Household Size: 3 persons
Annual Income: \$26,000
AMI: 60%
Maximum 3-bedroom HOME rent (60% Unit): \$700
Utility Allowance: \$0 (owner pays all utilities)

Maximum Tenant Rent: \$700
(*\$700 limit - \$0 UA*)

Note: The 2025 HOME Final Rule made significant changes to rent limits and are as follows:

1. If a HOME-assisted unit is a LIHTC unit and has rents not greater than the gross rent for rent-restricted residential units as determined under section 42(g)(2) of title 26 then it shall be a Low HOME Rent unit.
 - LIHTC rents are acceptable for low HOME units. This removes the Low HOME cap on LIHTC units that are Low HOME.
2. When a family receives rental assistance, whether tenant- or project-based, the other program rent is acceptable for HOME. The HOME Low and High rents do not apply. Meaning, the tenant portion of the rent is no longer capped at the HOME rent limits.

Subsidized Tenants in HOME Units

Prior to the 2025 HOME Final Rule

Prior to 2025, HOME regulations required that tenant rent AND subsidy be added together to compare that amount to the HOME rent limits. There was an exception for Low HOME-qualified tenants in PBRA units.

Example: Rent Limits and Subsidy Pre-2025

Section 8 Contract Rent:	\$930
Low HOME rent:	\$730
High HOME rent:	\$825

Sanford and his son moved into a Low-HOME unit at a Section 8 property. He pays \$250, based on 30% of his income. His section 8 assistance pays the remainder of the contract rent amount of \$680.

$$\$680 + \$250 = \$930 \text{ contract rent}$$

Amount of subsidy the owner can keep: **\$680** [contract rent less the tenant rent]

Amount of subsidy the owner cannot keep: **\$0** [all subsidy can be collected for Low HOME PBRA]

At his second recertification, Sanford begins to receive periodic payments from an annuity, and his income increases to exceed the very low limits. His portion of the rent is \$700.

Amount of subsidy the owner can keep: **\$125** [the High HOME limit less the tenant rent]

Amount of subsidy the owner cannot keep: **\$105** [the High HOME standard up to the contract rent]

Under the 2025 HOME Final Rule

When a family receives rental assistance, whether tenant- or project-based, the other program rent is acceptable for HOME. The HOME Low and High rents do not apply. Meaning, the tenant portion of the rent is no longer capped at the HOME rent limits.

HOME and Rental Assisted Units

Example

Barry moved into a Low HOME unit and has a Housing Choice Voucher (HCV). The owner requests that the PHA determine a reasonable rent standard for the area under HCV rules, not based on HOME or LIHTC rents applicable to the project. The PHA establishes the standard and Barry's portion of the rent alone is significantly more than the HOME rent usually applicable to the unit, and the subsidy paid by the PHA makes the combined total even higher.

The owner may **collect the correct HCV tenant rent and the subsidy that the PHA will pay, per the HCV standard.**

The following year, Barry no longer needs the subsidy and relinquishes the subsidy, per HCV rules. **The owner may collect the Low HOME rent.**

Note: For households living in HOME-assisted units, any rental assistance provided to the household under a federal tenant-based rental assistance program or any federal or state project-based rental subsidy provided to the HOME rental housing unit shall not be counted as tenant income for purposes of determining annual income.

Example

- Section 8 maximum rent for a unit is \$1,200
 - Applicable Low HOME Rent Limit for a unit is \$750
 - Utility Allowance is \$100
 - Tenant Adjusted Income is \$18,000
- ⇒ **Rent** = $\$18,000 / 12 \times 30\% = \450
- ⇒ **Tenant rent payment** = $\$450 - \100 (utility allowance) = $\$350$
- ⇒ **PHA rent payment to the owner** = $\$1,200 - \$350 = \$850$

Due to the 2025 HOME Final Rule, the Section 8 maximum rent is acceptable (\$1,200 instead of \$750). The Low HOME rent limit does not apply.

LIHTC Units and HOME Units

Under the 2025 HOME Final Rule

If a HOME-assisted unit is a LIHTC unit and has rents not greater than the gross rent for rent-restricted residential units as determined under section 42(g)(2) of title 26, then it shall be a Low HOME rent unit.

- LIHTC rents are acceptable for low HOME units. This removes the Low HOME cap on LIHTC units that are Low HOME.

Section 42(g)(2) is the LIHTC rent limit calculation rule. The LIHTC rule refers to the minimum set-aside provision at 42(g)(1), immediately before the rent provision. Therefore, the HOME rent rule is satisfied if the rent based on the minimum set-aside is charged. This means a 50% LIHTC rent for a 20-50 minimum set-aside project and a 60% for a 40-60 minimum set-aside project.

Example #1

Mary Lou moved into a floating Low HOME unit that is also an LIHTC project with a 40-60 minimum set-aside. The owner charges up to the 60% LIHTC rent. There is no conflict with the HOME program.

Example #2

Next year at Mary Lou's recertification, she is over-income for the Low HOME unit, and therefore the unit was redesignated a High HOME unit in accordance with HOME rules. Her rent is now capped at the High HOME rent for the project.

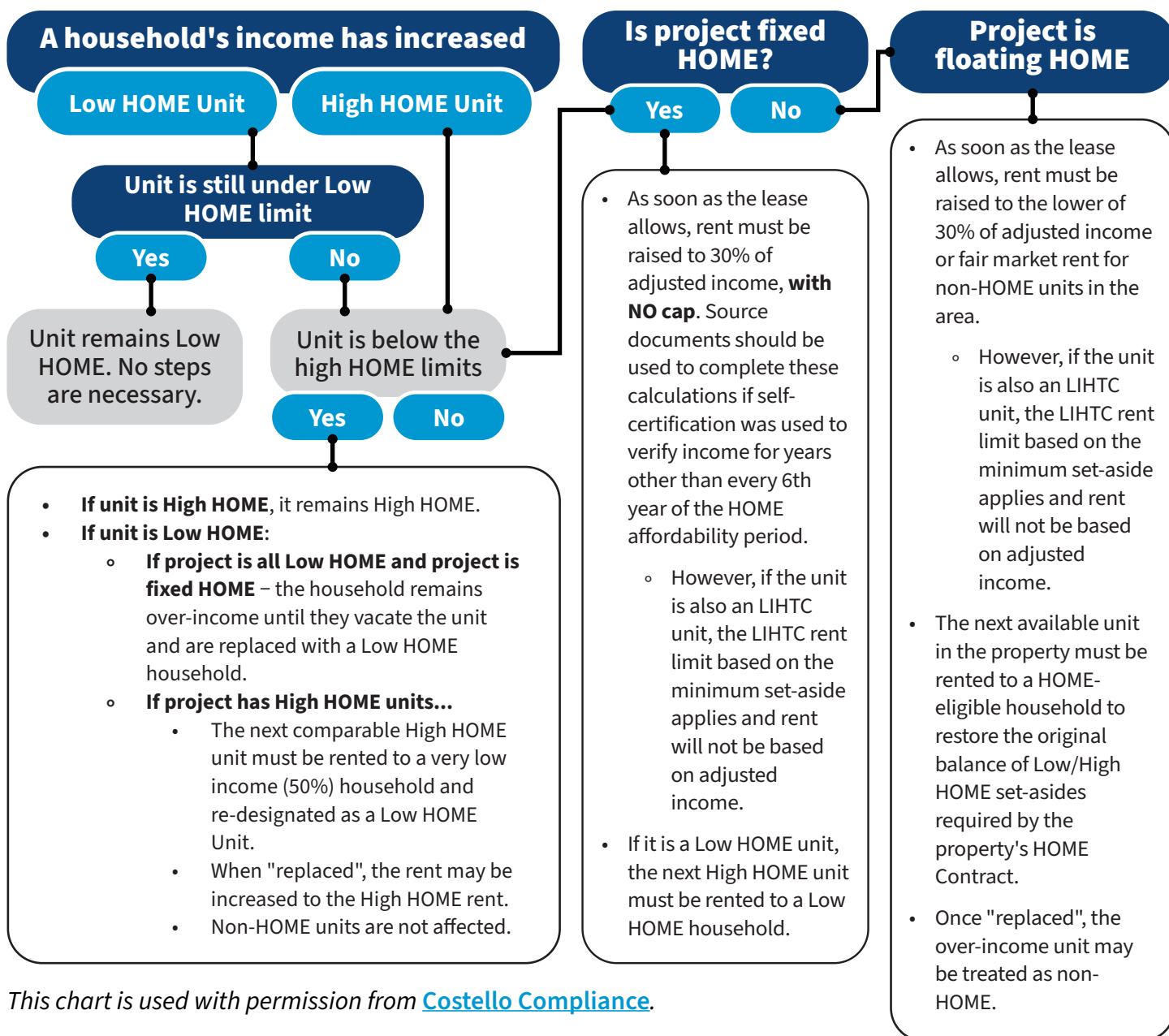
Project Based Rental Assistance and NHTF Rents

NHTF rents include any tenant-based subsidy that a household is receiving. This however does not apply to project-based subsidy. For example, if a tenant in an NHTF assisted unit also has Section 8 rental assistance, they may pay the rent based on 30% of adjusted income without concern for the NHTF limit.

Over-Income Households and Temporarily Noncompliant Unit(s) (HOME Only)

A household residing in a HOME-assisted unit is considered to be “over-income” when total household income exceeds 80% of AMI, or when total household income exceeds 50% AMI in a Low-HOME unit (a unit designated at 30%, 40%, or 50% AMI). When this occurs, the tenant rent is generally calculated based on 30% of adjusted income, capped at fair market rent for the area for a floating HOME unit. However, the 2025 HOME Final Rule clarifies that a tenant in a HOME unit subject to rent restrictions under the LIHTC program must pay a rent amount that complies with the LIHTC program. Reference the following chart and Appendix B for further information:

Flow Chart | Increases of Income | Home



This chart is used with permission from [Costello Compliance](#).

When a household becomes over-income, the HOME-assisted unit it occupies is considered to be “temporarily noncompliant.” Temporary noncompliance is permissible and does not penalize the owner/management agent as long as the correct steps are followed to restore the proper unit mix. Certain rules go into effect to correct the unit mix depending on whether the over-income household occupies a fixed or floating HOME-assisted unit. Over-income households may never be evicted or otherwise have their tenancy terminated solely because their income increased.

Helpful Tip:

In a unit that is both HOME-assisted and part of the LIHTC program, the tax credit over-income rule (known as the 140% Rule) overrides the HOME over-income rules. In LIHTC projects with HOME funding, the HOME over-income rule is never applied. Instead, the rent amount must comply with the LIHTC program.

Over-Income Households in Fixed Units (Over 80% AMI)

When the owner/management agent conducts an annual income recertification and determines that a household occupying a fixed HOME- assisted unit exceeds 80% of AMI, the unit is considered to be temporarily out of compliance. When the household income is determined to exceed 80% of AMI, the rent must be raised as soon as the lease permits. At a minimum, the owner/management agent must provide at least 60 days written notice before implementing any increase in rent. Instead of following the applicable HOME rent limit, the household must be charged 30% of adjusted income in rent. However, if the unit is also part of the LIHTC program, the 2025 HOME Final Rule clarifies the unit is subject to the tax credit rent restrictions and therefore pays a rent amount that complies with the LIHTC program.

When is a unit back in compliance?

The unit is considered back in compliance when one of the following scenarios is met:

- ⇒ The over-income household vacates and a new qualified household moves into the unit. Remember that the over-income household cannot be evicted or otherwise terminated because of the increase in income; or
- ⇒ The over-income household recertifies and income no longer exceeds 80% of AMI either due to an increase in the income limit and/or a decrease in household income.

Over-income households in **Floating Units (Over 80% AMI)**

When an owner/management agent conducts an annual income recertification and determines a household's income occupying a floating HOME- assisted unit exceeds 80% of AMI, the unit is considered to be temporarily out of compliance. When the household's income is determined to exceed 80% of AMI, the rent must be raised as soon as the lease permits. At a minimum, the owner/management agent must provide at least 60 days written notice before implementing any increase in rent. Instead of following the applicable HOME rent limit, the household will be charged 30% of adjusted income in rent (not to exceed the rent on a comparable market unit in the area). However, if the unit is also part of the LIHTC program, the 2025 HOME Final Rule clarifies the unit is subject to the tax credit rent restrictions and therefore the household pays a rent amount that complies with the LIHTC program.

When is a unit back in compliance?

The unit is considered back in compliance when one of the following scenarios is met:

- ⇒ The over-income household vacates and a new qualified household moves into the unit. Remember the over-income household cannot be evicted or otherwise terminated because of the increase in income; or
- ⇒ A non-assisted unit (i.e. a market unit or other unit not currently a HOME-assisted unit) becomes vacant and is re-designated as a HOME-assisted unit. In this scenario, the over-income unit is re-designated as a non-assisted unit. Therefore, the units swap status. The substituted unit becomes an assisted unit and must be a "comparable unit," defined as a unit that is equal or greater than the original unit in terms of size, number of bedrooms, and amenities; or
- ⇒ The over-income household recertifies and their income no longer exceeds 80% of AMI, either due to an increase in the income limit and/or a decrease in household income.

Example

A household moved into a 50% HOME unit with a qualified income. Annual income recertification shows the household is now at 93% AMI. Since total household income exceeds 80% of AMI, the household is considered over-income and the unit is temporarily noncompliant. When the lease permits, the management agent must increase the household's rent to 30% of adjusted income (not to exceed the rent on a comparable market unit in the area).

To remedy the temporary noncompliance:

- When the household vacates, the unit must be once again rented to a household that qualifies at or below 50% AMI; or
- A vacant, comparable non-HOME-assisted unit is converted to a 50% HOME unit and the temporarily noncompliant unit is converted to a non-assisted unit; or
- The over-income household recertifies and their income no longer exceeds 80% AMI.

Re-designating Low HOME units that exceed 50% AMI

If a project with HOME units has both High HOME (60% or 80% AMI) and Low HOME (30%, 40%, or 50% AMI) units, the units may have to swap status to keep the proper unit mix. This rule applies regardless of whether the units are fixed or floating.

If a household is designated as Low HOME (30%, 40%, or 50% AMI) and exceeds the Low HOME income limit (i.e., the 50% AMI limit), the unit is temporarily noncompliant even though household income does not exceed 80% AMI. In this scenario, the unit remains temporarily noncompliant until a High HOME unit (unit at 60% or 80% AMI) is vacated. At this point, the units swap status. The vacant High HOME unit becomes a vacant Low HOME unit and must be rented to a household at 30%, 40%, or 50% AMI depending on the set-aside assigned to temporarily noncompliant unit. The temporarily noncompliant unit is re-designated as a High HOME unit at the appropriate set-aside and rent may be increased when the lease permits.

Helpful Tip:

- Until the units swap status, the temporarily noncompliant unit remains rent-restricted at the applicable Low HOME rent restriction.
- For a helpful flow chart* on how to handle HOME over-income tenants, reference Appendix B of this manual.

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Adjusting Rents Due to Tenant Income Increases (HOME Only)

When household income changes, the owner/management agent may raise rents to the applicable rent limit, but are not obligated to do so until the AMI level of the household exceeds 80%. Once the household income exceeds 80% AMI, the household must be charged 30% of its adjusted income for rent. For floating units, households that exceed 80% of AMI are not required to pay rent that exceeds the market rate for comparable non-assisted units in the neighborhood. Rent can only be increased when allowed by the lease, and at a minimum, the owner must provide at least 60 days written notice before implementing any increase in rent.

The following charts outline the maximum rents tenants can be charged for projects that are either funded only with the HOME program or are funded in conjunction with the LIHTC program.

Rent Limits for HOME

HOME Designated AMI Level	“Fixed” Unit <i>Rent Cannot Exceed</i>	“Floating” Unit <i>Rent Cannot Exceed</i>
Units at 30%	30% rent limit	30% rent limit
Units at 40%	40% rent limit	40% rent limit
Units at 50%	50% rent limit	50% rent limit
Units at 60%	60% rent limit	60% rent limit
Units at 80%	80% rent limit	80% rent limit
Household exceeds 80% AMI	<p>When the lease allows, rent must be adjusted to 30% of adjusted household income</p> <p><i>*If the HOME unit has LIHTC funding, the unit is subject to rent restrictions under the LIHTC program and must pay a rent amount that complies with the LIHTC program</i></p>	<p>When the lease allows, rent must be adjusted to 30% of adjusted household income, not to exceed market rent for a comparable unit in the area</p> <p><i>**If the HOME unit has LIHTC funding, the unit is subject to rent restrictions under the LIHTC program and must pay a rent amount that complies with the LIHTC program</i></p>

⇒ Households must be given at least a 60-day notice prior to increasing rents.

Rent Limits for HOME when Combined with LIHTC

HOME Unit Designated AMI Level	Allowable Rent when Combined with LIHTC
At 30%	Lesser of the 30% rent limit or the applicable LIHTC rent limit
At 40%	Lesser of the 40% rent limit or the applicable LIHTC rent limit
At 50%	Lesser of the 50% rent limit or the applicable LIHTC rent limit
At 60%	Lesser of the 60% rent limit or the applicable LIHTC rent limit
At 80%	Lesser of the 60% rent limit or applicable LIHTC rent limit
Above: 80%	<p>If a household's income increases above the 80% income limit and the unit has both HOME and LIHTC, the applicable LIHTC limit will apply. The household is not considered an over-income unit until the income exceeds 140% of the LIHTC minimum set-aside for the project (either exceeds 140% of 50% AMI or 140% of 60% AMI).</p> <p>In this scenario, follow the LIHTC "Next Available Unit Rule," not the HOME over-income rule. However, the unit may still need to be re-designated from low-HOME to high-HOME. However, the 2025 HOME Final Rule clarifies that a tenant of a HOME unit subject to rent restrictions under the LIHTC program must pay a rent amount that complies with the LIHTC program.</p>

⇒ Households must be given at least a 60-day notice prior to increasing rents.

Over-Income Households in NHTF Assisted Units Only

NHTF-assisted units continue to qualify as an affordable housing unit despite temporary noncompliance caused by increases in the incomes of existing tenants if the owner/management agent maintains the correct unit mixes.

A household is over-income when at recertification:

- ⇒ **For Very Low Income (VLI) units:** they exceed the very low-income (50% AMI) limit.
- ⇒ **For Extremely Low Income (ELI) units:** they exceed the extremely low-income limit (lesser of 30% AMI or poverty level) limit.

Note: An existing tenant can also become over-income when the household size decreases, or the HUD published NHTF income limits decrease.

OHFA Approval of HOME/NHTF/HOME-ARP Rent Increases

In order to comply with 24 CFR 92.252, 24 CFR 93.302 (c) (2), and the 2025 HOME Final HOME Rule, OHFA is required to review and approve rents annually for all HOME, NHTF and HOME-ARP assisted projects during the affordability period. Rent increases for HOME, NHTF and HOME-ARP tenants is limited to a maximum of \$25 per month.

Additionally, any increase in rent for HOME, NHTF and HOME-ARP-assisted units is subject to the provisions of the current lease and tenant landlord law, and a 60- day written notice must be provided before implementing any increase in rents.

Note: *The \$25 rent cap is not applicable toward HOME/NHTF/HOME-ARP units which also have HUD TBA or PBA.*

Rent increases for HOME, NHTF, and HOME-ARP assisted units must be approved by OHFA. Owners/management agents must submit [OHFA's Annual HOME/HOME-ARP/NHTF Rent and Occupancy Report](#), which may be amended from time to time, and other required documentation to: HOMERA@OhioHome.org 30 days after the effective date of the new HUD published rent HOME and NHTF limits.

Note: *Ohio Housing Trust Fund (OHTF) units are exempt from this requirement.*

Section 5:
Utility Allowances



ELECTRIC BILL

Previous Balance	Payments Received	Payments Made	Total Charges	Adjustments	Amount Due
207.75	207.75	0.00	254.75	0.00	254.75

Item	Amount
Basic Charge	15.75
Electricity	188.00
Electricity Charges & Credits	254.75

A utility allowance represents the average monthly cost for the utilities paid by a tenant(s). Gross rent includes an allowance for tenant-paid utilities. Utilities include heating, air-conditioning, water heating, cooking, other electricity, water, sewer, oil, gas, and trash, where applicable. Utilities do not include telephone, cable television, broadband, or internet. If all utilities are included in the household's rent payment, a utility allowance is not required. When utilities are paid directly by the tenant, as opposed to being paid by the owner, a utility allowance must be used to determine maximum allowable rent. If the owner or a third-party separately bills the tenant for a utility, the payment designated for the utility must be considered as part of gross rent and may not be included in the utility allowance. The utility allowance paid by the tenant must be subtracted from the applicable rent limit to determine the maximum allowable tenant-paid rent.

For example: If the rent limit on a unit is \$450 and the tenant pays utilities with a utility allowance of \$66 per month, the maximum allowable rent chargeable to the tenant is \$384 (\$450 minus \$66).

HOME and NHTF statutes and regulations establish rent limits for assisted rental units. These are gross limits that include rent plus a utility allowance for tenant-paid utilities. Owners/management agents are required to establish maximum monthly allowances for utilities and update the allowance annually.

OHFA must approve utility allowances on an annual basis unless the owner/management agent elects to use the PHA UA. Further information can be found in [OHFA's Utility Allowance Policy](#).

Due to HUD's 2025 HOME Final Rule published January 6, 2025, HOME units can use the PHA utility allowance for all OHFA funded HOME projects. The 2013 Final HOME Rule eliminated the option for owners to use the PHA allowance for HOME units allocated funding on/after August, 2013. The 2025 HOME Final Rule reinstates the use of the PHA option for all HOME projects not just those allocated funding on/after April 20, 2025.

In addition to the PHA allowance, HUD also allows the following utility allowance sources to be used for HDAP units:

- Utility Company Estimates — Owners may obtain a local utility company’s estimate for a unit. The estimate is obtained when the interested party receives in writing information from a local utility company providing the estimated cost of that utility for a unit of similar size and construction for the geographic area. The estimate must be on a utility companies’ letterhead.
- Engineer’s Energy Consumption Model — Building owners may calculate utility estimates using an energy, water, and sewage consumption and analysis model (energy consumption model). The energy consumption model must, at a minimum, take into account specific factors, including, but not limited to, unit size, building orientation, design and materials, mechanical systems, appliances, characteristics of a building location, and available historical data. This type of estimate must be calculated by a properly licensed engineer or other qualified professional.
- HUD Utility Schedule Model (HUSM) — Owners may calculate a utility estimate using the [HUD Utility Schedule Model](#).
- Renewable Energy Source
- Or other method approved by HUD.

Of note:

- With the 2025 HOME Final Rule, HUD now lists broadband as an exclusion from utilities and services included in the UA to help clarify utilities that are not required to be part of the utility allowance. (24 CFR 92.252(b))
- Paragraph 24 CFR 92.252(d)(1) of the 2013 Final HOME Rule requires the utility allowance be determined annually. HUD did not change the requirement with the 2025 HOME Final Rule. HDAP owners must annually determine the utility allowance for the project.
- Owner of OHFA funded Ohio Trust (OHTF) projects must also comply with the utility allowance requirements as outlined above.

HOME, NHTF, HOME-ARP Projects with LIHTC Funding

Reference Section 5 of [OHFA’s LIHTC Compliance Manual](#) for further information.

Section 6:

**Compliance
Regulations**

Refer to **Appendix C** of this manual. This section highlights some of the statutory and regulatory provisions directly affecting compliance. However, the appendix is not meant as an exhaustive listing of all compliance regulations.

Section 7:

**Qualifying
Households for
Program Units**

Applicants for HDAP program units should be advised early in the application process there are maximum income limits that apply to the units. Owners/management agents should explain to potential tenants the anticipated income of all adults (and the unearned income of minors) expecting to occupy the unit must be verified prior to occupancy.

Federal HOME regulations allow various methods of calculating annual income. However, OHFA requires all owners/management agents use the methodology found in 24 CFR Part 5.609, as amended from time to time (often referred to as the “Section 8 methodology”).

For additional information on determining income eligibility, refer to the following resources:

⇒ Chapter 5 of HUD Handbook 4350.3

***CAUTION:** The current HUD Handbook has not been updated as of the publication date of this manual to include the HOTMA updates, as listed below:

- Section 1- Determining Annual Income
- Section 3- Verification
- Exhibit 5-1- Income Inclusions and Exclusions
- Exhibit 5-2- Assets
- Appendix 3- Acceptable Forms of Verification

⇒ [Housing Opportunities Through Modernization Act of 2016 \(HOTMA\): Final Rule](#)

⇒ [Notice H 2023-10 / Notice PIH 2023-27](#): Implementation Guidance: Sections 102 and 104 of the Housing Opportunity Through Modernization Act of 2016 (HOTMA)

Tenant Qualification and Certification Process



Refer to HUD program handbooks for additional guidance or clarification being presented and/or provided in this manual. The information provided is not to be considered directives on maintaining program and fair housing compliance

Tenant File and Necessary Documentation

Households are qualified for the HDAP program only if proper documentation verifying the household's eligibility is obtained and maintained in the tenant file. Forms can be found on OHFA's [compliance website](#).

Note: *Forms may be amended from time to time. The owner/management agent is responsible for ensuring the most current forms are used for tenant files.*

OHFA offers the ability for owners/management agents to submit eligible program documents with electronic signatures. In order to do so, the owner must receive initial approval from OHFA and a recertification on an annual basis thereafter. For further information, reference [OHFA's E-Signature Policy](#), which may be amended from time to time.

Tenant File Retention

Owners/management agents must maintain a tenant file for each assisted unit. All permanent documents must be kept together so they are accessible at each compliance audit.

For rental [housing](#) projects, records must be retained for five years after the [project completion](#) date. Records of individual tenant income verifications, rents and inspections must be retained for the most recent five year period, until five years after the affordability period terminates.

All households that qualify as a HDAP household should have their eligibility extensively documented. The following components are part of a complete initial move-in tenant file:

1. **OHFA Sworn Income and Asset Statement (SIAS):** For compliance purposes, this is a signed household affidavit that gathers income(s), asset(s), student status, and other relevant information.
2. **Verification of income and assets:** Most factors disclosed on the application will be verified with paperwork provided or prepared by knowledgeable third parties.
3. **Student Status:** This must be verified using [OHFA's Student Certification](#) which may be amended from time to time
4. **OHFA Tenant Income Certification (TIC):** Is completed by the management agent, not the household. The TIC summarizes the data gathered during a household's application process and compares it to applicable student status, income, and rent limits. Documents must be signed by all the adult members of a household prior to move-in and at the time of the annual recertification and must state the anticipated annual gross income of the household.
 - Management agents may also create TICs for transferring units in the same project and if they have composition updates to their units (i.e., a household member was added or removed from a unit.).

The TIC outlines:

- Information on a unit, such as number of bedrooms and square footage
- Date of move-in for the current certification
- Type of certification
- Members in a household and how they are related to the head of household
- Each household member's student status
- Household income separated by household member and source
- Rent that will be charged to a resident
- Utility allowance (if applicable)
- Demographic information

Key Points:

- Tenant paid rent is the amount that a tenant pays out-of-pocket each month.
- The gross rent (i.e., the amount a tenant pays plus the utility allowance) cannot go over the maximum amount of rent allowed for that unit/set-aside.
- The TIC is signed by all household members who are age 18 or older, not just the head, co-head, or spouse!
- The TIC is to be signed by a management agent at the same time as the household members sign it.

Note: Further information on OHFA's TIC is in the industry message [OHFA Releases a HOTMA Compliant TIC with NAHMA 8.0 Standards](#) and in the [Guidelines for a HOTMA Compliant TIC](#).

Other items that must be included in the move-in tenant file:

- ⇒ Initial tenant **application** for residency
- ⇒ **OHFA's HOME/HOME-ARP/NHTF Lease Addendum** (not applicable for HDAP OHTF)
- ⇒ **Verifications of all sources of earned and unearned income** and of all **asset sources** noted on the SIAS
- ⇒ **Any other documentation verifying the household's eligibility** (e.g., unborn child self-certification, joint custody of a child documentation, management clarification documents, etc.)
- ⇒ **Initial and subsequent leases and all lease addenda** executed by the tenant and the owner/management agent
- ⇒ Any clarification records
- ⇒ [OHFA's HOME-ARP Qualifying Population Verification form](#) (use only if the project has HOME-ARP funding and only for new move-ins)
- ⇒ A move-in/move out and annual unit inspection form
- ⇒ [HUD VAWA Lease Addendum Form 91067](#)

Form	One Form per Household Signed by All Adults	One Separate Form per Each Adult Member
SIAS	-	YES
Tenant Income Certification (TIC)	YES	-
< \$52,787 (adjusted annually) Asset Certification	YES	-
All other verification documents	-	YES
Student Status Certification (for HOME, HOME-ARP, OHTF only)	-	YES

Steps to Qualifying a Household

1	An applicant fills out a self-disclosure form of income, assets (SIAS), OHFA's student status certification, an application, and any other required forms for the project.
2	Supporting documentation is gathered and verified for income and assets.
3	Income and assets are calculated to determine a household's eligibility for affordable housing.
4	A TIC is signed by the tenant(s) and management agent.

All adults aged 18 and over are required to fill out an application. [OHFA's Applicant/Tenant Sworn Income and Asset Statement](#) and [Student Certification](#) form is also required. All questions must be answered completely leaving no blanks and without the use of correction fluid. Both forms must be completed, signed, and dated by both the household member and the management agent in ink.

Note: Signatures in pencil are not allowable.

Application

Owners/management agents provide their own application.

The following minimum requirements must be included in the application:

- The names of the individuals living in the unit
- The ages and the relationships of each household member
- Changes to the household anticipated in the next 12 months

There must be a space for each household member over the age of 18 to sign the application. This information is necessary in order to:

- Determine whose income must be counted and what rules may apply
- Ensure that the correct income limit for the household size is used

Applications may also be used to collect information on the following topics:

- Household qualifications for a special needs category, such as:
 - ▶ Elderly
 - ▶ Extremely low-income
 - ▶ Persons with certain disabilities
 - ▶ Persons who need permanent supportive housing
- Income sources
- Assets
- References
- Previous rental/housing history



Sworn Income and Asset Statement (SIAS)

Each applicant is required to fill out [OHFA's Applicant/Tenant Sworn Income and Asset Statement \(PC-E01\)](#).

The SIAS is used for the applicant(s)/tenant(s) to disclose all income and assets. The SIAS is the management agent's guide to know which income and assets to verify.

During the verification process, management agents may discover some income or assets that were not disclosed. It is not required for the applicant(s)/tenant(s) to correct the SIAS with information discovered during the verification process. However, management agents will verify or clarify any new discovery of income and assets on the TIC.

Note: *Some owners may require the SIAS is corrected. No correction fluid should be used on the SIAS. If a tenant needs to make changes, cross out the incorrect information, add the correct information, and initial and date the correction. Make sure the SIAS is signed and dated by both the management agent and tenant.*

Summary of Affected Programs: HOTMA Rule

Following is a HUD chart showing which programs (other than the public housing and Section 8 programs) are affected by various changes to the income regulatory provisions in 24CFR part 5. OHTF projects will follow the changes listed for HOME in this chart.

	HOPWA (Part 574)	HOME (Part 92)	National Housing Trust Fund (Part 93)	202/811
Net Family Assets Definition (§ 5.603)	Yes, except the value of a home of a participant receiving short-term mortgage or utility assistance under § 574.300(b)(6) or other homeownership assistance eligible under HOPWA is excluded (§ 574.310(f))	Yes, unless the participating jurisdiction chooses to calculate income using the IRS income definition. The value of a homeowner's principal residence is excluded under owner-occupied rehabilitation programs. Income or asset enhancements derived from the HOME-assisted project shall not be considered in calculating assets or annual income (§ 92.203(c)(1) and (e)(1))	Yes, unless the NHTF grantee chooses to calculate income using the IRS income definition. Income or asset enhancements derived from the NHTF-assisted project shall not be considered in calculating assets or annual income (§ 93.151(b)(1)(i) and (e)(1)).	Yes
Annual Income Definition (§ 5.609(a))	Yes (§ 574.310(d)(1) and (2) and § 574.310(e)(1) and (2))	Yes, unless the participating jurisdiction uses IRS income definition under § 92.203(c)(2) (§ 92.203(c)(1))	Yes, unless grantee uses IRS income definition under § 93.151(b)(1)(ii) (§ 93.151(b)(1)(i))	Yes (as modified in § 891.105)

	HOPWA (Part 574)	HOME (Part 92)	National Housing Trust Fund (Part 93)	202/811
Annual Income Exclusions (§ 5.609(b))	Yes (§ 574.310(d)(1) and (2) and § 574.310(e)(1) and (2))	Yes, unless the participating jurisdiction uses IRS income definition under § 92.203(c)(2) (§ 92.203(c)(1))	Yes, unless grantee uses IRS income definition under § 93.151(b)(1)(ii) (§ 93.151(b)(1)(i))	Yes (as modified in § 891.105)
Annual Income Calculation & Reexaminations (§ 5.609(c))	Yes (§ 574.310(d)(1) and (2) and § 574.310(e)(1) and (2))	No, unless unit is subject to § 92.203(a)(1) or the participating jurisdiction accepts income determination under § 92.203(a)(2) (§ 92.203(a) & (f))	No, unless unit is subject to § 93.151(a)(1)-(3) (93.151(a) & (f))	Yes (as modified in § 891.105)
Adjusted Income Mandatory Deductions (§ 5.611(a))	Yes (§ 574.310(d)(1))	Yes (§ 92.203(a) & (f))	No, unless unit is subject to § 93.151(a)(1)-(3) (§ 93.151(a) and (f))	Yes (as modified by the definition of annual income in § 891.105)
Adjusted Income Additional Deductions (§ 5.611(b))	No (§ 574.310(e)(1)(iv))	No, unless unit is subject to § 92.203(a)(1) or the participating jurisdiction accepts income determination under § 92.203(a)(2) (§ 92.203(a) and (f))	No, unless unit is subject to § 93.151(a)(1)-(3) (§ 93.151(a) and (f))	No
Adjusted Income Financial Hardship Exemptions (§ 5.611(c))	Yes, if the grantee elects to grant financial hardship exemptions (§ 574.310(e)(1)(v))	Yes, if the participating jurisdiction elects to do so under § 92.203(f)(1)(i), if unit is subject to § 92.203(a)(1), or if income determination is accepted under § 92.203(a)(2), (§ 92.203(a) and (f))	No, unless unit is subject to § 93.151(a)(1)-(3) (§ 93.151(a) and (f))	Yes
Asset restriction (§ 5.618)	Yes, but only for housing activities subject to the resident rent payment requirements in § 574.310(d) (§ 574.310(f))	No	No	No

Income Determination and Verification

The 2025 HOME Final Rule significantly changed income verification for the HOME program. Under 92 CFR § 92.203(a), if a household in a HOME rental unit is assisted by a form of Federal, State, or local public assistance (e.g., TANF, Medicaid, LIHTC, local rental subsidy programs, etc.) which examines the annual income of the family each year, then a Participating Jurisdiction (PJ)/HFA may accept a written statement from a Federal or non-Federal entity administering the assistance for an income determination made within the previous 12-month period. The 2025 HOME Final Rule allows for a means- tested or safe harbor verification. As such, OHFA will allow owners/ management agents to use means-tested income verification if a HOME tenant receives assistance from a federal, state or local public agency. OHFA will accept the use of means-tested income verification for all years of the period of affordability including the initial certification.

A substantial change under HOTMA concerns verification rules for HOME or NHTF units with either Project- based Rental Assistance (PBRA) or Tenant-based Rental Assistance (TBRA) and are as follows:

- *HOME units with PBRA may use income determinations by a state or federal rental assistance program.
- HOME units with TBRA may use income determinations by a state or federal rental assistance program (e.g., housing choice voucher).
- NHTF units with TBRA or PBRA must use income determinations by a state or federal rental assistance program.

*Importantly, with the 2025 HOME Final Rule, HUD made a change to the use of safe harbor income determination for HOME units with PBRA. Now, HOME units with PBRA may use income determinations by a state, federal, or local rental assistance program. Essentially, HUD changed “must”, which was outlined in the HOTMA Rule, to a “may.”

Note #1: [OHFA's Student Certification](#) (which may be amended from time to time) must be used for all years of the affordability period.

Note #2: Owners/management agents are not required to use safe harbor determination of income. However, if safe harbor income is used, owners/management agents must use [OHFA's Safe Harbor Income Verification form](#) or [Income Verification Federal State Rental Assistance Program form](#).

Following is what OHFA accepts to verify household income:

Income		
Item	Notes	CFR Reference
Income Determination	HOME-assisted projects must comply with income determination standards in accordance with § 92.203.	24 CFR 92.203
HOME Income Verification Requirements	<p>Households in HOME-assisted units which do not have federal, state, or local public assistance (i.e. PBRA, TBRA, SNAP, LIHTC) and therefore cannot use means-tested or safe harbor income determination must continue to provide at least two months source documentation upon move-in and during the sixth-year full recertification. For the interim certification years, owners/management agents must use OHFA's TIC, Student Certification, and the Applicant/Tenant Sworn Income and Asset Statement along with the annual inspection form and any clarification records.</p> <ul style="list-style-type: none"> • Projects that have HOME and LIHTC with market rate units must complete full annual recertifications. 	24 CFR 92.203(b)(1)
Project-Based Rental Assistance (PBRA) (PHA/Administrator) Income Determination	<p>When using a PHA or other administrators' determination of income, the owner/management agent must use OHFA's Safe Harbor Income Verification form (which may be amended from time to time). OHFA will not accept a copy of the 50058.</p> <p>In addition to this form, OHFA's TIC, SIAS, Student Certification, inspection forms and any clarification records must be used.</p>	24 CFR 92.203(a)(1)
Tenant-Based Rental Assistance (TBRA)(PHA/Administrator) Income Determination	<p>When using a PHA or other administrators' determination of income, the owner/management agent must use OHFA's Safe Harbor Income Verification form. OHFA will not accept a copy of the 50058.</p> <p>In addition to this form, OHFA's TIC, SIAS, Student Certification, inspection forms and any clarification records must be used.</p>	24 CFR 92.203(a)(2)

<p>Other Allowable “Means- Tested” or Safe Harbor Income</p>	<p>For HOME applicants/tenants that do not have TBRA or PBRA assistance, but receive other Federal, State, or local assistance (i.e., TANF, Medicaid, LIHTC, local subsidy program), owners/management agents may use means-tested income verification of income provided the income was made within the previous 12 months. Use of means-tested income verification is not mandatory. Owners/management agents may or may not chose to use means-tested verification. But if other means-tested verification is used, OHFA’s Safe Harbor Income Verification form or Income Verification Federal State Rental Assistance Program form must be used. In addition to using either of the forms as noted above, owners/management agents must use OHFA’s SIAS, TIC, Student Certification, inspection forms and any clarification records.</p>	<p>24 CFR 92.203(a)(3) 24 CFR 92.203(b)(3)</p>
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Further information on OHFA’s implementation of the 2025 HOME Final Rule is found in [OHFA's 2025 HOME Rule-OHFA Matrix](#).

Note #1: *If a unit has subsidy funding for homeless prevention programs (i.e. Ohio State Continuum of Care), Housing Opportunities for People with AIDS (HOPWA), or Ohio programs for people with physical and mental health disabilities), owners/management agents who elect to use means-tested income determination must use [OHFA’s Income Verification Federal State Rental Assistance Program form](#), which may be amended from time to time.*

Note #2: *The PHA/Administrator verification is allowed for HOME units which have PBRA or TBRA. If an owner/management agent is administering a Section 8 contract from HUD (i.e. PBRA), the owner/management agent can provide the PHA verification. Meaning, they can complete and sign OHFA’s Safe Harbor Income Verification form.*

Note #3: *Use of safe harbor income determination will also be applicable to OHTF projects.*

NHTF Projects

The 2025 HOME Final Rule does not change 24 CFR 93 which contains the NHTF regulations. Therefore, the 2025 HOME Final Rule is not applicable for NHTF projects. However, HOTMA income calculations methods will apply to NHTF projects.

- ⇒ Under the HOTMA Rule, NHTF projects which have units with TBRA or PBRA may use income determinations by a state or federal rental assistance program (i.e. PHA/Administrator) throughout the affordability period. If the owner elects to use the TBRA or PBRA determination of income, then the PJ/HFA **must** accept this documentation.

HOME-ARP Projects

OHFA-funded HOME-ARP projects are always paired with LIHTC funding. Qualifying Population (QP) households are eligible for admission to HOME-ARP rental units solely by meeting the definition of one of the qualifying populations).

If there is no income requirement in the qualifying population's definition, the owner/management agent is not required to perform an initial determination of household income except as necessary to determine an affordable rental contribution by the qualifying household or to establish eligibility for another funding source in the unit that imposes income restrictions (e.g., LIHTC). Even if the tenant is a QP, the owner/management agent must verify income under the rules governing the LIHTC program.

- ⇒ HUD's Final HOME-ARP Implementation Notice instructs units with PBRA **must** use the PHA/Administrator's determination of income every year of the affordability period.

Note #1: *This differs from the 2025 HOME Rule in which HOME units with PBRA/TBRA may use the PHA/Administrator's income determination.*

Note #2: *The HOME-ARP Implementation Notice published in 2021 does not reference later amendments to 24 CFR §92.203. Or put another way, the regulatory citations in the HOME ARP implementation notice refer to the regulations sections prior to the 2025 HOME Final Rule regulations changes, meaning former 92.203 (a)(i) through (iii) is now stated under 92.203b. Owners/management agents should follow the HOME-ARP Implementation Notice as written unless OHFA issues updated guidance.*

- ⇒ Units with TBRA may use the PHA/Administrator's determination of income every year of the affordability period.

Asset Certification

Per 24 CFR § 93.151(e) (1), households may use the self-certification in 24 CFR §5.618 to certify that their net family assets are below the current HUD threshold for purposes of imputing asset income. For asset self-certification, owners/management agents must use [OHFA's Asset Self-Certification form](#).



Importantly, owners/management agents should not count unsecured and unverifiable income that is not imminent, known, and verifiable.

Effective Term of Verifications

Verifications of income are valid for six months from the date of receipt by the owner/management agent and must be obtained prior to move-in or the recertification effective date. Verifications more than six months old as of the effective date of the move-in or recertification event are invalid and a new verification must be obtained.

HDAP Projects Layered with LIHTC

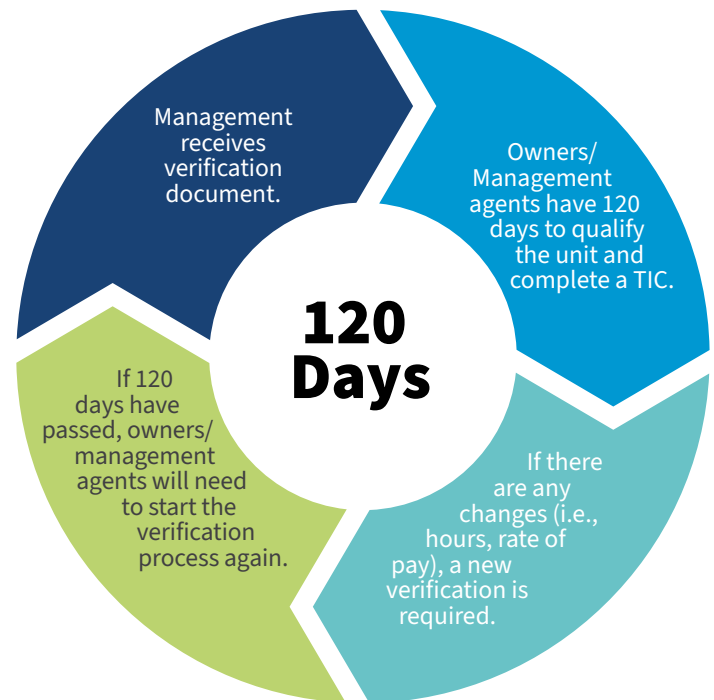
HDAP properties layered with LIHTC will follow the more strict rule of 120 days.

All verifications must be dated within 120 days of the effective date of the initial household certification or annual recertification.

- The verification timeline is critical. Management agents must ensure all verifications are dated. Management agents are permitted to date stamp verifications to verify the dates the documents were received. If there is an actual date from the source on the verification, the date stamp does not override the original date on the verification form.

Note: *In order to capitalize on this window, the process should be started four months before certifications are due. For example, if a recertification is due in April, the paperwork should be started in December.*

- OHFA will allow the recertified TIC to be signed up to 120 days before the original certification date.



Any certification signed after the established certification date will be considered late and out of compliance. If this occurs, management agents must put an OHFA clarification record in the file explaining why the certification was completed late.

HDAP Recertifications

Under the HOTMA and the 2025 HOME Final Rule, public housing (PBV), HUD-VASH, Section 202, 811, multifamily rental housing (i.e., HOME) can use income determinations from other eligible, means-tested federal, state or local assistance programs (i.e., TANF, Medicaid, and SNAP).

Owners/management agents are not required to use safe harbor/means-tested income determination.

Income safe harbors permit owners/management agents to accept income determinations (initial and recertifications) by:

- Other federal programs in HOME units assisted by Federal/State project-based rental subsidy (e.g., PBV, HUD-VASH, PBRA, section 202, section 811, TBRA, etc.). OHFA will accept this safe harbor determination of income for **all** certifications throughout the affordability period including the initial certification.
- Provider of other public assistance (federal, state, local) to the household (e.g., TANF, WIC, SNAP, Medicaid, LIHTC, local rental assistance), made within previous 12 months
 - ▶ Or, owners/management agents can determine a household's annual income under 24 CFR 5.611 by using at least two months of source documents.

Note #1: *For NHTF units without a subsidy, income must be verified at move-in using Option 1 under 24 CFR §93.151(d). Safe Harbor income verification methods (such as SNAP or TANF) are not permitted at move-in. Safe Harbor for NHTF units may only be used during annual recertification. For LIHTC/NHTF units, the stricter NHTF requirement applies.*

Note #2: *For HOME-ARP units with Project-Based Rental Assistance (PBRA) or Tenant-Based Rental Assistance (TBRA), the Participating Jurisdiction (PJ/HFA) must accept the income determination made by the Public Housing Authority (PHA) or administrator each year. This requirement applies regardless of whether the assistance is project-based or tenant-based, similar to HTF rules. Note that the HOME-ARP Implementation Notice published in 2021 does not reference later amendments to 24 CFR §92.203. Or put another way, the regulatory citations in the HOME ARP implementation notice refer to the regulations sections prior to the 2025 HOME Final Rule regulations changes, meaning former 92.203 (a)(i) through (iii) is now stated under 92.203b. Owners/management agents should follow the HOME-ARP Implementation Notice as written unless OHFA issues updated guidance.*



Importantly, HOME-ARP assisted units are always layered with LIHTC funding, so recertifications must also follow LIHTC requirements (reference pages 71-72 in [OHFA's LIHTC Compliance Manual](#)). The recertification must follow LIHTC requirements even if the household is in a QP, which HUD has exempted from income requirements under the HOME-ARP program rules

What Income Determination is Acceptable for HDAP Certifications and Recertifications?

HOME, HOME-ARP and NHTF regulations can be confusing in the wording regarding documentation for the Sixth Year Recert. Ultimately, both regulations instruct that self-certification of income is not permitted for Sixth Year Recertifications.

For further information, reference [OHFA's HDAP Certification Requirements](#) and also the following charts:*

- [HOME v. NHTF Documentation Requirements](#)
- [Layered Programs - Documentation Requirements for Layered NHTF and HOME Units](#)

*Charts developed by Amanda Lee Gross, Founder and Principal of Osprey Compliance Collective, and used by permission.

Recertification Documents Required for HOME, HOME-ARP, OHTF, or NHTF Tenant Files

Recertification Document Requirements (i.e. years 2-5)	
Units Using Safe Harbor/Means -Tested Determination of Income	Units Not Using Safe Harbor/Means -Tested Determination of Income or Source Documents, <i>but</i> Using Self-Certification
<ul style="list-style-type: none"> • OHFA's Safe Harbor Income Verification form or Income Verification Federal State Rental Assistance Program form • Applicant/Tenant Sworn Income and Asset Statement (SIAS) • Annual unit inspection form • OHFA's TIC • Student Certification • Any clarification records • HOME/HOME-ARP/NHTF Lease Addendum (if a new lease is signed) 	<ul style="list-style-type: none"> • Student certification • OHFA TIC • Annual unit inspection form • Any clarification records • SIAS <p><i>Note: Every sixth-year is based upon when the project's affordability period began, not when the unit became a HOME unit.</i></p>

Recertification Documents Required for HOME-ARP Tenant Files

Units with Federal or State Subsidy, or Safe-Harbor/Means-Tested Determination of Income

- [Applicant/Tenant Sworn Income and Asset Statement](#) (SIAS)
- Student Certification
- Annual unit inspection form
- TIC
- Any clarification records
- [OHFA's Safe Harbor Income Verification form](#) or [Income Verification Federal State Rental Assistance Program form](#)

Using Self-Certification (*Units without subsidy or safe harbor/means-tested determination of income.*)

- Student Certification
- OHFA TIC
- Annual unit inspection form
- Any clarification records
- SIAS

Methods of Verification

Owner/management agents must follow HUD’s verification hierarchy (refer to [HUD’s Implementation Guidance: Sections 102 and 104 of HOTMA](#)) which lists verification documentation from most acceptable to least acceptable. The owner/management agent must demonstrate efforts to obtain third-party verification prior to accepting self-certification, except in instances where self-certification is explicitly allowed (i.e. when net assets do not exceed \$52,787, as may be adjusted by HUD annually for inflation).

Verification Hierarchy*

Level	Verification Technique	Ranking/Order of Acceptability
6	Upfront Income Verification (UIV) from a source database: <ul style="list-style-type: none"> Enterprise Verification Income System (EIV) (only for HUD projects) <p>Note: HUD does not mandate the Work Number is used.</p>	Highest
5	UIV from a source database: <ul style="list-style-type: none"> Non-EIV systems (e.g., The Work Number, web-based state benefit systems, etc.) 	Highest
4	Written third-party verification from the source provided by a tenant (e.g., paystubs, bank statements, benefit letters, employer notices/letters of hire/termination, etc.). Also known as “tenant-provided verification.” <ul style="list-style-type: none"> HUD programs include EIV with self-certification if the tenant agrees that EIV is accurate 	High
3	Written third-party verification form	Medium - Use if level 5 or 4 is not available or is insufficient or is rejected by the PHA/owner and when the applicant/tenant is unable to provide acceptable documentation
2	Verbal third-party verification	Medium
1	Self-certification (not third-party)	Low - Use as a last resort if unable to obtain any third-party verification or when specifically permitted, such as when net assets do not exceed \$52,787 when adjusted for inflation.

*Adapted from Table J2: Verification Hierarchy from HUD Notice H 2023-10/PIH 2023-7

Note: For further information on The Methods of Verification, reference Section 11 of OHFA’s LIHTC Compliance Manual.

Verification of Other Program Determinations

Safe Harbor Income Determination for “Means-Tested” Assistance



In lieu of conducting their own income calculations, owners/management agents may rely on an income determination completed for another Safe Harbor “means-tested” form of federal public assistance within the previous 12-month period. Approved Safe Harbor “means- tested” programs are as follows:

- TANF
- Medicaid
- Supplemental Nutrition Assistance Program (SNAP) (e.g., food stamps)
- Earned Income Tax Credit (EITC)
- Low-Income Housing Tax Credit (LIHTC)
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
- Supplemental Security Income (SSI)
- Other programs determined by HUD to have comparable reliability as announced through the Federal Register

If owners/management agents use means-tested verification, then [OHFA’s Safe Harbor Income Verification](#) form must be completed and placed in the tenant file.



HUD DOES NOT allow safe harbor income determination for means-tested assistance for units funded with NHTF. Additionally, units with USDA RD funding cannot use means-tested verification. RD’s revised Chapter 6 with HOMTA updates is found in Chapter 6 Handbook 2-3560.

Owners/management agents must obtain a third-party verification from the applicable program administrator which indicates household size, includes all household members, and provides a household’s annual income. This may be in the form of a benefit award letter from a relevant program/agency.

Such verification is valid if any of the following dates falls into the 12-month period prior to receipt of a verification by owners/management agents:

- Income determination effective date
- Program administrator’s signature and date
- Family member’s signature and date
- Report effective date
- Other report-specific dates that verify an income determination date

If a verification is not available or a household disputes a verification, then owners/management agents must conduct a traditional income verification and calculation.

If owners/management agents use means-tested verification, then [OHFA’s Safe Harbor Income Verification form](#), which may be amended from time to time, must be completed and placed in the tenant file.

Guidance for Specific Income Sources

The following section provides guidance on some common and/or complicated sources of income to verify. For complete information concerning included income and acceptable forms of income verification, see HUD Handbook 4350.3 CHG-4, specifically Chapter 5 and “Appendix 3: Acceptable Forms of Verification,” the Technical Guide for Determining Income and Allowances, and the HUD’s HOTMA Implementation Guidance Notices. Also visit [OHFA’s HOTMA Resources webpage](#).

Social Security and Supplemental Security Income

OHFA will accept the Annual Benefit Award letter provided from the Social Security Administration to verify Social Security benefits. However, all Supplemental Security Income (SSI or SSDI) is required to be verified and dated within six months prior to the certification date. When interpreting Social Security benefit letters, remember to use the gross amount before deductions, unless the deduction is for a prior overpayment of benefits.

The Social Security Administration (SSA) no longer issues Social Security printouts or provide benefit verification letters. Clients can obtain an instant verification letter online by creating a personal mySocialSecurity account or by calling the national toll-free number 1-800-772-1213 and using the automated application to have a letter sent via mail.

Benefits received through direct deposit or a Direct Express Debit Card are treated as income. In addition, the balance on a Direct Express Debit Card is also considered as an asset and must be verified consistent with the verification procedures for a checking or savings account. A current balance must be provided and included as an asset in addition to the benefit income. This balance can be obtained through an online account service, a paper statement, or an ATM balance. The verification document must identify the account and the account holder.

Delayed SS and SSI payments received as a lump sum are not counted as income, but are included as a lump sum asset (see the second income exclusion example on page 5-21 of HUD Handbook 4350.3). Delayed SS and SSI payments received as periodic payments are excluded from income (see item #13 in Exhibit 5-1 of HUD Handbook 4350.3). Reference Section 9 of this manual for additional information on calculating SS income.



When a Social Security cost of living adjustment (COLA) increase is announced, the increase must be factored into all income determinations with effective dates after the date the increase was announced.

PHA Verification

If PHAs or owners/management agents intend to use the annual income determination made by an administrator for allowable forms of federal “means-tested” public assistance, the PHAs or owners/management agents must obtain the annual income determination using an appropriate third-party verification. The verification must indicate a tenant’s family size and composition and state the amount of a family’s annual income. Owners/management agents who use annual income determinations made by an administrator of an allowable federal means-tested public assistance, then [OHFA’s Safe Harbor Income Verification form](#) must be used.

Note: *If the management agent is the administrator of the public assistance, then it is acceptable for the management agent to complete OHFA’s safe harbor income verification form.*

The verification must also meet all HUD requirements related to the length of time that is permitted before a third-party verification is considered out of date and no longer an eligible source of income verification. If an appropriate third-party verification is unavailable or if a family disputes a determination made for purposes of the other form of federal means-tested public assistance, PHAs or owners must calculate annual income per HUD’s usual anticipated income rules. The safe harbor form will not be considered valid verification if it is dated more than 120 days prior to a household’s move-in date or recertification effective date. When OHFA’s safe harbor form is used, no other verifications of income are required. However, OHFA requires verification forms for other eligibility requirements, such as using OHFA’s Student Certification and the OHFA TIC and these must be in the tenant file regardless of whether or not there is an OHFA’s Safe Harbor Income Verification form.

Form 50058

OHFA will not accept the HUD 50058 form from a Public Housing Authority as an acceptable form of federal “means-tested” public assistance.

Students

HUD requires the student rule for HOME units must be maintained at all times throughout the compliance period for a project. Student eligibility is evaluated at:

- Move-in
- Recertification (for the interim years of the affordability period and every 6th year)
- When a household reports a change in household composition
- When a household reports a change in student status

Owners must use [OHFA's Student Certification](#) which may be amended from time to time to verify household student status. All adults 18 years or older are required to complete the form.

Student Rule for HUD/HOME

A household is not eligible for occupancy if the household contains a full- or part-time student at an institution of higher education and all of the following statements are true for the student:

1. Under the age of 24, **OR**
2. Is not a veteran of the United States military, **OR**
3. Is unmarried (if married, the couple cannot live apart from each other), **OR**
4. Does not have a dependent child who resides with the household member at least 50% of the time, **OR**
5. Is not a person with disabilities receiving Section 8 assistance as of November 30, 2005, **OR**
6. Is not otherwise individually eligible or has parents who (individually or jointly) are not income-eligible to receive Section 8 assistance, unless the student can demonstrate his or her independence from his/her parents, **OR**
7. Orphan or ward of the court

OR

Must be independent from parents and needs to meet ALL of these requirements:

- Of legal contract age under state law, and
- Have established a household separate from parents/guardian for at least one year, and
- Must not be claimed as a dependent by parents/legal guardian pursuant to IRS regulations, and
- The parents must provide signed certification stating if they are providing financial assistance to the student.

OR

Must be independent from parents, be of legal contract age under state law and needs to meet at least one of these requirements as an independent student by:

- Having legal dependents other than a spouse in the unit, **OR**
- Is a graduate or professional student, **OR**
- Is an emancipated minor or was an emancipated minor before they became an adult, **OR**
- Is or was an orphan or a ward of the state or in foster care at any point since 13 years old age, **OR**
- Been established this school year to be an unaccompanied homeless child our youth and self-supporting as defined by: The McKinney Vento Act, Runaway and Homeless Youth Act, or A financial aid administrator.

OR

The adult full or part time student's parents qualify under the HOME high Income limit for their area.

Comparing Student Rules

Owners/management agents must be mindful LIHTC student rules may differ from HUD/RD/HOME student rules. For example, the LIHTC rule focuses on households made up of fulltime students of any age whereas HUD's student rule applies to individuals who are either part-time or fulltime students through age 23. When comparing the HUD and LIHTC student rules, it is evident each set of rules is too dissimilar so it is impossible to pick just "the most restrictive" rules. If a tenant resides in a LIHTC unit and also has funding from HOME, RD, or Section 8, he/she needs to qualify under both sets of student rules.



HOME, HOME-ARP, and OHTF

These programs follow the HUD Student Rule

NHTF Only

There are no student rules for NHTF units.

Section 8:
Earned Income

All types of income are divided into two categories, earned and unearned. This section will identify the types of earned income sources and ways to verify these sources for the HDAP program. Earned income is any compensation in the form of wages or tips for work performed.



HUD issued additional guidance regarding annual income on January 31, 2024. These updates may be found in Appendix G of this manual.



*(Earned income of a dependent child who is under 18 years of age is excluded.
Also exclude any income of live-in aids and foster adults or children)*

Under HUD regulations, “income” is defined as all monetary and non-monetary amounts that go to or are anticipated to go to a household member, are derived from assets that a household has access to or are not specifically excluded.

- **Gross Income:** Not net (Count before deductions for taxes and insurance.)
- **Anticipated Income:** Project income for the 12 months following the effective date of a certification based on current circumstances includes any imminent raises or changes in hours, etc.
- **Temporary Income (i.e., unemployment):** If a household indicates that income might not be received for a full 12 months, owners/management agents should treat the income as though it will be received for 12 months based on current circumstances.

When verifying earned income, owners/management agents must take the following into consideration:

- Base pay rate (gross)
- Overtime (OT) pay rate
- Other compensation (e.g., tips, bonuses, commissions, etc.)
- Total anticipated pay for the next 12 months (i.e., any raises)
- Total anticipated OT pay for the next 12 months
- Frequency of pay (i.e., hourly, biweekly, monthly, etc.)
- Employment termination if applicable

Income Exclusions

The 24 CFR § 5.609(b) currently lists income inclusions under HOTMA. Income inclusions will be replaced by income exclusions (currently the 24 CFR § 5.609(c)).

- Remember, if an income is not specifically excluded, then it must be included.

The updated exclusion list may be found here: [HUD's Income Exclusions](#).

The following chart provides a helpful detailed summary of income exclusions.

Category	Exclusion	CFR	Description
Other	Federally Mandated Income Exclusions	24 CFR 5.609(b)(22)	Amounts that must be excluded by federal statute. HUD will publish a Federal Register notice that includes the qualifying benefits.
Assets	Imputed Income from Assets	24 CFR 5.609(b)(1)	Any imputed return on an asset when net family assets total \$50,000 (adjusted annually) or less and no actual income from the net family assets can be determined.
Non-recurring income	Non-recurring income	24 CFR 5.609(b)(24)	Income that will not be repeated in the coming year based on information provided by the family.
Self-employment	Gross Self-employment Income	24 CFR 5.609(b)(28)	Gross income received through self-employment or operation of a business
Dependents	Minors (children under the age of 18 years)	24 CFR 5.609(b)(3)	All earned income of all children under the age of 18, including foster children.
Dependents	Adoption assistance payments	24 CFR 5.609(b)(15)	Adoption assistance payments for a child in excess of the amount of the dependent deduction.
Students	Earned Income of Dependent Students	24 CFR 5.609(b)(14)	Earned income of dependent full-time students in excess of the amount of the dependent deduction.
Students	Title IV HEA Assistance	24 CFR 5.609(b)(9)(i)	Any assistance that Section 479B of the Higher Education Act (HEA) of 1965, as amended, requires to be excluded from a family's income.
Students	Other Student Financial Assistance	24 CFR 5.609(b)(9)(ii)	Student financial assistance, not excluded under the HEA, for actual covered costs of higher education.
Students	Educational Savings Account	24 CFR 5.609(b)(10)	Income and distributions from any Coverdell educational savings account of or any qualified tuition program under IRS section 530 or any qualified tuition program under section 529.
Baby bonds	Baby bonds	24 CFR 5.609(b)(10)	Income earned by government contributions to, or distributions from, 'baby bond' accounts created, authorized or funded by federal, state or local government.
Foster children / adults	Payments for Foster Children / Adults	24 CFR 5.609(b)(4)	Payments received for the care of foster children or adults, including State kinship, guardianship care payments, or tribal kinship payments.
Foster children / adults	Income of foster children / adults	24 CFR 5.609(b)(8)	Income of a live-in aide, foster child, or foster adult as defined in 24 CFR 5.403 and 5.603.
Live-in Aide	Income of a Live-in Aide	24 CFR 5.609(b)(8)	Income of a live-in aide, foster child, or foster adult.
People with Disabilities	ABLE accounts	24 CFR 5.609(b)(22)	Will be included in federally mandated excluded amounts. Notice PIH 2019-09/H-2019-06 details when ABLE account income is excluded.
People with Disabilities	State Payments to Allow Individuals with Disabilities to Live at Home	24 CFR 5.609(b)(19)	Payment made by an authorized by a state Medicaid managed care system or other state agency to a family to enable a family member to live in the family's assisted unit.
People with Disabilities	Plan to Attain Self-Sufficiency (PASS)	24 CFR 5.609(b)(12)(i)	Amounts set aside for use under a Plan to Attain Self-Sufficiency (PASS).

Category	Exclusion	CFR	Description
People with Disabilities	Reimbursements for Health and Medical Care Expenses	24 CFR 5.609(b)(6)	Amounts for, or in reimbursement of, health and medical care expenses for any family member.
Trusts	Trust distributions	24 CFR 5.609(b)(2)	Any distributions of a trust's principal are excluded. PHAs and owners must count any distributions of income from an irrevocable trust or a trust not under the control of the family (e.g., distributions of earned interest) as income to the family with the expectation of distributions used to pay the health and medical care expenses of a minor.
Insurance	Insurance payments and settlements for personal or property loss	24 CFR 5.609(b)(5)	Insurance payments and settlements for personal or property loss including, but not limited to: payments through health insurance, motor vehicle insurance, and workers' compensation.
Retirement	Retirement plan	24 CFR 5.609(b)(26)	Income received from any account under an IRS-recognized retirement plan. However, periodic payments are income at the time of receipt.
Military	Hostile fire special payment	24 CFR 5.609(b)(11)	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
Veterans	Veterans aid and attendance payments	24 CFR 5.609(b)(17)	Payments related to aid and attendance for veterans under 38 U.S.C. 1521.
Lawsuits	Lawsuit Settlements	24 CFR 5.609(b)(7)	Amounts recovered in a civil action or settlement based on malpractice, negligence and other breach of duty claim resulting in a family member becoming disabled.
Lawsuits	Reparations for Persecution	24 CFR 5.609(b)(13)	Reparation payments paid by a foreign government for claims by people persecuted during the Nazi era.
Lawsuits	Tribal Claims Payments	24 CFR 5.609(b)(21)	Payments received by tribal members from claims relating to the mismanagement of assets held in trust by the United States.
Lawsuits	Lawsuits related to civil rights	24 CFR 5.609(b)(25)	Civil rights settlements or judgments, including settlements or judgments for back pay.
Reimbursements	Reimbursements from publicly assisted programs	24 CFR 5.609(b)(12)(ii)	Amounts received by a participant in other publicly assisted programs for or in reimbursement of expenses to allow program participation (e.g., special equipment, clothing, transportation, child care, etc.).
Resident Services Stipend	Resident Services Stipend	24 CFR 5.609(b)(12)(iii)	Resident service stipends of \$200 or less per month for performing a part-time service for the PHA that enhances the quality of life in the development.
Employment training programs	Employment training programs	24 CFR 5.609(b)(12)(iv)	Incremental earnings and benefits from training programs HUD and qualifying employment training programs and training of a family member as resident management staff.
FSS	Family Self Sufficiency Account	24 CFR 5.609(b)(27)	Income earned on amounts placed in a family's FSS account.
Housing gap payments	Housing "gap" payments	24 CFR 5.609(b)(23)	Replacement housing "gap" payments to offset increased rent and utility costs to families displaced from one federally subsidized housing unit and another.
Benefits	Deferred Supplemental Security Income, SS income and benefits, or VA disability benefits	24 CFR 5.609(b)(16)	Deferred periodic amounts from: SSI, Supplemental Security Income and benefits or VA disability benefits that are received in a lump sum or prospective monthly amounts.
Property tax rebates	Property Tax Rebates	24 CFR 5.609(b)(18)	Refunds or rebates under state or local law for property taxes paid on the dwelling unit.
Loans	Loan Proceeds	24 CFR 5.609(b)(20)	The net amount disbursed by a lender to a borrower or a third party (e.g., educational institution or car dealership).

For further information on specific HUD provisions that were changed by HOTMA, check out [Costello Compliance's HOTMA Crosswalk](#).

Definitions of Earned Income

The HUD HOTMA rule added three new definitions for earned income:

Day laborer is defined as an individual hired and paid one day at a time without an agreement that the individual will be hired or work again in the future. Income earned as a day laborer is not considered nonrecurring income under 24 CFR § 5.609(b)(24) (paragraph G.1) and must be included unless specifically excluded in 24 CFR § 5.609(b).

Independent contractor is defined as an individual who qualifies as an independent contractor, instead of an employee, in accordance with the Internal Revenue Code federal income tax requirements and whose earnings are consequently subject to self-employment tax. Individuals considered “gig workers,” such as babysitters, landscapers, rideshare or app-based delivery drivers, and house cleaners, typically fall into the category of independent contractors. Income earned as an independent contractor is not considered nonrecurring income and must be included unless specifically excluded in 24 CFR § 5.609(b).

Seasonal worker is defined as an individual who is hired into a short-term position (e.g., for which the customary employment period for the position is six months or fewer). Employment begins about the same time each year, such as summer or winter. Typically, an individual is hired to address seasonal demands that arise for the employer or industry. Examples include employment linked to holidays, agricultural seasons, lifeguards, ballpark vendors, snowplow drivers, etc.

Such income does not meet HUD’s definition of nonrecurring and must be counted as income. If income cannot be determined using current information, owners/management agents may anticipate income based on the actual income that was earned within the last 12 months prior to an income determination. However, prior years’ income should not be used if information is available that shows circumstances have changed.



Whose Income Is Counted?

Member	Earned Income	Unearned/Asset Income
Head of household	Yes	Yes
Spouse/Co-head	Yes	Yes
Other adult	Yes	Yes
Dependent child under 18	No	Yes
Fulltime student over 18	** (See note below)	Yes
Non-members (e.g., live-in aides, guests, foster children, foster adults, etc.)	No	No

***If a fulltime student over 18 is a dependent of a household, a maximum of \$500 (this is the 2026 adjustment factor amount, which is adjusted annually by HUD) is included in annual household income.*

Calculating Income

24 CFR 5.609 provides rules for Section 8 and other HUD programs such as HDAP. This is applicable for the LIHTC program, because “tenant income is calculated in a manner consistent with the determination of annual income under Section 8.” To the extent HOTMA changes how Section 8 determines income, the changes legally apply to the LIHTC program.



In Notice PIH 2023-27 issued February 2024, HUD clarified how owners/management agents must consider certain amounts taken out of a person's wages or benefits before a family receives them. The updated notice may be [found here](#). When a household member's wages or benefits are garnished, levied, or withheld to pay restitution, child support, tax debt, student loan debt, or other applicable debts, PHAs/multifamily housing owners must use the gross amount of the income **before the reduction(s)** to determine a household's annual income. This is in contrast to child support or alimony, where only income received is counted as income.

Per HOTMA implementation guidance's hierarchy of verification, an upfront income verification system, such as the work number, is the preferred source for employment verification followed by tenant-provided source documents (e.g., paystubs) and then a written third-party verification form completed by an employer.

If an owner/management agent uses tenant-provided source documents:

- For tenants with jobs that provide steady employment, obtain a minimum of the two most recent, consecutive paystubs. Owners/management agents may use more than two recent paystubs.
- For seasonal workers or day laborers, obtain additional paystubs or an alternate form of verification. Seasonal workers and day laborers are considered to have recurring earned income and these income sources must be annualized and counted in total household income.
 - ⇒ *For tenants with jobs that provide steady employment, the owner/management agent must obtain the two most recent, consecutive paystubs for determining projected annual income from wages.*
 - ⇒ *For seasonal workers or day laborers, the owner may need to obtain additional paystubs or an alternate form of verification. Seasonal workers and day laborers are considered to have recurring earned income and these income sources must be annualized and counted in total household income.*

Sporadic or Seasonal Income

Owners/management agents must use reasonable judgment to determine the most reliable method for calculating income in scenarios where income fluctuates, such as when income is received as an independent contractor, day laborer, or seasonal worker.

Nonrecurring Income

Income that will not be repeated beyond the coming year (i.e., the 12 months following the effective date of the certification) based on information provided by a family is considered nonrecurring income and is excluded from annual income.

Examples that are considered nonrecurring income and thus excluded include:

- Payments from the U.S. Census Bureau for employment lasting no longer than 180 days and not culminating in permanent employment
- Direct federal or state payments for economic stimulus or recovery
- Tax refunds or tax credits
- Gifts for significant life events or milestones (e.g., holidays, birthdays, weddings, baby showers, etc.)
- Lump sum additions to net household assets, including lottery or contest winnings
- Non-monetary, in-kind donations, such as food, clothing, or toiletries, received from a food bank or similar organization
- Payments made to a family or third party on behalf of a family to assist with utilities or eviction prevention
- Security deposits to secure housing
- Payments for participating in research studies (depending on the duration)
- Other general one-time payments
- Non-monetary in-kind donations from friends and family (Be careful that these donations are truly nonrecurring or they will be counted as income if they will recur even if they are sporadic.)

Examples of Nonrecurring Income

Example 1: Nonrecurring earned income excluded from annual income

Dusty Simpson worked for four months over the past year for a company that has since gone out of business. During the Simpson's household recertification, owners/management agents ask Dusty whether he expects to work for the company again in the coming year. Dusty provides proof that the company went out of business. Owners/Management agents must exclude Dusty's earned income received from the company that went out of business from the household's annual income.

Example #2: Recurring earned income included in annual income

Ana Johnson works as an independent information technology (IT) contractor during various times of the year when her clients require additional IT contract support. Ana reasonably believes that she will be contracted again the following year based on discussions with her clients. Owners/Management agents must include the income that Ana earns as an IT contractor in the family's annual income.

Fulltime Student Income

When fulltime students who are 18 years of age or older are dependents of a household, a maximum of \$500 (2026 Adjustment Factor amount) of their total annual earned income is counted in the total household income calculation. Continue to count the full amount of unearned and asset income. Note: Per HOTMA, the \$500 amount will be indexed for inflation and change annually.

When fulltime students who are 18 years of age or older are the head of household, co-head, or a spouse, the full amount of earned, unearned, and assets income is counted in the total household income calculation.



How to Handle Wages: Tips

Note: For persons in industries where tips are common, the workers are often paid considerably less than minimum wage.

- It must be clarified why an employer is reporting paying less than federal law requires. In most cases, we find that the employment verification (EV) does not contain accurate information. It is important to have the employer disclose year-to-date earnings (both hourly wages and tips) to help determine actual income.
- Owners/management agents must obtain two consecutive paystubs in determining if an employee is really working as many hours as an EV might report. Paystubs will also show tips earned; be sure to compare the tips on the stubs with what is reported on the EV. If an individual has had the same job for more than one-year, previous years' tax returns can be useful.

How to Handle Tips

Ask when verifying tips:

- Were tips already on the employment verification?
- Were paystubs obtained?
- Did a tenant submit a self-affidavit to verify all tips?

OHFA recommends that an applicant complete a self-affidavit under penalty of perjury stating all tip income, including tips not reported to an employer.

How Income Is Calculated

Converting Wages to Annual Figures

Pay Rate	Formula	Examples
Hourly	hourly rate × # of hours worked × 52 weeks	\$7.00/hour × 30 hours × 52 weeks = \$10,920
Weekly	weekly rate × 52 weeks per year	\$400/week × 52 = \$20,800
Bi-Weekly	bi-weekly rate × 26 pay periods	\$900/pay period × 26 pay periods = \$23,400
Semi- Monthly	Semi-monthly Rate × 24 Pay Periods	\$900/pay period × 24 pay periods = \$21,600
Monthly	Monthly Rate × 12 Months	\$1,500/month × 12 months = \$18,000

Pay Raises

Example: Change in Pay Rate

Certification Date: February 1
 Current Rate of Pay: \$10.00 per hour, working 40 hours a week
 Increase in Pay: \$11.00 per hour, working 40 hours a week effective March 1
 (February 1 to March 1 is 4 weeks.)

\$10.00 x 40 x 4 weeks (February) = \$1,600
 \$11.00 x 40 x 48 weeks (March through January) = \$21,120
Annual Income from Wages: \$22,720

Note: Make sure the number of weeks adds up to 52 (4 weeks + 48 weeks = 52 weeks).

Raises and Overtime Pay

Example:

If any employee is receiving a pay raise and he/she also earns overtime, the overtime rate will need to be increased based upon the new hourly rate. The overtime rate can be determined by multiplying the new rate of pay by 1.5.

Certification Date:	February 1
Current Rate of Pay:	\$10.00 per hour, working 40 regular hours per week
Current OT Pay:	\$15.00 per hour, 3 hours per week
Increase in Pay:	\$11.00 per hour, working 40 hours per week effective March 1
Increase in OT Pay:	\$16.50 (\$11.00 x 1.5) per hour, 3 hours per week (February 1 to March 1 is 4 weeks.)

\$10.00 x 40 x 4 weeks (February)	= \$1,600
\$15.00 x 3 x 4 weeks (February)	= \$180
\$11.00 x 40 x 48 weeks (March through January)	= \$21,120
\$16.50 x 3 x 48 weeks (March through January)	= <u>\$2,376</u>

Annual Income from wages: \$25,276

Self-employment and Verification

Common self-employment jobs are: restaurant staff, bartenders, hairdressers, and barbers.

Verification for self-employment includes: Form 1040 Tax Return — Schedule C is the preferred verification. Schedule E is preferred for rental properties, partnerships, and S corporations. Schedule F is preferred for farm properties.

To determine net income from a business:

- Gross income
 - ▶ Business expenses +
 - ▶ Interest payments, NOT the principal, on loans unless for expansion or capital improvements +
 - ▶ Depreciation on business equipment (computed on a straight-line basis)
 - ▶ = Net income (which is listed on the TIC)

Self-employment income is an earned income source. Self-employed tenants/applicants must provide the following:

- IRS Schedule C (1040) if net earnings are \$400 or more
- IRS Schedule F for rental properties and farm properties
- IRS Schedule S for corporations
- IRS Form 1099 or Form 1099k (if earned over \$600)
- Audited or unaudited financial statement(s) for the business

1040 versus 1099

Typically, employees of a business in the U.S. receive W-2 forms that list the income they received during the calendar year. This form also contains deductions taken from income in the form of federal and state taxes, deferred compensation, and Social Security contributions, to name a few. A 1099 form is used for various reasons, but it typically is given to an independent contractor — also known as a freelancer — as a record of the income that he or she received from a particular business. Other versions of the 1099 can be used to report different types of income, such as interest, dividends, real estate sale proceeds, and debt cancellations.

Any 1099 forms received are listed on the 1040 form as income. A 1040 form, however, is used to file individual tax returns, inclusive of all 1099 forms received. It is used to list all income an individual has, all deductions an individual is claiming, any credits for a variety of expenses, and so on. The form states the amount of tax that the individual owes or is owed as a refund by the IRS. .

Any 1099 forms received are listed on the 1040 form as income or statement, or business proforma and self-affidavit.

Self-affidavit

If a source document is not received, please obtain a self-certification that describes:

- The tenant/applicant's work
- Frequency of work
- Payment (annualize)
- Use OHFA's Clarification form

Helpful Tip:

If a tenant has been in business less than one year, the tenant should provide a Profit and Loss Statement.

GoFundMe Accounts - Income or Asset?

Many people today benefit from crowd-funding accounts, such as GoFundMe, including Fundly and Donately. With these accounts, friends, family, and even strangers on the internet can contribute to a person's fund. The question is raised if funds received online in donations represent income, asset, or both for applicants and tenants of affordable housing. HOTMA implementation guidance indicates it depends on whether the fund is one-time and nonrecurring or repeated. The following are examples adapted from the Joint HOTMA Implementation Notice 2023-10 from HUD's Office of Multifamily Housing (MFH) to help ensure this funding is calculated correctly:

Example: Year One

MaryAnn raises \$5,000 through GoFundMe online to help pay for personal expenses. The manager verifies with MaryAnn that this is a one-time solicitation for donations of cash and that she does not intend for this to be a recurring source of income.

The \$5,000 is a one-time, lump-sum addition to net family assets and should not be included in the annual income calculation.

Example: Year Two

At the next annual reexamination, the manager determines that MaryAnn solicited donations online a second time and raised an additional \$4,500. Again, MaryAnn certifies that she does not intend for this to be a recurring source of income, but because the manager can establish a pattern.

The \$4,500 is not considered a one-time, lump-sum addition to net family assets and should be included in the annual income calculation.

Helpful Tip:

Applications used by the owner/management agent should establish if applicants or tenants have GoFundMe or other similar crowd-funding internet accounts.

Additionally, the application should ask if such accounts have been funded historically for multiple rounds. If accounts have been funded for one round, the balance is a one-time lump-sum asset. If the accounts have been funded more than once, proceeds must be counted as income, not assets.

Digital Age Income: Gig Work

Alternative means of employment, such as internet “work,” is a booming field. Many in the industry believe these sources of income and assets will continue to increase exponentially in years to come. Digital age income should be treated as self-employment. Many owners/management agents are finding tenants and applicants with self-employment income for companies, such as Uber, Uber Eats, and Lyft. Residents are also making money from creating YouTube channels. It is hard to keep up with the explosion of income-making internet/phone apps. Some other digital age income sources include:

- Fiverr
- Foap
- In-game economies/Sale of virtual goods
- E-commerce sites (e.g., Shopify, Ebay, Etsy, Poshmark)
- App-based services (e.g., Grubhub, Doordash, Instacart)
- Social media influencers (e.g., TikTok, YouTube, Instagram)

How to Verify Gigs

- Treat them as self-employment
- The 8823 Guide (Chapter 4) suggests verifying self-employment income through Form 1040 (tax return), signed statements from business owners, and completed IRS 1040 Schedules, such as C and F
- Printouts from the gig work website/app as a basis for income
- Any receipts as a basis for expenses
- Ridesharing apps provide mileage as part of their printouts. Once owners/management companies know the timeframe that the IRS 1040 Schedule C covers, annualize appropriately



What is a Digital Income source?

Any source of income that involves the use of programs or applications to conduct or manage the sale of goods, services, or other resources over the internet.

Importance for Multifamily Housing

Many industry officials believe these sources of self-employment income (or even assets) will become increasingly common. These streams of income should be treated as self-employment (8823 Guide, Chapter 4).

Make sure the tenant application includes questions on digital income and app-based income sources.

Online Sales & E-commerce



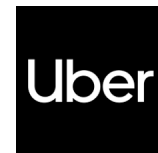
Income generated in this category is predominately based on sales apps or other platforms. Sales may include items (real or in-game), art, photography, and more.

This category also includes platforms that allow for generating income from completing surveys.

App-based "Gig" Work

This category varies greatly. Many companies provide a platform for self-employment.

The most common "gigs" include ride hailing, deliveries, services, or labor. The number and types of apps related to "gigs" is ever growing.





Social Media Influencer



A social media influencer is a social media user who has established credibility in a specific industry. An influencer receives income based on their reach to an audience.

Best Practices for Verifying Digital Income

- **Best Compliance Practice:** Provide last year’s tax return (Form 1040 or 1040 Schedules C, E, F)
 - Applicant should always complete a self-employment or income from business declaration
- **Better Compliance Practice:** Obtain payment history (available on internet websites) including receipts as a basis for expenses
- **Good Compliance Practice:** If best and better practices are not available, obtain an account financial statement of net income from self-employment

Digital Age Assets

There are several platforms that allow for investing in small increments.

Additionally, crowdfunding on apps can become an asset depending on how monies are used.

Cryptocurrency is another digital age asset source.

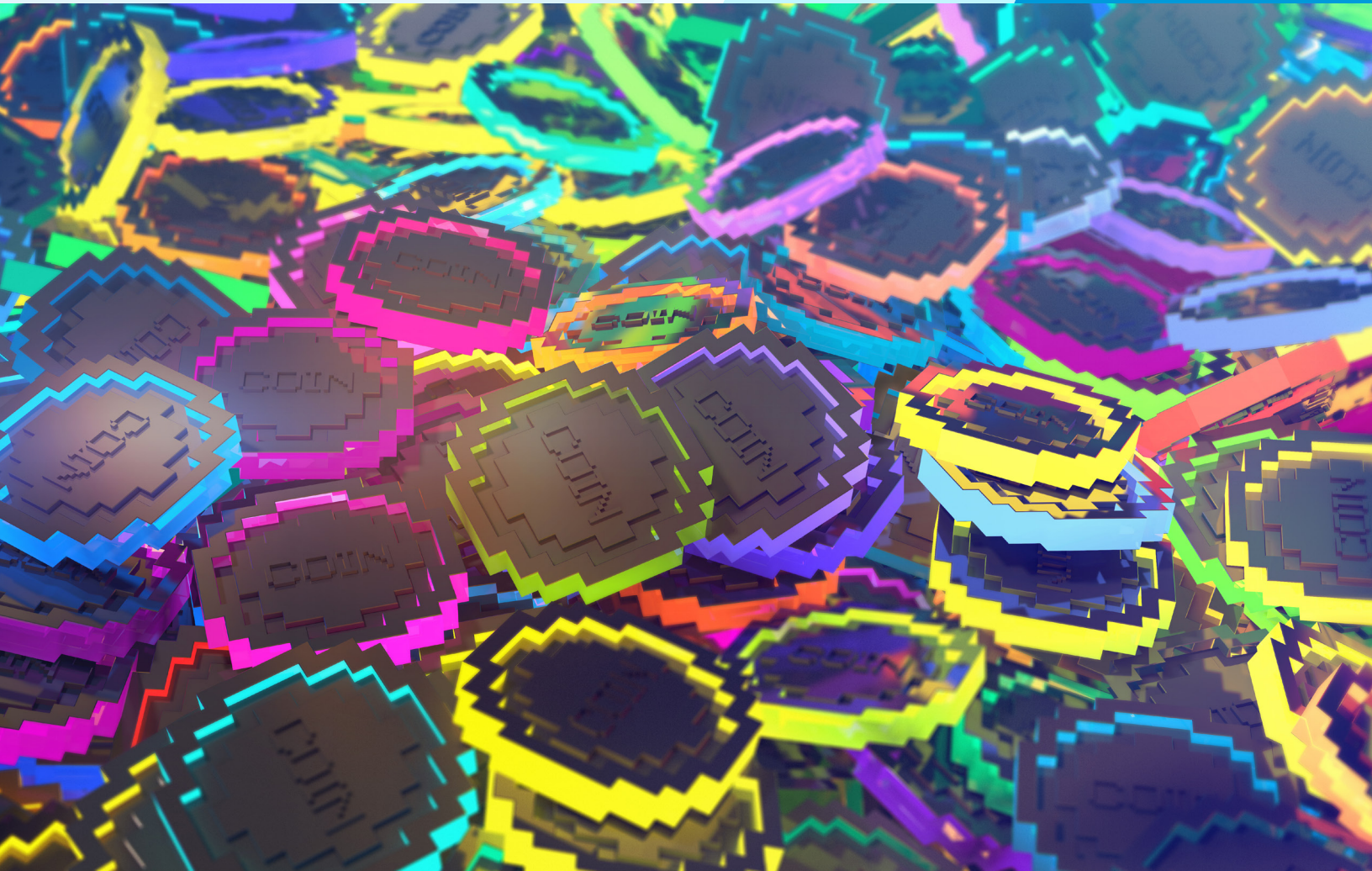




Best Practices for Digital Age Assets

- What type of transactions will occur or the frequency of transactions will determine how the asset should be treated for verification.
- Apps or platforms focused on investing generally should be treated like any other investment with stocks or bonds.
 - Some apps also provide checking and savings account features as well.
- Internet-based fundraising or crowdfunding may need to be treated like a bank account. This is dependent on the volume and regularity of activity that occurs.





Cryptocurrency

Virtual Currency

Virtual currency is a digital representation of a monetary value that acts like currency. It can be stored, traded, and can be exchanged into U.S. Dollars. However, virtual currency is not regulated by a federal or state agency and does not hold any legal tender status.

Types of Cryptocurrency

A cryptocurrency is a type of virtual currency that is secured by cryptography. Cryptocurrencies work using a decentralized technology called Blockchain which spreads its transactions across a large network of computers that manages and records these transactions. Common types of virtual currency include:

- Bitcoin (BTC)
- Ethereum (Ether)
- Ripple (XRP)
- Bitcoin Cash (BCH)
- Litecoin (LTC)
- Stellar (XLM)

Data Mining Cryptocurrency

Data Mining is the process of verifying blockchain transactions. This is done by using computers to solve cryptographic equations. As a reward for solving the equation, or "mining the block", the miner will receive new digital coins.

How is it Treated? Income Source OR Income from Asset?

HUD has not addressed the treatment of data mining, it would appear that the value of the coins received by the miner would fall under paragraph (1) of 24 CFR 5.609(b) Income Inclusions:

*"The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and **other compensation for personal services;**"*

While the IRS is generally not the authority of what is includable as income when determining income eligibility for most affordable housing programs, it is interesting to note that in IRS Notice 2014-21 to regarding cryptomining, the IRS states:

"When a taxpayer successfully mines a cryptocurrency, the fair market value of the coins mined is includible in gross income. Furthermore, an individual whose mining operations constitute a trade or business is subject to self-employment tax on the income derived from those activities. The amount of this income equals the market price of the coins on the day they were awarded on the blockchain. This amount also becomes the miner's basis in the coins going forward and is used to calculate future gains and losses."

Cryptocurrency Investing

Investors buy, sell, trade and exchange cryptocurrencies over Coinbase, GDAX, and other exchanges.

Is Cryptocurrency an Asset?

Yes, in the HUD handbook 4350.3, HUD defines an asset as an item of value that can be turned into Cash. As Cryptocurrency can be exchanged for U.S. Dollars, it is considered an asset.

Are There Fees to Convert Crypto to Cash?

Sometimes, but not always. Most crypto exchanges charge a fee ranging from .05% to 1.5%, however; some exchanges, such as Robinhood, do not charge any fees.

Does it produce Income or Dividends?

Sometimes, but not always!

Crypto dividends, or crypto rewards, are a type of passive income that is earned for "staking" a crypto asset. The amount of the reward is usually based on the amount of the crypto asset held and often requires that the holder take a specific action to receive the reward, such as staking or creating a transaction.

"Staking" involves buying and setting aside a specified amount of coins for specified amount of time, which varies based on the exchange used and the type of cryptocurrency being held.

Military Pay

All allowances must be included in determining income. Allowances include:

- Basic Allowance for Sustenance (BAS)
- Basic Allowance or Housing (BAH)
- Family Separation Allowance (FSA)
- Clothing Allowance
- Overseas Cost-of-living Allowances (COLAs)

Regular and special pay include:

- Basic pay
- Career Sea Pay (CSP)
- Career Sea Premium Pay (CSPP)
- Hazardous Duty Incentive Pay (HDIP)
- Hardship Duty Pay (HDP)
- Imminent Danger Pay (IDP)
- Entitlement to Foreign Language Proficiency Bonus (FLPB)

The only type of military pay **excluded** is **Hostile Fire Pay** for which verification is as follows:

- Leave and Earnings Statement
 - ▶ Service members can obtain statements in their “My Pay” accounts.
 - ▶ Special powers of attorney can be designated to verify information if needed.

Zero Income Households

It is possible that a household will have total annual income of \$0 but receiving rental assistance, food stamps, and other forms of assistance that are not counted as income. However, it is often the case the households claiming zero income are in fact receiving some type of recurring gift from friends or family members. If a household member is currently unemployed and claims no income from sources, such as Social Security, pensions, income from assets, etc., the applicant/ tenant must complete [OHFA’s Zero Income Verification](#), which may be amended from time to time. While zero income households do exist, it is the responsibility of the owner/management agent to prove due diligence when reporting households as zero income. Zero income households can raise a red flag for OHFA auditors, especially if the household is claiming zero income and is responsible for a portion of rent.

Adjustment Factors

The HOTMA Rule implements requirements that certain amounts used to make income, asset, and eligibility determinations be adjusted by an inflationary factor to make housing assistance fairer and more accessible.

According to the HOMTA Implementation Notice F.5., HUD will annually publish the eight inflation-adjusted items no later than September 1 of each year, and the updated values will be shared online at the [HUD User website](#). The Notice applies to both HUD MFH and Public and Indian Housing (PIH) programs. The revised amounts will be effective on January 1 of the following year.

Section 9:
Unearned Income

Unearned income sources include:

- Social Security and Supplemental Security Income
- Welfare
- Cash and non-cash contributions
- Payment in lieu of earnings (e.g., unemployment, disability compensation)
- Student financial assistance

Social Security and Supplemental Security Income (SSI)

OHFA will accept the benefit verification letter provided by the Social Security Administration (SSA) to verify Social Security benefits. However, all Supplemental Security Income (SSI or SSDI) is required to be verified and dated within 120 days prior to a certification date. When interpreting Social Security benefit letters, remember to use the gross amount before deductions unless the deduction is for a prior overpayment of benefits.

SSA may no longer issue Social Security printouts or provide benefit verification letters. Clients can obtain an instant verification letter online by creating a personal mySocialSecurity account or by calling the national toll free number 1-800-772-1213 and using the automated application to have a letter sent via mail.

Benefits received through direct deposit or a Direct Express Debit Mastercard are treated as income. In addition, the balance on a Direct Express Debit Mastercard is also considered an asset and must be verified consistent with verification procedures for a checking or savings account. A current balance must be provided and included as an asset in addition to the benefit income. This balance can be obtained through an online account service, a paper statement, or an ATM balance. The verification document must identify the account and the account holder.

Count the full benefit amount before any deductions for Medicare (including the cents!).

Garnishments: Monthly benefit portions are garnished due to unpaid child support, alimony, or student loans. The full benefit amount must be **INCLUDED**.

Lump-sum Payments: If an individual is denied SS and wins an appeal, the benefits will be awarded retroactively to the date of the individual's application for benefits. This is **EXCLUDED** (i.e., VA lump-sum payments).

Adjustment for Past Overpayments: If recipients have their benefit amounts reduced to adjust for a prior overpayment, only the amount that is actually provided after the adjustment for the overpayment is **INCLUDED**.

Note: Pay attention to the amount a tenant owes and for what time period. For example, Howard has an overpayment of \$500 and \$100 will be withheld monthly. Management agents will only calculate the overpayment for five months and the full benefits for seven months.

Example:
Garnishment of Benefits

Ruth's benefit letter indicates the gross monthly benefit amount is \$500. The letter also states, "this is after we withheld \$150 for your obligation to pay child support."

In this scenario, \$650 per month would be included for Ruth when determining income as the garnished amount must be included in the income.

Example:
Delayed Benefits

Pete receives a gross benefit amount of \$774; \$574 is his regular benefit amount and \$200 is due to delayed benefits.

In this scenario, only \$574 per month would be included for determining Pete's income as the \$200 is due to a delay in benefits and must be excluded.

Example:
Adjustments for Past Overpayments

Chloe's SS monthly payment of \$200 is being reduced by \$30 per month for the first six months of the certification year to make up for a prior overpayment.

In this scenario, count Chloe's SS income of \$170 per month for the first six months and as \$200 per month for the remaining six months.

Helpful Tip:

Social Security Benefit Letter (SS)

The annual letter is considered third party and can be used the entire calendar year

Supplemental Social Security Benefits (SSI)

Benefits can fluctuate throughout the year so owners/management agents must obtain current documentation for verification.

COLA Increases

When Social Security announces cost-of-living adjustment (COLA) increases, effective the day after SSA has announced the COLA, PHAs/MFH Owners are required to factor in the COLA when determining SS and SSI annual income for all annual reexaminations and interim reexaminations of family income that have not been completed.

Annually in October, the Social Security Administration (SSA) announces the cost-of-living adjustment (COLA) by which federal SS and SSI benefits are adjusted to reflect the increase, if any, in the cost of living as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers prepared by the Bureau of Labor Statistics. The purpose of the COLA is to ensure that the purchasing power of SS and SSI benefits are not eroded by inflation. The federal COLA does not apply to state-paid disability benefits. Additional information regarding the SSA COLA is available online at www.ssa.gov and HUD's Notice H 2023-10, Notice PIH 2023-17 (issued February 2, 2024), specifically page 36.

Owners/management agents must obtain a copy of the Social Security COLA letter and place it in each file when using to calculate income. An OHFA Clarification Record must be in all tenant files where the COLA has been imputed when calculating income.

How to Calculate:

- Multiply the benefit amount by the COLA percentage to get the amount of the increase. Add that amount to the current benefit.

OR

- Multiply the benefit amount by one plus the COLA percentage expressed as a decimal (1.3% = .013).



How to Calculate

Sally applied for a unit and will move in December 1, 2025. Her current SS benefit amount is \$1,256/month. In this example, the management agent will count:

- 1 month at \$1,256
- $\$1,256 \times .028 = \35.17
- $\$1,256 + \$35.17 = \$1,291.17$
- 11 months $\times \$1,291.17 = \$14,202.87$
- **$\$1,256 + \$14,202.87 = \$15,458.87$ total projected income from Social Security**

Child Support and Alimony

The amount of child or spousal support included in annual income is “all amounts received,” not any amount the household may be legally entitled to but is not receiving. HUD’s HOTMA implementation guidance specifically states that “child support or alimony must be based on the payments received, not the amounts to which the family is entitled by court or agency orders.”

Owners/management agents must verify the amount of support actually received to annualize income. HUD’s HOTMA implementation guidance notes that “a copy of a court order or other written payment agreement alone may not be sufficient verification of amounts received by a family” since that order would demonstrate the amount the household is entitled to, not the amount it is receiving. Because of this implementation guidance, owners/management agents verifying child support, alimony or other informal support should obtain a copy of the applicant/tenant’s payment history from the Child Support Enforcement Agency (CSEA) or Office of Child Support Services (OCSS).

If the copy of the payment history is deemed insufficient by the owner/ management agent or if the payment is coming from any entity/organization that is not CSEA or OCSS, [OHFA’s Informal Support Verification \(PC-E14\)](#) must be used to verify the amount actually received by the family/household.

Key Point:

A family’s 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.

Welfare

Welfare payments in the form of TANF are included as household income. Food stamps are not included as household income.

Settlement payments from claim disputes over unemployment or welfare are treated as lump sum assets. However, lump sum payments caused by delays in periodic processing of unemployment or welfare benefits are included as income (See pages 5–18 and Figure 5-3 on pages 5–19 of HUD Handbook 4350.3.).

Always excluded:

- Earned Income Tax Credit (EITC) and Child Tax Credit
- Supplemental Nutrition Assistance Program (SNAP) or food stamps
- Federal housing assistance
- Child nutrition food programs
- Head Start
- Job training programs
- Women, infants, and children (WIC) programs
- Childcare LIHEAP (Low-income Home Energy Assistance Program)
- Lifeline cell phone



Gifts

Any regular contributions and gifts to a household from persons not living in the unit must be included in annual income. This includes payments paid on behalf of the family and other cash or noncash contributions provided on a regular basis. Do not count temporary, nonrecurring, or sporadic contributions or gifts.

The following items are specifically excluded as income:

- Groceries provided directly to a household (not money given to buy groceries)
- Childcare payments paid directly to a childcare provider on behalf of the tenant(s)
- Non-monetary goods, such as food, clothing, or toiletries, received from a food bank or similar organization
- Gifts for holidays, birthdays, or other significant life events or milestones, such as weddings, baby showers, or anniversaries

Recurring gifts/contributions should be third-party verified when possible by having the contributor sign a certification stating the amount and frequency of the gift(s)/contribution(s) as well as any anticipated changes in the gift(s).

In-Kind Donations (G.1.f):

HOTMA excludes as income any non-monetary, in-kind donations, such as food, clothing or toiletries, received from a food bank or similar organization

Example

Gracie receives the following monthly non-cash contributions:

- ⇒ \$100 worth of food from the local food bank
- ⇒ \$75 worth of toiletries from the local food bank
- ⇒ \$100 worth of toiletries from her father

In this example, the two non-cash contributions received from the food bank, are **EXCLUDED** as income; however, the non-cash contribution received from her father must be **INCLUDED** as income.

Workers' Compensation

Workers' compensation payments, regardless of the length or frequency of the payments, are always excluded from annual income.

Veterans Service-Related Benefits and VASH Voucher Holders

The HUD-VASH program combines HUD's Housing Choice rental assistance with case management and clinical services provided by the Department of Veterans Affairs (VA) to assist veterans experiencing homelessness. That program is administered by local public housing agencies (PHAs) that have partnered with local VA medical facilities or other entities designated by the VA.

All VASH voucher holder service-connected disability benefits received by an applicant/tenant is excluded from income.

HUD regulation **24 CFR § 5.609(b)(17)** says that excluded income includes "payments related to aid and attendance under 38 U.S.C. 1521 to veterans in need of regular aid and attendance." Careful reading is needed here, with focus on the words "**to veterans.**" When discussing these benefits, **HUD HOTMA Notice H 2023-10 G.10** clarifies, "this income exclusion applies only to veterans in need of regular aid and attendance and not to other beneficiaries of the payments, such as a surviving spouse."

Note: *Aid and attendance benefits are distinct from payments made to veterans under other VA programs such as Veterans Pension or VA Survivors Pension. Payments received under these programs are considered income.*

Medicare Advantage Benefits

Medicare Advantage (MA) health plans cover Hospital Insurance (Medicare Part A), Medical Insurance (Part B), Drug Coverage (Part D), and may include supplemental benefits. These plans are offered by private companies that contract with Medicare and are regulated by the government.

MA supplemental benefits must either be "primarily health-related," or qualify as special supplemental benefits for the chronically ill. These can include assistance that is clearly directly related to medical costs, like dental coverage or non-prescription medicines. However, they can also provide other assistance, such as help with meals or non-medical transportation costs.

HUD determined that when enrollees use supplemental benefits from their MA Plans to pay for rent and utilities the support is included in family income determinations. All other MA benefits not used for rent or utilities are excluded as income.

Tax Refund Verification

HOTMA changed how owners/management agents should calculate tax refunds or refundable tax credit and when it should be deducted from net assets. HOTMA instructs when and when not to verify tax refunds:

- Not required to verify the amount of the household's federal tax refund or refundable tax credit(s) if the household's net assets are equal to or below \$52,787, as adjusted annually for inflation, even in years when full verification of assets is required or if self-certification of assets is not accepted
- Must verify the amount of the household's federal tax refund or refundable tax credits if the household's net assets are greater than \$52,787

While a tax refund or refundable tax credit is not counted as an asset, owners/management agents still have to anticipate income earned by the assets in which a household has deposited their tax refund or refundable tax credit. Owners/management agents are permitted to deduct the value of any tax return the household received in the last 12 months. Note: deduction of the tax refund only makes an impact on households where the total net family assets is greater than \$52,787 , as adjusted annually for inflation by HUD.

According to HUD, a tax refund gets subtracted from total new family assets:

“At the time of an annual or interim reexamination of income, if the federal tax refund was received during the 12 months preceding the effective date of the reexamination, then the amount of the refund that was received by the family is subtracted from the total value of net family assets.”

Tax Refunds Example: (#1)

The Rodriguez family received a \$4,500 federal tax refund on 3/1 /2024:

- At their annual review, the family tells the property manager they received a \$4,500 refund and deposited the refund into their checking account, which has a balance of \$50,000
- Family reports actual income of \$1000 from the checking account
- Family owns no other assets

In this example, total calculation of net family assets is \$45,500 (\$50,000 - \$4,500 tax refund). The \$45,500 would be excluded since the assets are all non-necessary personal property and equal to or less than \$52,787 making total net family assets \$0. But the \$1,000 from the checking account will be counted as income.

Tax Refunds Example: (#2)

The Rodriguez family received a \$4,500 federal tax refund on 3/1 /2024:

- At their annual review, the family tells the property manager they received a \$4,500 refund and deposited the refund into their checking account, which has a balance of \$50,000
- Family reports actual income of \$1000 from the checking account
- Family owns a \$10,000 plot of land

In this example, the \$50,000 is excluded because it is non-necessary personal property and equal to or less than \$52,787. The \$4,500 tax refund is deducted from the \$10,000 making the total net family assets \$5,500 (\$10,000 - \$4,500). The \$1,000 from the checking account will be counted as income.



Student Financial Aid

Treatment of student financial assistance depends on whether a household is receiving Section 8 assistance (housing choice and project-based vouchers, or project-based rental assistance). HOTMA removed the student financial assistance income exclusion for non-Section 8 households. HOTMA also changed the definition of “excess” student financial assistance. If the household is receiving student financial aid, [OHFA’s Student Financial Aid Verification \(PC-E12\)](#), which may be amended from time to time, must be used.

Additionally, OHFA created a new form, [Self-Disclosure of Student Financial Assistance \(PC-E12a\)](#) to be used as a supplement to OHFA’s Student Financial Aid Verification (PC-E12). The PC-E12 form is intended to be sent to the institution of higher learning while this new form is to be completed by the applicant/tenant as self-disclosure.

Big Student Rule Changes for Section 8 Student Financial Assistance Rule

On February 3, 2026, through the [THUD appropriation bill](#) (reference page 241), Congress eliminated the HUD Section 8 specific student financial assistance rule. Prior to this bill, there were two student financial assistance rules: one for Section 8 recipients and the HOTMA-based one for everyone else. Now we have one method to count student financial assistance which is the new method introduced in HOTMA.

Example A: Pre-HOTMA Regulation

Jennie is a 20-year-old student applying for a unit and she does NOT receive Section 8 assistance.

She receives student financial assistance to attend college.

- ✓ *Since Jennie does not receive Section 8 assistance, ALL of her student financial assistance is excluded from income.*

Example A: HOTMA New Regulation

Jennie is a 20-year-old student applying for a unit and she does NOT receive Section 8 assistance. She receives student financial assistance to attend college.

- ✓ *Any amounts of student financial assistance not covered under the Higher Education Act (HEA) that exceeds the actual costs of attending school must be included as income.*

Example B: Pre-HOTMA Regulation

Jean is a 24-year-old student who applies for a unit with her husband, Tom, and their daughter. They do NOT receive Section 8 assistance. Jean receives student financial assistance to attend college.

- ✓ *Since Jean's household does not receive Section 8 assistance, ALL student financial assistance is excluded.*

Example B: HOTMA New Regulation

Jean is a 24-year-old student who applies for a unit with her husband, Tom, and their daughter. They do NOT receive Section 8 assistance. Jean receives student financial assistance to attend college.

- ✓ *Any amounts of student financial assistance not covered under the Higher Education Act that exceed the actual costs of attending school must be included as income.*

Actual Covered Costs

Actual covered costs include tuition, books, supplies, equipment to support students with disabilities, room and board, and other fees required by an institution of higher education. If a student is not the head of household, co-head, or spouse, actual covered costs also include the reasonable and actual costs of housing while attending an institution of higher education but not residing in an assisted unit.

Actual covered costs include:

- Tuition, books, supplies
- Room and Board
- Fees required and charged by an institution of higher education

Student Financial Assistance Received Under Section 479B of the Higher Education Act

All assistance under Section 479B of the HEA or the Bureau of Indian Affairs (BIA) student assistance program, even amounts more than the actual covered costs of a student, is **EXCLUDED** from income.

Examples:

- Federal Pell Grants
- Federal Work-Study (FWS) Program
- Teach Grants
- Perkins Loans
- Higher education tribal grants
- Assistance received under the Bureau of Indian Education
- Tribally controlled colleges or university grant programs
- Employment training programs under section 134 of the Workforce Innovation and Opportunity Act (WIOA)

Other Student Financial Assistance

The amount of other assistance, such as scholarships or grants, not covered under HEA or BIA, that **is in excess of “actual covered costs” of a student are included in annual income.**

This can include grants or scholarships received from:

- Federal government
- State, tribe(s), or local government(s)
- Private foundation(s) registered as nonprofit
- Business entity (e.g., corporation, joint venture)
- Institution of higher education

Helpful Tip:

To properly calculate student financial assistance, owners/management agents must verify and calculate:

- ✓ actual covered costs
- ✓ student financial assistance received under the Higher Education Act
- ✓ other student financial assistance

The following are **NO longer** considered student assistance:

- Financial support provided to a student in the form of a fee for services performed (e.g., work-study, teaching fellowship)
- Gifts, including those from family and/or friends
- Other student financial assistance may be paid directly to a student or an educational institution on a student's behalf.

Student Financial Assistance

Step 1:

Subtract the amount from HEA Assistance **FROM** the Actual Covered Costs

$$\begin{array}{r} \text{ACTUAL COVERED COSTS} \\ - \text{HEA ASSISTANCE} \\ \hline = \text{"x"} \end{array}$$

Step 2:

Subtract the amount from Step 1, **FROM** the amount of Non-HEA Assistance

$$\begin{array}{r} \text{NON-HEA ASSISTANCE} \\ - \text{"x"} \\ \hline = \text{INCOME} \end{array}$$

Example 1:

A student who does not receive Section 8 assistance but receives the following in student financial assistance:

- \$15,000 scholarship under HEA
- \$5,000 private scholarship non-HEA assistance
- Student's actual covered costs: \$22,000

Step 1: Subtract the amount of HEA assistance from the actual covered costs.

$$\$22,000 \text{ (actual covered costs)} - \$15,000 \text{ (HEA assistance)} = \$7,000$$

Step 2: Subtract the amount determined in Step 1 from the non-HEA assistance.

$$\$5,000 \text{ (non-HEA assistance)} - \$7,000 \text{ (result of Step 1)} = -\$2,000$$

*As the amount of the scholarship combined with the assistance excluded under HEA (\$20,000) is less than the student's actual covered costs (\$22,000), **no financial assistance will be included in the income.***

Example 2:

A student who does not receive Section 8 assistance but receives the following in student financial assistance:

- \$15,000 scholarship under HEA
- \$5,000 private scholarship non-HEA assistance
- Student's actual covered costs: \$18,000

Step 1: Subtract the amount of HEA assistance from the actual covered costs.

$$\$18,000 \text{ (actual covered costs)} - \$15,000 \text{ (HEA assistance)} = \$3,000$$

Step 2: Subtract the amount determined in Step 1 from the non-HEA assistance.

$$\$5,000 \text{ (non-HEA assistance)} - \$3,000 \text{ (result of Step 1)} = \$2,000$$

As the student's assistance is more than the actual covered costs, the excess of \$2,000 must be included when determining income.

Example 3:

A student who does not receive Section 8 assistance but receives the following in student financial assistance:

- \$25,000 scholarship under HEA
- Student's actual covered costs: \$18,000

Since the only form of student financial assistance received is covered under HEA, the entire amount of the above scholarship is excluded from income even though the assistance exceeds the actual covered cost.

Helpful Tip:

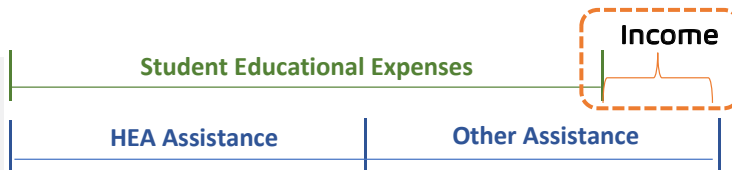
If the household receives Section 8 assistance, follow the CURRENT REGULATIONS to calculate income.

The following charts* provide a helpful visual regarding student financial assistance:

Student Financial Assistance

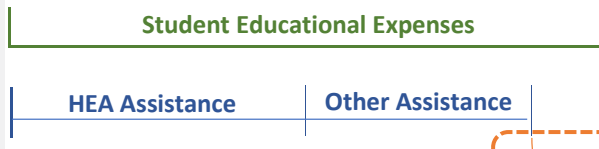
If...

1. HEA & other assistance exceeds covered costs



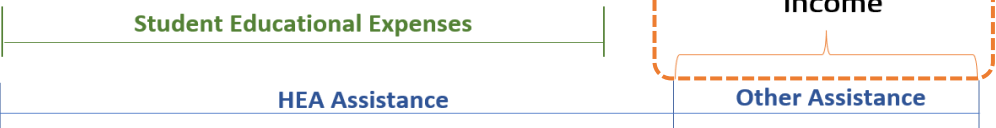
If...

2. HEA & other assistance does not exceed covered costs



No Income

3. HEA exceeds covered costs



NOTE | HEA assistance is never income

*Charts used by permission of Costello Compliance.

Section 10:
**Assets and
Exclusions**

Annual income also includes income from assets to which any member of the family has access derived during the 12-month certification period (HUD 4350.3 5-4C/5-3).

An “asset” is an item of value that can be converted into cash and is accessible to a household.



Importantly, owners/management agents should not count unsecured and unverifiable income that is not imminent, known, and verifiable.

Common Asset-related Definitions

- **Market Value:** The value of an asset on the open market or the money that another person would pay to acquire an asset.
- **Cash Value:** The market value of an asset less the cost to turn it into cash.
- **Actual Asset Income:** The actual income from an asset is generally calculated by multiplying the market value by the interest rate.
- **Imputed Asset Income:** The income from assets based on the cash value of all household assets is multiplied by the current value.

Net Family Assets Defined

Net family assets are defined as the net cash value of all assets owned by a family, (except necessary personal property and specifically excluded assets) after deducting reasonable costs that would be incurred to dispose of real property, savings, stocks, bonds, and other forms of investment.

Assets with Negative Equity

The cash value of real property or other assets with negative equity would be considered \$0 (zero) for the purposes of calculating net family assets. Negative equity in real property or other investments does not prohibit a family from selling its property or other investments, so negative equity alone would not justify excluding property or other investments from family assets.

Helpful Tip:
Actual income is always included regardless of the total value of net family assets or whether an asset itself is included or excluded from net family assets unless the income is specifically excluded by 24 CFR 5.609. Reference [HUD's Income Exclusions HUD's Federally Mandated Exclusions From Income—Updated Listing](#).

Real Estate

Determining Value and Income

Real estate is one of a few assets that may need to be treated as income or an asset depending on certain factors. Any real estate owned by a household member is considered an asset, and the cash value of the real estate must be determined and included as an asset when determining the cash value of all household assets.

Determining Market Value and Cash Value

Market value is the amount real estate is worth on the open market.

Cash Value is market Value less

- Unpaid mortgages AND
- Reasonable cost(s) to sell

Look at OHFA's real estate verification form to help calculate values.

Net Rental Income

4350.3 Appendix 6-C M./10

If a household member's main business is real estate, count any net rental income as business income and disregard the real estate when determining a household's net assets.

Steps:

Determine the annual gross rental income (monthly rent multiplied by 12 months).

Gross Rental Income:

Annual mortgage interest payment + costs for maintenance and upkeep = net rental income

This should be counted as income, NOT an asset.

- Asset is the net value of a home.

Calculating Income

Generally, there is no actual income derived from real estate since it does not yield interest. However, if a homeowner is renting out a home, the net rental income would be considered the actual income from the asset.

Example 1: Determining Cash Value of Real Estate

Nichelle owns a home worth \$200,000.

- She has an outstanding mortgage of \$25,000.
- If she were to sell her home, she would pay \$8,000 in realtor fees.

MARKET VALUE: \$200,000

CASH VALUE: \$167,000 (market value – unpaid mortgage – realtor fees)

INCOME: \$0 (Her home is not being rented out.)

Example 2: Determining Net Rental Income

Rhonda is renting her home.

- She collects \$1,000/month rent.
- The cost to maintain her home is \$250/month.
- She will pay \$4,000 in mortgage interest payments.

What is the rental income amount?

\$5,000 (yearly rent - annual upkeep - interest payment)

Assets Disposed of for Less Than Fair Market Value

If an asset is disposed of for less than fair market value (FMV), the asset must be included for two years from the date of disposal.

Note: Prior to HOTMA, assets disposed of for \$1,000 less than FMV were to be included for two years. But with HUD Notice 2023-10, #F.4.a, page. 59, HUD eliminated the \$1,000 threshold.

Net Family Assets Include:

- Disposed of by an applicant/tenant for less than FMV
- In excess of consideration received
- Include a disposition in trust to someone outside the household

Net Family Assets Do Not Include:

- Assets disposed through a foreclosure or bankruptcy AND
- Assets disposed through separation or divorce settlement if the applicant/tenant receives consideration not measurable in dollar or monetary terms. An example of this is if an applicant/tenant agreed to sell her camper for less than FMV in a divorce settlement to her ex-husband in exchange for his promise to not resell the camper



Market Value

- Costs to Sell (if any)
 - ▶ i.e. legal fees

Actual amount received for asset (if any)
= **Disposed Asset Value**

Example: Disposed Assets

Kerry sold her home worth \$300,000 to her grandson for \$30,000. Legal fees totaled \$5,000.

MARKET VALUE:	\$300,000
COST TO SELL (legal fees):	\$5,000
Amount received from grandson:	\$30,000

\$265,000 is the disposed asset value that must be counted as a household asset for two years from the date of disposal.

Assets Owned Jointly

Under HOTMA, if assets are owned by more than one person, prorating continues to be allowed but not as the default.

Jointly held assets

Joint HOTMA Notice 2023-10 F.4.a

"For assets jointly owned by the family and one or more individuals outside of the assisted family, PHAS/MFH Owners must include the total value of the asset in the calculation of net family assets, unless the asset is otherwise excluded (see Joint HOTMA Notice 2023-10 F.4.b), or unless the assisted family can demonstrate that the asset is inaccessible to them, or that they cannot dispose of any portion of the asset without the consent of another owner who refuses to comply. If the family demonstrates that they can only access a portion of an asset, then only that portion's value shall be included in the calculation of net family assets for the family. Likewise, any income from a jointly owned asset must be included in annual income, unless that income is specifically excluded (see Joint HOTMA Notice 2023- 10 Attachment G), or unless the family demonstrates that they do not have access to the income from that asset, or that they only have access to a portion of the income from that asset."

It matters because...

The old default was that jointly held assets were pro-rated among joint owners. However, pro-rating continues to be allowed, but not as the default. Contrast HUD 4350.3 5-7D1.

If an asset is not effectively owned by an individual, do not count it as an asset. This is often the case when an adult child is on a parent's account for survivorship purposes. Determining which individuals have ownership of an asset requires collecting as much information as is available and making a best judgement.

Pro-rate the assets according to the percentage of ownership. If no percentages are specified or provided by state/local laws, prorate the assets evenly between/among the owners.

Types of Assets

Under HOTMA, there are three types of assets:

1. **Real Property** is included in net family assets. Real property includes land or a home.
2. **Necessary Personal Property** is excluded from net family assets. Necessary personal property includes:
 - ▶ Items essential to a family for the maintenance, use, and occupancy of the premises as a home
 - ▶ Items necessary for employment, education, or health and wellness
 - ▶ Items that assist a household member with a disability or that may be required for a reasonable accommodation for a person with a disability
 - ▶ Personal items that are convenient or useful for a reasonable existence and that support and facilitate daily life within a home
3. **Non-necessary Real Property** includes bank accounts, other financial investments, luxury items, and other items not counted as necessary personal property. Non-necessary personal property is treated as follows:
 - ▶ If the combined value > \$52,787 (adjusted for inflation), then include it in net family assets.
 - ▶ If the combined value < \$52,787 (adjusted for inflation), then exclude it from net family assets, but actual income from the assets is still included as income.

Determining Assets

Categorize Assets	Determine NNPP	Determine Real Property	Verify and Impute*
<p>All assets can be divided into: Necessary Personal Property, Non-Necessary Personal Property (NNPP) and Real Property.</p> <p>Necessary personal property is furniture, cars used for transportation or other excluded assets. These are always excluded.</p> <p>NNPP is bank accounts, digital payments, investments, etc.</p> <p>Real Property is things like land or real estate.</p>	<p>Applications/Questionnaires should be detailed to allow for identifying NNPP. The value for each asset will initially be self declared.</p> <p>If the total value of NNPP for the family exceeds the threshold, the actual amount for each asset will be carried to step 4.</p> <p>If the family NNPP amounts do not exceed the threshold, NNPP is considered \$0, and regardless to what happens in step 4, the self declared amounts will not be counted towards net family assets</p> <p>In either case, asset income will always be counted.</p>	<p>Real property is always counted towards net family income</p> <p>Real property would be the amount after deducting reasonable costs that would be incurred in disposing of the real property.</p> <p>Regardless to the amount, carry the value to the next step when determining net family assets</p>	<p>To determine net family assets:</p> <p>ADD the value of NNPP (\$0 or actual amount) ADD Value of Real Property DEDUCT Federal tax refund received in the last 12 months</p> <p>TOTAL is net family assets</p> <p>Net family assets that exceed the annual threshold must be verified</p> <p>If net family assets exceed the threshold, impute only on assets where asset income cannot be determined. All asset income, actual or imputed is counted</p>

Example: Determining Assets

Kenny is a new move-in at Cartman Apartments. When qualifying Kenny, it was disclosed he has a current balance of \$1,000 in checking, \$3,000 in savings and receives \$30/month in gift money. He also has a gaming station worth \$700. And last, he has a plot of land worth \$25,000.

Step #1 Categorize Assets:

- Necessary PP (\$600 gaming station) Excluded
- NNPP (Checking and savings accounts, gift money)
- Real Property (Plot of land)

Step #2 Determine NNP (\$4,360):

- \$1,000 checking
- \$3,000 savings

The total value of NNPP is \$4,000. It does not exceed the HUD threshold, so NNPP is \$0. Regardless of what happens in Step #4 (Verify and Impute), \$4,000 will not be counted towards net family assets. If the total value of NNPP exceeds the threshold amount, the actual amount of each asset will be carried to Step #4.

Step #3 Determine Real Property:

Always counted towards net family income

- Real Property is the amount after deducting reasonable costs (i.e., realtor fees) that would be incurred when disposing of the real property
- Regardless of the value of Real Property, carry the value to Step #4

Step #4 Verify and Impute:

To determine Net Family Assets:

- Add the value of NNPP {\$0 from this example (NOT \$4,000) or the actual asset amounts if over the threshold}
- Add the value of Real Property
- Deduct Federal tax refund received in the last 12 months

=Total net family assets

-
- ▶ If net assets exceed the threshold, they must be verified
 - ▶ If net family assets exceed the threshold, impute only on assets where asset income cannot be determined
 - ▶ All asset income, actual or imputed, is counted
 - ▶ **Note:** The gift money of \$360 (\$30/month x 12) is counted as income

OHFA has a [helpful tool](#) to help owners/management agents calculate assets.

Necessary Personal Property

- Car(s)/vehicle(s) that a family relies on for transportation for personal or business use (e.g., bike, motorcycle, skateboard, scooter) Furniture, carpets, linens, kitchenware
- Common appliances
- Common electronics (e.g., radio, television, DVD player, gaming system)
- Clothing
- Personal effects that are not luxury items (e.g., toys, books)
- Wedding and engagement rings
- Jewelry used in religious/cultural celebrations and ceremonies
- Religious and cultural items
- Medical equipment and supplies
- Health care-related supplies
- Musical instruments used by the family
- Personal computers, phones, tablets, and related equipment
- Professional tools of trade of the family, for example professional books
- Educational materials and equipment used by the family, including equipment to accommodate persons with disabilities
- Equipment used for exercising (e.g., treadmill, stationary bike, kayak, paddleboard, ski equipment)

Non-Necessary Personal Property

- Recreational car/vehicle not needed for day- to-day transportation (campers, motorhomes, travel trailers, all- terrain vehicles (ATVs))
- Bank accounts or other financial investments (e.g., checking account, savings account, stocks/bonds)
- Recreational boat/watercraft
- Expensive jewelry without religious or cultural value, or which does not hold family significance
- Collectibles (e.g., coins/stamps)
- Equipment/machinery that is not used to generate income for a business
- Items such as gems/precious metals, antique cars, artwork, etc.

Exclusions from Net Family Assets

24 CFR § 5.603(b)(3)–(b)(4)

Required exclusions from net family assets include:

- Value of **necessary items of personal property**
- **Combined value of all non-necessary items of personal property** (which includes bank accounts or other financial investments) if the combined total value does not exceed \$52,787 (as adjusted for inflation annually)
- Value of **any retirement plan account** recognized by the IRS
- Value of **real property that the family does not have legal authority to sell** in the jurisdiction where the property is located
- **Amounts received in any civil action or settlement** based on a claim of malpractice, negligence, or other breach of duty resulting in a family member being a person with a disability
- Interest in **Indian trust land**
- Full amount of assets held in an **irrevocable trust**
- Full value of assets held in a revocable **trust where a member of the family is the beneficiary but the grantor/owner of the trust is not a member of the household**
- **Federal tax refunds or refundable tax credits** for a period of 12 months after receipt by the household. The tax refund/credit amount must be subtracted from the total net family assets regardless of where the amount is deposited.
- Value of any **Coverdell education savings account**
- Amounts in, contributions to, and distributions from any Achieving a Better Life Experience (**ABLE**) **account**
- Value of any **“baby bond” account(s)** created, authorized, or funded by the federal, state, or local government (i.e., money held in trust by the government for children until they are adults)
- **Equity in a manufactured home** where the family receives assistance under 24 CFR Part 982
- **Equity in property under the Homeownership Option** for which a family receives assistance under 24 CFR Part 982
- **Family Self-Sufficiency (FSS)** accounts
- **Lump sum earnings, such lottery winnings**

Checking Account(s)

Under HOTMA, only a CURRENT checking account balance is required. Owners/management agents should only obtain one statement. The six-month average balance will no longer be required.

Savings Account(s)

Determining Market Value and Cash Value:

The market value and cash value are the current balance of the savings account.

Calculating Income:

Actual income is determined by multiplying the current value by the interest rate that applies to the account.

Retirement Account(s)

Individual Retirement Accounts (IRAs)

An individual retirement account (IRA) is a type of savings account that is used by individuals to plan for their retirement later in their lives. There are two types of IRAs: traditional IRA and Roth IRA. The biggest difference between a traditional IRA and a Roth IRA is that required minimum distributions (RMDs) do not apply to Roth IRAs.

401(k) Plan

A 401(k) is a qualified profit-sharing plan that allows employees to contribute a percentage of their wages to an account within the plan. Funds can usually be withdrawn under the following conditions:

- The employee's retirement, death, disability, or
- Separation from service with the employer; or
- Employee turns age 59½; or
- Employee experiences a hardship as defined under the plan

Generally, early withdrawal from a 401(k) prior to age 59½ is subject to a 10% penalty unless the individual meets an exception defined under his/her 401(k) plan.

Keogh Account

A Keogh Account is a tax-deferred retirement savings plan for people who are self-employed. The account is very similar to a traditional IRA. The main difference between a Keogh Account and an IRA is the contribution limit.

Retirement and Pension Fund Accounts

Retirement and pension funds are types of retirement accounts that are different than the options previously discussed (i.e., 401(k), IRA, and Keogh). Retirement and pension fund accounts are primarily employer funded.



Retirement accounts ARE NOT considered assets under HOTMA. However, the distribution of periodic payments from retirement accounts is included as income and must be verified. Retirement accounts include IRAs; employer plans, such as 401(k) or 403(b) plans; and retirement plans for self-employed individuals.



Periodic payments from retirement accounts **will continue** to be included when determining household income

Example: Retirement Accounts

Andy, age 60, has a traditional IRA. The brokerage firm verified the following information:

Current Balance:	\$150,000
Penalty for Early Withdrawal:	\$0
Interest Rate:	1.7%

The brokerage firm also verified that Andy is receiving monthly payments in the amount of \$825.

In this example, the monthly amount of \$825 would be **included** when determining annual income.

$$\mathbf{\$825 \times 12 = \$9,900}$$

Compliance Tip:

Contributions to retirement accounts are not disposed of under HOTMA guidance. According to HUD HOTMA Notice 2023-10 (A.3.c and F.4.a), "an asset moved to a retirement account held by a member of the family is not considered an asset disposed of for less than fair market value."

Trust Accounts

1. Irrevocable trusts are excluded as an asset and asset income (actual income earned by the trust) is excluded
 - ▶ Distributions of periodic payments from principal or corpus is excluded as income
 - ▶ Distributions of periodic payments from interest earned on the trusts' principal is included as income, unless the distributions are used to pay for the health and medical expenses of a minor
2. Revocable trusts where the grantor is part of the household and is **under the control** of the trust is considered an asset and asset income (actual income earned by the trust) is included in income
 - ▶ The distribution of periodic payments from the trusts' principal is excluded as income.
 - ▶ The distribution of periodic payments from interest earned on the trusts' principal is excluded as income.
3. Revocable trusts where the grantor is NOT part of the household and does not have control of the trust is not counted as an asset and asset income (actual income earned by the trust) is excluded
 - ▶ The distribution of periodic payments from the trust's principal is excluded as income
 - ▶ The distribution of periodic payments from interest earned on the trusts' principal is included as income, unless the distributions are used to pay for the health and medical expenses of a minor

HOTMA Example: Payments from a Trust

Lane receives periodic income distributions from a nonrevocable trust established by their parents. Last year they received \$20,000 from the trust. The attorney managing the trust reported that \$5,500 of the funds distributed was interest income and \$14,500 was principal.

In this example, only **include** the \$5,500 in interest income when determining annual income. The amount (\$14,500) of the distribution that is principal is **excluded**.

Annual Income/Net Family Assets Scenarios based on Trust Type

Trust Type	Is the trust considered a net family asset?	Is the actual interest earned by the trust considered family income?	Are distributions of trust principal considered family income?	Are distributions of interest earned on the trust principal considered family income?
Revocable - Grantor is not part of the assisted family or household (and the family or household is not otherwise in control of the trust)	No	No	No	Yes, unless the distributions are used to pay for the health and medical expenses for a minor
Irrevocable (Typically, Special Needs Trusts are irrevocable.)	No	No	No	Yes, unless the distributions are used to pay for the health and medical expenses for a minor
Revocable - Grantor is part of the assisted family or household (or the trust is otherwise under the control of the family or household)	Yes	Yes	No	No



Tax Refunds

HOTMA changed how owners/management agents should calculate tax refunds or refundable tax credit and when it should be deducted from net assets. When it comes to income, tax returns are classified as nonrecurring income and is not counted. However, on the asset side, the value of the return/credit will be subtracted from total net assets for 12 months from receipt. HUD guidance in September of 2023 [Notice H-2023-10] indicated owners/management agents should subtract the value of any tax return/credit from the asset that the return/credit was deposited into. **In the February 2024 update to the Notice, HUD adjusted the guidance to indicate owners/management agents should subtract the amount of the tax refund/credit from total net assets regardless of what account the return went into.**

HOTMA instructs when and when not to verify tax refunds:

- Not required to verify the amount of the family's federal tax refund or refundable tax credit(s) if the family's net assets are equal to or below \$52,787 (adjusted annually for inflation) Even in years when full verification of assets is required or if self-certification of assets is not accepted
- Must verify the amount of the family's federal tax refund or refundable tax credits if the family's net assets are greater than \$52,787

While a tax refund or refundable tax credit is not counted as an asset, owners/management agents still have to anticipate income earned by the assets in which a household has deposited their tax refund or refundable tax credit. Owners/management agents are permitted to deduct the value of any tax return the household received in the last 12 months. Note: this is only relevant to deduct the amount if the total non-necessary personal property exceeds \$52,787 or the amount as adjusted annually for inflation by HUD.

According to HUD, a tax refund gets subtracted from total new family assets:

“At the time of an annual or interim reexamination of income, if the federal tax refund was received during the 12 months preceding the effective date of the reexamination, then the amount of the refund that was received by the family is subtracted from the total value of net family assets.”

Tax Refunds Example #1:

The Rodriguez family received a \$4,500 federal tax refund on 3/1 /2024:

- At their annual review, the family tells the property manager they received a \$4,500 refund and deposited the refund into their checking account, which has a balance of \$50,000
- Family reports actual income of \$1,000 from the checking account
- Family owns no other assets

In this example, total calculation of net family assets is \$45,500 (\$50,000 -\$4,500 tax refund). The \$45,500 would be excluded since the assets are all non-necessary personal property and equal to or less than \$52,787 making total net family assets \$0. But the \$1,000 from the checking account will be counted as income.

Tax Refunds Example #2:

The Rodriguez family received a \$4,500 federal tax refund on 3/1 /2024:

- At their annual review, the family tells the property manager they received a \$4,500 refund and deposited the refund into their checking account, which has a balance of \$50,000
- Family reports actual income of \$1,000 from the checking account
- Family owns a \$10,000 plot of land

In this example, the \$50,000 is excluded because it is non-necessary personal property and equal to or less than \$52,787. The \$4,500 tax refund is deducted from the \$10,000 making the total net family assets \$5,500 (\$10,000 - \$4,500). The \$1,000 from the checking account will be counted as income.

ABLE Accounts

ABLE accounts provide valuable benefits by allowing individuals with disabilities to save and invest without jeopardizing certain public benefits such as SSI. The entire value of an individual's ABLE account will be excluded from a household's assets. This means that interest on the ABLE account balance will not be counted as income (actual income or imputed asset income).

- Distributions from an ABLE account are also not considered income.
- All wage income received is included as income regardless of whether it's deposited into the ABLE account or a regular checking account
- If someone other than a designated beneficiary contributes directly to an ABLE account, that contribution will not be counted as income for the designated beneficiary. Any person can contribute to someone's ABLE account. However, the IRS limits the total annual contributions that an ABLE account can receive from all sources for a given calendar year.

ABLE Accounts Example #1:

A beneficiary of an ABLE account has a portion of her wages directly deposited into her ABLE account. All wage income received, regardless of which account the money is paid to, is included as income. Employer contributions to an ABLE account are excluded. The designated beneficiary then deposits some of her wages into the ABLE account. That deposited amount is not included in the household's asset calculation or counted as income again when she receives a distribution from the account.

ABLE Accounts Example #2:

If a relative provides a recurring gift of \$175 per month directly to a resident, the recurring gift would be counted as income. However, if they also deposit \$175 monthly directly into an ABLE account, then the additional \$175 per month it will not be counted as income.

Payment Apps: Income or Asset?

Are These Assets?

As all the below apps allow users to maintain cash balances in their accounts or transfer funds between bank accounts, the balances of these accounts should be treated as assets for the account holders.



PayPal is a service that allows an individual to pay, send money, and accept payments through the use of an internet application. PayPal has primarily been used to process payments for businesses for online purchases although it can be used for personal transactions.



Square Cash is a peer-to-peer payment app that is similar to Venmo, except the Square Cash does not have the social networking aspect that Venmo has.



Venmo, a subsidiary of PayPal, is a peer-to-peer social application primarily used to pay back money to family or friends.



Zelle is a digital payment system. Zelle itself isn't a bank account and doesn't hold funds. Instead, it facilitates direct transfers between bank accounts. Zelle is not required to report payments to the IRS. Money transferred via Zelle eventually resides in a bank account. Therefore, any funds held in a bank account that originated from Zelle transfers would be subject to the HOTMA asset evaluation process.

Market Value and Cash Value

HUD 4350.3 Exhibit 5-2

Market Value: The value of an asset on the open market or the money that another person would pay to acquire an asset.

Cash Value: The market value of an asset less the cost to turn it into cash

Calculating Income: There is not any actual income derived from app accounts as interest is not earned on any balance. However, the cash value of the account(s) must be included when calculating the total cash value of all assets for the purpose of imputing asset income.

Are Deposits Considered Income?

To determine if deposits made into an applicant's/tenant's account are considered income depends on the answers to the following questions:

- Are deposits "loan proceeds"? Are the payments being made to an applicant/tenant by an individual to pay an applicant/tenant back for money that an applicant/tenant loaned to the individual? If yes, the deposits should not be included as income.
- Are deposits being made into the account from another household member residing in the unit? If yes, the deposits should not be included as income.
- Are deposits being made on a periodic basis (i.e., from someone not included in the household) to an applicant/tenant in order to help financially support an applicant/tenant? If yes, the deposit should be included as income. Importantly, if an applicant/tenant has already disclosed that he/she receives cash contributions, use caution to ensure not to count the contributions twice.
- Are deposits an applicant/tenant is accepting payments for a business? If yes, the deposits are not considered income. As for self-employment, the net income from the business is used.

Express Debit Cards

(HUD Listserv Posting #296)

A Direct Express Debit Card is a payment option for individuals who do not have a bank or credit union. The balance on the Direct Express Debit Card is considered an asset and must be verified.

Determining Market Value and Cash Value:

Market value and cash value are the current balance as of the date verified.

Calculating Income:

No actual income is derived from a Direct Express Debit Card; however, the cash value will be included when calculating the total cash value of all assets.

Cash Held in Safe Deposit Box/Home

The current amount of any cash held is considered an asset for determining annual income.

To verify cash on hand or in a safe deposit box, take the amount from the OHFA Sworn Income and Asset Statement (SIAS).

Determining Market Value and Cash Value:

Market value and cash value are the current amount of cash being held by an applicant or tenant.

Calculating Income:

There is no actual income from cash on hand.

Stocks

Stocks are a type of security that gives stockholders a share of ownership in a corporation. Stockholders receive dividend payments when a company distributes some of its earnings. Each share of stock earns an annual dividend. Dividends can fluctuate year to year based on a stock's performance.

- Market Value of Stocks: Determined by multiplying the number of shares owned by the price per share
- Cash Value: Is the market value less the cost to sell the stocks (i.e., commissions, fees)
- Calculating Income: Determined by multiplying the number of shares by the dividend earned per share

Example: Determining Asset Value and Income of Stocks

Stock Information

of Shares Owned: 8 Dividend per Share: \$10

Price per Share: \$300 Commission to Sell: \$60

Market Value: \$2,400 (# of Shares X Price to Sell)

8 Shares X \$300 per Share = \$2400

Cash Value: \$2,340 (Market Value – Commissions/Fees)

\$2400 Market Value - \$60 Commission = \$2340

Income: \$80 (# Shares X Dividend/per Share)

8 Shares X \$10 Dividend = \$80

Certificates of Deposit

A Certificate of Deposit (CD) is a savings certificate with a set maturity date. Generally, CDs have a fixed interest rate.

An early withdrawal penalty will be incurred prior to a CDs maturity.

- Market Value: the amount of a CD
- Cash Value: the market value of a CD less any penalties for early withdrawal
- Calculating Income: Determined by multiplying the market value of a CD by the current interest rate

Verification: A written third-party verification from the source provided by the applicant/tenant is the preferred method of verification. This can be obtained through an asset holder's financial institution. An asset holder may have a paper certificate but it is now common for a CD to be a book entry and an item shown in an individual's bank statements. However, additional clarification may need to be sought from a bank regarding penalties for early withdrawal.

Example: Determining Asset Value and Income of CDs

CD Information

Current Value: \$5,000 Current Interest Rate: 3%

Penalty for early withdrawal: \$150

Market Value:	\$5,000
Cash Value:	\$4,850 (Market Value less the Penalty Amount)
Income:	\$150 (Multiply Market Value by the Current Interest Rate)

Asset Income

Actual Income from Assets

Actual income from assets, which is income generated by an asset (such as interest or dividend payments), is always included in annual income regardless of whether the asset itself is included or excluded from net family assets unless the income is specifically excluded.

Example:

Household has a \$20,000 savings account with a 2% interest rate.

The household has no other assets.

Total value of assets = \$20,000

Net family assets = \$0

(The total value of assets is less than \$52,787, so net family assets is considered \$0.)

Actual asset income from the savings account = \$400

(\$20,000 balance x .02) even though the net family assets is \$0

Helpful Tip:

Even under the HOTMA rule, the verification rules for LIHTC have not changed. For an LIHTC unit, if the cash value of all household assets exceeds \$52,787, verification of all assets is required.

Imputed Asset Income

Imputed income must be calculated for specific assets, not all assets, when three conditions are met:

- The value of net family assets **exceeds \$52,787** adjusted for inflation annually.
- The specific asset is included in net family assets; and
- Actual asset income cannot be calculated for a specific asset.

Imputed asset income is **NOT** required.

- If a household's net family assets exceed \$52,787 but actual income from ALL assets can be determined, imputing income is not required.
- If a household's net family assets are less than \$52,787 even if actual income cannot be determined for all assets, imputing asset income is not required.

If actual income from assets can be obtained for some assets but not all, owners/agents must add the actual income from assets for those assets where actual income can be calculated, and then calculate imputed income only for those assets where actual income cannot be calculated. Further information on HOTMA Asset Calculations is found here [HOTMA Asset Calculation Methods](#).

The following chart outlines when to input asset income:

	Actual Income	Imputed Income	Income to Include in Annual Income
Total Assets ≤ \$52,787	Include	(N/A)	Actual Income
Total Assets > \$52,787 & Actual Income can be calculated for ALL assets	Include	(N/A)	Actual Income
Total Assets > \$52,787 & Actual Income can be calculated on SOME assets	Calculate the Actual Income for the assets which actual income can be calculated	Calculate the Imputed Income for remaining assets	Actual Income + Imputed Income
Total Assets > \$52,787 & Actual Income cannot be calculated on ANY assets	(N/A)	Calculate asset income using total Cash Value of ALL assets x HUD passbook rate	Imputed Income

HOTMA New Regulation Example: Imputing Asset Income IS Required

Kenny and Denny are twins who are applying for a unit.

Denny has the following asset:

- ✓ Savings account with a cash value of \$15,500 and an interest rate of .05%, generating \$7.50 in annual interest income.

Kenny has the following assets:

- ✓ A CD with a current value of \$30,000 and a cash value of \$26,000, and an interest rate of 0.1% generating \$30.00 in annual interest income.
- ✓ A recreational boat with a cash value of \$12,000

In this scenario, since the **Cash Value exceeds \$52,787**, and actual income from all assets cannot be determined, imputing asset income is required for the asset where the actual income cannot be determined (i.e., Actual Income cannot be determined for the boat.).

Cash Value of all assets is **\$53,500** ($\$15,500 + \$26,000 + 12,000 = \$53,500$)

Imputed Income: \$48.00 ($\$12,000 \times .4\% = \48 (Cash Value of boat X current passbook rate))

Actual Income: \$37.50 ($\$7.50 + \$30.00 = \37.50)

Total Income from Assets: \$85.50 ($\$48.00 + \37.50)

HOTMA New Regulation Example: Imputing Asset Income **IS NOT** Required

Destiny and Sam are cousins who are applying for a unit.

Destiny has the following assets:

- ✓ Savings account with a cash value of \$37,000 and an interest rate of .05%, generating \$18.50 in annual interest income.
- ✓ Savings Bond with a cash value of \$15,000 and an interest rate of 2.3%, generating \$345.00 in annual interest income.

Sam has the following assets:

- ✓ Savings account with a cash value of \$4,300 and an interest rate of .05%, generating \$2.15 in annual interest income.
- ✓ A CD with a current value of \$10,000 and a cash value of \$8,000. The CD has an interest rate of .5%, generating \$50.00 in annual interest income.

In this scenario, even though the **Cash Value exceeds \$52,787** ($\$37,000 + \$15,000 + \$4,300 + \$8,000 = \$64,300$), since actual income from all assets can be determined, imputing asset income **is not** required.

HOTMA New Regulation Example: Imputing Asset Income **IS NOT** Required

Remington and Eli Leroy are cousins who are applying for a unit.

Remington has the following assets:

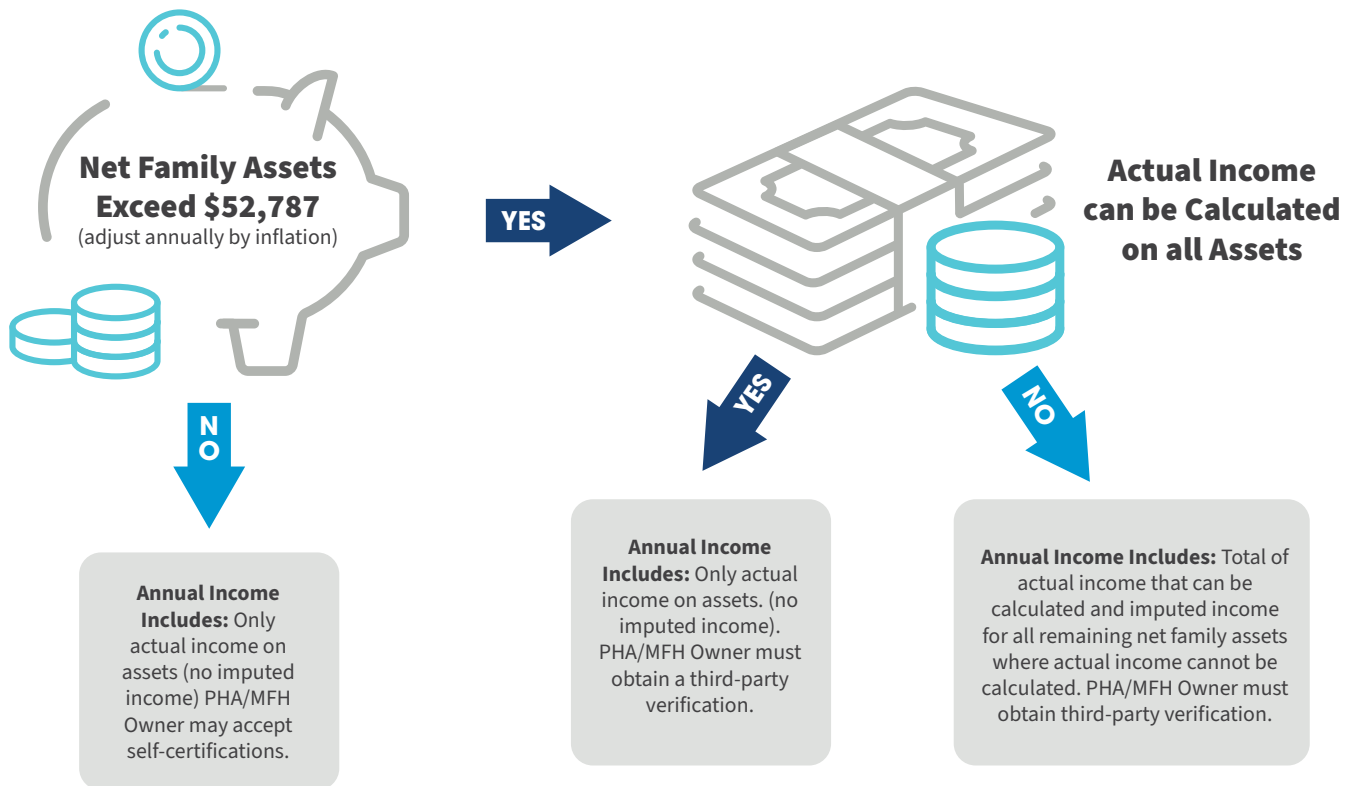
- ✓ Savings account with a cash value of \$7,000 and an interest rate of .05%, generating \$3.50 in annual interest income.

Eli Leroy has the following assets:

- ✓ Savings account with a cash value of \$4,000 and an interest rate of .05%, generating \$2.00 in annual interest income.
- ✓ A jet ski with a cash value of \$10,000 (i.e., Actual Income cannot be determined for the jet ski).

In this scenario, since the **Cash Value does not exceed \$52,787** ($\$7,000 + \$4,000 + \$10,000 = \$22,000$), imputing asset income on the jet ski **is not** required.

Decision Chart to Determining Income from Assets



When Actual Income Is \$0

If a financial asset does not generate income, the actual income from an asset is considered to be \$0 and the income on the asset is not imputed.

Section 11:

**Compliance
Monitoring and
Reporting**

24 CFR § 93.404(d), 24 CFR 93.301, and § 92.504(d)

OHFA will conduct compliance monitoring activities in order to ensure a HDAP-funded project maintains compliance with HDAP regulations throughout the project's affordability period. OHFA is required by regulation to conduct compliance monitoring and to take the appropriate steps when noncompliance is found.

Remaining in compliance is solely the responsibility of the owner and is necessary to use and retain the funds allocated to the HDAP award.

Owners/management agents should be aware that other agencies such as the Ohio Department of Development and/or HUD may also conduct compliance monitoring.

OHFA reserves the right to inspect the files and/or physical units at any time at its discretion. Decisions to monitor/inspect more frequently may be based on tenant complaints or OHFA's assessment that a project is high risk. A project may be deemed high risk based on compliance issues identified through the Annual Owner Certification, previous inspections, or on financial issues identified through the annual financial review (if applicable).

On-Site Inspection Frequency and Sample Size

Frequency of HDAP Audits

- An initial physical inspection or audit for HOME, HOME/ARP, NHTF and OHTF programs must be conducted within 12 months of project completion unless otherwise specified by OHFA, and every three years thereafter during the affordability period.

HOME Projects

Per the 2025 HOME Final Rule, the sample size of units to be inspected are not required to be based on random "statistically valid sample of units appropriate for the size of the HOME-assisted project" but rather a random sample. The 2025 Rule significantly changed the required sample size and other requirements as follows:

- Project inspections/audits are no longer based on a risk-assessment conducted by PJs. Rather, PJs must inspect once every three years.
- HUD developed a Minimum Inspection Size Chart (i.e., Chart) which outlines how many units must be inspected based on the number of HOME-assisted units within the project. Accordingly, HUD revised § 92.251(f)(3)(iii) to require inspections be performed in accordance with the Chart. According to HUD, the PJ must inspect the inspectable areas for each building containing HOME-assisted units and not just the units themselves.
 - ▶ HUD will allow a PJ to accept inspection reports from other funding agencies (i.e. LIHTC, REAC) for HOME unit inspections which use the NSPIRE standard. The inspection must have been within the last 12 months and must be in satisfaction of another funding source's requirements and conducted within the timeframes established for the applicable regulations. However, PJs must still conduct the initial inspection/ audit within 12 months of project completion.

Note #1: OHFA will allow the use of NSPIRE-based inspection reports (i.e., REAC, LIHTC) so long as the inspection was within the last 12 months. The only exception is OHFA must conduct the initial inspection within 12 months of a project's completion and therefore, other funding reports cannot be used.

Note #2: HOME-ARP and OHTF projects follow the sample size as outlined in the Minimum Inspection Sample Size Chart.

The inspection sample size will be determined as follows and as outlined in the Minimum Inspection Sample Size Chart. The sample size is based on the number of assisted units in the project.

- For projects with one to four assisted units, 100% of the assisted units will be monitored/inspected.
- For projects with more than four assisted units, a file monitoring or inspection must include a review of at least a number of units equal to the lesser of (1) 20% of the assisted units rounded up or (2) the number of units identified in the Minimum Unit Sample Size Chart below. However, the OHFA Auditor may, at their sole discretion, choose to expand the sample size.
- Inspectable areas under NSPIRE will be inspected for all buildings. Inspectable areas include unit, inside, and outside.

Minimum Inspection Sample Size per 24 CFR 92.251f

Number of Assisted Units in the Project	Minimum Unit Sample Size
1 - 4	100% of Units
5 - 20	4 Units
21 - 130	20% of Units (<i>rounded up</i>)
131 - 166	27
167 - 214	28
215 - 295	29
296 - 455	30
456 - 920	31
921+	32

NHTF Projects

The 2025 HOME Final Rule does not apply to NHTF projects. Therefore, the inspection/audit protocol has not changed. The sample size is based on the number of assisted units in the project.

- ⇒ **One- to four-unit project:** 100% of the assisted units will be inspected
- ⇒ **More than four:** 50% of the assisted units for projects with five or more assisted units. For physical inspections, at least one assisted unit in each building will be inspected. 100% of the building must be inspected.

Advanced Notice – OHFA cannot under any circumstances provide advance notice on the units being inspected. However, reasonable notice may be given for an audit. OHFA will notify owners/ management agents the day of the inspection of the units and files being inspected. For inspections on multiple days, notice will be given each day.

Smoke Detector and Carbon Monoxide Requirements

The 2025 HOME Final Rule adds carbon Monoxide and Smoke Detector requirements by adopting NSPIRE requirements.

- For new construction and existing projects under §92.251(a)(3)(vi)(B)(1), a hardwired smoke detector must be installed on each level of each housing unit, in or near each sleeping area in each housing unit, in the basement of each housing unit, and in each common area of a project. However, a hardwired smoke alarm is not required in crawl spaces or unfinished attics of housing units. In addition, a hardwired smoke detector must also be installed within 21 feet of any door to a sleeping area. along a path of travel and, where a smoke alarm installed outside a sleeping area is separated from an adjacent living area by a door, a smoke alarm must also be installed on the living area side of the door.
- Smoke detectors must have an alarm system designed for hearing-impaired persons.
- PJs can provide written exception to allow an owner to install smoke detectors with 10-year non-rechargeable, nonreplicable battery if hardwired smoke detectors place an undue financial burden or installation is infeasible.

Inspection Protocol

During audits, an HDAP project must meet all local or state standards. OHFA monitors in accordance with HUD protocols under 24 CFR § 93.301. OHFA will monitor HDAP projects in accordance with HUD's National Standards for the Physical Inspection of Real Estate (NSPIRE) for all HDAP projects. For further information on NSPIRE protocol, refer to **Appendix D** of this manual.

On-Site Audits

Prior to performing an on-site audit, OHFA will:

1. Notify the owner/management agent of the date and approximate time the audit will take place.
2. Request that the owner/management agent and a maintenance person be present and accompany the auditor(s) throughout the entire audit process.



All units must be available for interior and exterior inspections (vacant units, occupied units, and common areas).

After performing an onsite audit, OHFA will:

- ⇒ Provide the owner/management agent with a Compliance Audit Report (CAR) which identifies all noncompliance findings including life- threatening or severe issues (per the NSPIRE severity classification). **All life-threatening or severe issues identified must be corrected within 24 hours and OHFA must be notified of the corrections within 72 hours.** Moderate severity issues identified in the CAR must be corrected within 30 days. Low severity issues must be corrected within 60 days.
- ⇒ Require all noncompliance issues be corrected within the time frame specified in the CAR.
 - Legible copies of proof of the corrections in the form of work orders, receipts, and/or invoices must be provided to OHFA within the allotted time indicated in the CAR
- ⇒ The OHFA Auditor will review verification documents submitted by the owner/management agent to ensure noncompliance issues have been cured. If all noncompliance issues have been corrected, the auditor will send a correspondence indicating no further corrective actions are required.

Desktop File Audit Requirements

Remote desktop file audits occur through OHFA’s inspection software. OHFA reserves the right to review a project’s tenant/unit files and related records either via desktop review (files submitted electronically to OHFA) or onsite at the project throughout the affordability period. OHFA reserves the right to inspect the files at any time at its discretion, with or without advance notification to the owner/management agent.

The audit process is broken down into 3 steps for owners/management agents:

1. Receive an Audit Notice Letter from OHFA to send in prep documents for the audit and update tenant data in our on-line reporting system.
2. Receive a Day-Of-Audit letter. Owners/management agents will then send in requested tenant files.
3. Owners/management agents must send all corrections to the audit findings to the assigned compliance auditor within the outlined timeframe.

Receiving Audit Notice Letter

The compliance auditor will email a letter to the primary owners/and management agents listed in OHFA’s on-line reporting system. The letter will instruct owners/management agents to:

1. Update tenant events in OHFA’s online reporting system within three days from the date of the notice letter.
 - a. Owners/management agents must ensure they have access to OHFA’s reporting system in order to update the tenant events.
 - b. It is important HOME/HOME-ARP/NHTF/OHTF units are identified in the tenant events before the day of the audit.
2. Complete the [Management Questionnaire \(PC-I225F\)](#) and submit the project’s utility allowance documentation for the current and prior two years as well as the project’s VAWA emergency transfer plan.
 - a. Primary owners and management agents listed on the Management Questionnaire will receive the compliance audit report.
 - b. Upload all requested documents to OHFA’s reporting system with the “Upload Documents” button for the project. Only use this section to upload prep documentation for a file audit.

The screenshot displays the 'Property Details' page in the OHFA reporting system. The page title is 'TEST - X - Live Data - IT' and the time is 19:33. On the left, there are navigation links: 'Return to Property Listing', 'Manage Users', and a list of properties including 'TEST - X - Live Data - IT' and 'OH-16-Test'. The main content area shows the following details:

- Property Name: TEST - X - Live Data - IT
- Address: 57 E Main St, Columbus OH, 43215
- Compliance Analyst: Christina Knight
- Scattered Site: No

Program	Award Number	Award Date	Buildings	Units
HDAP-LIHTC(HOME)	NB 20020		0	20
LIHTC - Competitive	DONOTDELETE		1	5

Reporting Year: 2021 Floating Units: False

On the right side, there is a vertical menu with the following options: 'Utility Allowances', 'Import Events', 'Export Events', 'Remove Property', and 'Upload Documents'.

This is an example of a project in OHFA’s reporting system. Upload Documents is used to send in prep documents for an upcoming file audit. Do not use this section to upload tenant files.



Owners/management agents must ensure HDAP units are identified in the project tenant events section in OHFA's reporting system before the audit. This will allow for a more efficient audit and eliminate questions from the OHFA auditor regarding the HDAP units.

Required File Audit Upload Documentation

The Day-of-Audit letter will instruct as to which units are randomly chosen for an audit. Since OHFA's reporting system randomly chooses the units, some vacant units may be chosen. Keep in mind the last tenants living in those units will need their files available for audit. Instructions on how to upload tenant files in OHFA's reporting system are available and the link is listed in the Day-Of-Audit letter. The letter will provide the date and time to have all tenant files uploaded into OHFA's reporting system.

- Upload only what is asked for and only one file at a time.
- Label each file uploaded with the BIN, and unit #. Tenant name and address is helpful.
- Do not upload birth certificates, Social Security Numbers, picture IDs or Enterprise Income Verification (EIV) documents
- Once the required files are uploaded, send an email to the OHFA auditor assigned to the project letting them know that the files have all been uploaded. Ensure the project name and project number is notated in the subject line of the email.

Correction Period

Once the assigned auditor has reviewed the files, a Compliance Audit Report (CAR) will be available for viewing in OHFA's inspection software. Any noncompliance file findings will be noted for each unit and given a correction period. Any questions about how to access the compliance audit report or how to submit corrections should be directed to the assigned compliance auditor to the project.

OHFA is required to provide written notice of noncompliance to the owner if:

- Any required submissions are not received by the due dates;
- Tenant and rent records are not made available during an audit or not submitted when requested by OHFA and/or
- The project is found to be out of compliance through physical unit inspection/audit, Annual Owner Certification review, file audit, and/or other means.

Any file findings will be noted for each unit and the owner/management agent will have 30 days to correct any non-compliance. If OHFA determines that there is good cause or a mitigating circumstance, an extension may be granted.

Correcting Documents

OHFA will not accept documents that are incomplete, have been marked with correction fluid (e.g., whiteout), or where information has been redacted with a pen or marker. To correct a document, the management agent should draw one line through any erroneous information and write the corrected information to the side. All corrections, including on the OHFA TIC, should be dated and initialed by both the tenant and the management agent. The corrected TIC should not be re-printed.



Consequences of Noncompliance

HDAP noncompliance findings can result in a variety of corrective actions imposed by OHFA. The type of corrective action needed will depend on the severity of the noncompliance.

Types of Noncompliance

Generally, a project is out of compliance if during the affordability period if:

- The project no longer meets the requirements outlined in the HDAP funding agreement, the income and rent restriction requirements of the HDAP program, or other requirements for the units which are set-aside; or
- The owner/management agent fails to submit the annual HOME/HOME/ARP/NHTF Occupancy Report, the HDAP Annual Owner Certification, or any other requested documentation; or
- An ineligible household resides in a program unit (including a student ineligible household for HOME-assisted units); or
- A unit or building is no longer suitable for occupancy or otherwise in violation of NSPIRE physical inspection standards; or
- The owner/management agent does not comply with OHFA's requests to conduct a physical inspection/audit or file audit
- Sale or transfer of the project or any interest in the ownership without OHFA's written approval
- The project is abandoned or terminated by HDAP Recipient before the completion of construction or before the expiration of the affordability period

The owner is responsible for ensuring the project remains in compliance with federal and state regulations and OHFA policy. Consequences of failing to correct noncompliance in a timely manner include, but are not limited to, the following:

- Declare the unpaid principal balance of the HOME note, together with all unpaid accrued interest and any other amounts due under this agreement or the loan documents to be immediately due and payable to OHFA (i.e., recapture of award funds)
- Wholly or partially terminate or suspend the funding agreement
- Repayment of rent overages
- Mandatory attendance at an HDAP and/or LIHTC training offered by OHFA, sponsored by OHFA, or offered by a national training company such as US Housing Consultants or Costello Compliance
- An increase in the frequency of OHFA audits/inspections
- Demand specific performance of the HDAP recipient in accordance with the use restrictions placed on the project as allowed by 24 CFR 92.504(c)(3)(vii).
- Referral to OHFA's Office of Multifamily Housing Programs to determine if the project remains in good partnership with the Agency

Tenant Fraud

If fraud/misrepresentation of information is discovered while processing an application for residency, the applicant should be denied. Handling tenant fraud becomes more problematic when the fraud is discovered at recertification. In this scenario it may be determined the household was never initially qualified and has been inappropriately occupying the unit. Fraud is considered material noncompliance with the lease and program requirements and is therefore grounds for termination of tenancy.

In order to try and reduce the number of instances of tenant fraud/misrepresentation, the owner/management agent should ensure that the forms used in tenant files address the seriousness of providing fraudulent information. All leases should include language that fraud is grounds for eviction or non-renewal of a lease.

Owner/Management Agent Fraud

If OHFA becomes aware of an apparent act of fraud by the owner/management agent, or other entity involved with the management and compliance of a project, the project may be considered out of compliance and the following steps may be taken:

- The owner/management agent is referred to OHFA's Office of Multifamily Housing Programs in order to evaluate if the project remains in good partnership with the Agency.
- If warranted, OHFA may recapture the HDAP funds

Section 12:

**Annual Owner
Reporting**

Owners/management agents of HDAP projects funded by OHFA must submit an Annual Owner Certification (AOC) in order to remain in compliance with HDAP program requirements. AOCs are due by March 1st of each reporting year.

Owners/management agents certify, under penalty of perjury, that the information provided in the AOC is true, accurate and in compliance with HDAP rules and regulations. All information about annual reporting requirements is posted on OHFA’s website. Owners/management agents must also enter all tenant events by the 10th of each month for all HDAP funded projects. [This document](#) outlines AOC and tenant event requirements.

HDAP Annual Certification

Items owners/management agents certify:

Ohio Broker’s License <i>(if applicable)</i>	Religious Activities	Utility Allowance	AFHMP	Rent Restrictions
Suitable for occupancy under NSPIRE standards	State and Local safety/code Violations	CHDO and Tenant Participation Plan	Record Retention	Voucher Holder’s rights
VAWA Compliance <i>(including emergency transfer requests)</i>	Training Requirements	Supportive Services and Coordinator	Updates to Owner/management Information	

All questions must be answered before submitting the certification.

Importantly, owners must certify under penalties of perjury, in the Annual Owner Certification which describes local health, safety and building code violations. Failure to report code violations is noncompliance and will be handled in accordance with OHFA policies, including referral to OHFA’s Office of Multifamily Housing to determine if the project remains in good standing with the agency.

There are three types of AOCs if your project has LIHTC and HDAP funding:

1. **Tax Credit** — for projects in a compliance period
2. **Extended Use** — for LIHTC projects in an extended use period
3. **Gap Financing** — for projects funded with HDAP funds, such as HOME, HOME-ARP, Ohio Housing Trust Fund (OHTF), and/or National Housing Trust Fund (NHTF)

Projects funded with both LITHC and HDAP funds will need to complete both certifications.

Updating Utility Allowances

Under federal requirements, utility allowances must be updated annually.

- If utility allowance amounts have not changed (i.e., PHA not updated), owners/management agents still need to copy the old utility allowances and add new verification dates in system.
- New utility allowances should have the same effective and verified dates.

Owner-paid utility allowances only need to be marked on the building details page, not the utility allowance section.

Finalizing Tenant Data

All projects must enter all rental activity into OHFA's database system. This includes: move-ins, move-outs, transfers, and adjustments.

After entering all activity, owners/management agents must "finalize year" in order to submit the information.

Ohio Broker's License Requirement

Is your project third-party managed (i.e. has no ownership interest in the project)? If so, third-party managed companies must hold an active Ohio Broker's License in accordance with real estate law (Ohio Revised Code Chapter 4735, section 4735.022).

Compliance Tip: Third-Party Managing

⇒ **Broker License Requirement**

Except as provided in [section 4735.022 of the Ohio Revised Code](#):

No person, partnership, association, or corporation shall act as a real estate broker or real estate salesperson, or advertise or assume as such, without first being licensed with the Ohio Department of Commerce.

⇒ **License must be active.**

⇒ **Annual Owner Certification Requirement**

Update Broker License information as necessary.

The broker's license must be active and held by a member of the management entity.

Section 13:

**Financial
Reporting
Requirements**

OHFA's Asset Management Office requires many OHFA-funded projects to submit periodic financial information, including internally prepared and/or independently audited financial statements and other project-level information. Questions related to this should be sent to assetmanagement@ohiohome.org. Per HUD regulations, OHFA requires periodic financial reporting from projects funded with HOME, HOME-ARP, or NHTF. HOME projects with 10 or more HOME-assisted units must be analyzed on an annual basis for ongoing financial viability per 24 CFR §92.504(d)(2). NHTF projects must be analyzed on an annual basis.

Submission Frequency: Annual

Submission Requirements: Independently audited and internally prepared financial statements for the previous year's operations, including a balance sheet, income statement, change in partners' capital, and statement of cash flow, are mandatory. The balance sheet must end on the last day of the previous year. In addition, owners must provide the following:

- Tenant receivable aged report
- Accounts payable aged report
- Replacement reserve account balance (bank statement)
- Operating reserve account balance (bank statement)

Further information on the financial review process may be found in OHFA's [Asset Management Policies](#), which may be amended at any time.

Project Changes (HDAP Recipient)

If an HDAP recipient for a project changes, OHFA must be notified 30-days prior to the proposed change in accordance with OHFA policies by submitting [OHFA's HDAP Recipient Change Form](#), which may be amended from time to time. OHFA's Asset Management Office with assistance from other OHFA offices reviews these types of requests with goals to protect financial viability, preserve affordability, and safeguard tenants.

Document submission and questions regarding a particular change request must be submitted to assetmanagement@ohiohome.org.

If an HDAP project has LIHTC funding, owners/management agents reporting requirements are found in the following policies, which may be amended at any time:

- [Ownership Transfer Policy](#)
- [Management Change Policy](#)

Failure to report project changes may result in owners/management agents being referred to OHFA's Office of Multifamily Housing to determine if the project remains in good standing with the Agency.

Section 14:

**Recordkeeping
and Retention
Requirements**



Many of the laws and regulations the owner of a HDAP project must follow involves recordkeeping. Appropriate recordkeeping can prevent an owner from having noncompliance issues and may also help an owner when noncompliance is identified by evidencing a good faith effort to be in compliance. Recordkeeping includes all tenant files for the project throughout the affordability period.

Period of Record Retention

All HDAP records must be retained in a secure location for the most recent five-year period, except as provided below. Recordkeeping requirements are outlined in 24 CFR 93.407 in part:

1. HDAP records may be retained for 5 years after the project completion date, except that records of individual tenant income verifications, project rents, and project inspections must be retained for the most recent 5-year period, until 5 years after the affordability period terminates.
2. For homeownership housing projects, records may be retained for 5 years after the project completion date, except for documents imposing resale or recapture restrictions that must be retained for 5 years after the affordability period terminates.
3. Written agreements must be retained for 5 years after the agreement terminates.
4. Records covering displacements and acquisitions must be retained for 5 years after the date by which all persons displaced from the property and all persons whose property is acquired for the project have received the final payment to which they are entitled, in accordance with § 93.352.
5. If any litigation, claim, negotiation, audit, monitoring, inspection, or other action has been started before the expiration of the required record retention period, records must be retained until completion of the action and resolution of all issues that arise from it, or until the end of the required period, whichever is later.

Note #1: *HDAP units paired with LIHTC, must also follow the record retention requirements as outline in OHFA's LIHTC Compliance Manual , specifically Section 21.*

Note #2: *OHFA permits the electronic storage of records in lieu of hardcopies, as long as the electronic storage system includes reasonable controls for accuracy and reliability and maintains documents that are accessible, legible, and readable.*

Section 15:
OHFA Policies

As regulations and programs evolve, OHFA makes updates to the compliance rules and procedures associated with our various projects and programs. Owners/management agents of OHFA-funded projects are responsible for ensuring their projects comply with all applicable local, state, and federal laws and regulations.

OHFA's policies may be amended from time to time so it is important for owners/management agents to be aware of all policy changes, but how?

Stay Informed! *Subscribe to OHFA's Constant Contact [email distribution list](#) that allows owners/management agents to receive important notifications from OHFA concerning compliance, regulatory and policy changes, development updates, and much more.*

Information on all of OHFA's policies is [found here](#). The policies listed below is just a sample of OHFA's policies.

Note: *OHFA polices may be amended from time to time.*

Compliance Next Steps Meeting

The Compliance Next Steps (CNS) Meeting provides an opportunity to ensure all parties involved with OHFA-funded multifamily properties are aware of federal and state regulations. The meeting fosters partnership between OHFA and property contacts. Owners/Management agents are required to meet with OHFA when:

- **New Construction and HDAP:** A project reaches the 50% construction completion point.
- **Acquisition/Rehabilitation:** The project is transferred to a new ownership entity.

OHFA's On-boarding Process

As part of OHFA's commitment to fostering positive relationships with owners/management agents involved in an OHFA-funded project, OHFA established an on-boarding process for owners/management agents who are new to OHFA, have little to no experience in multifamily programs, or experiencing significant compliance issues which may jeopardize the viability of the project. It is at OHFA's discretion to determine which entities involved with a project will be required to participate in the on-boarding process.

Further information is [found here](#).

Tenant Selection Plan Guidelines

OHFA's Tenant Selection Plan Guidelines, which may be amended from time to time, provides direction for owners/management agents on what must be included in a project's TSP. It is acceptable for owners/management agents to refer to the TSP as a resident selection plan or qualifying criteria. Compliance with the mandatory elements in the TSP Guidelines is a requirement for all projects funded by OHFA. The tenant screening criteria section contains recommended best practices. Further information is found here [Tenant Selection Plan Guidelines](#).

Violence Against Women Act

Adherence to the requirements of the Violence Against Women Act Reauthorization Act of 2022 (VAWA) is required for all OHFA-funded programs, including LIHTC, HOME, HOME-ARP, NHTF, and OHTF. OHFA's VAWA policy, which may be amended from time to time, can be [found here](#).

Appendix A:

Owner/Management Agent and OHFA Responsibilities

Note: Unless a provision is noted as “HOME Only”, “NHTF Only,” “HOME-ARP” or “OHTF Only”, all provisions in this manual apply to all three programs.

The entities involved in project compliance include OHFA and the owner/management agents. The various responsibilities for these entities are outlined below.

Responsibilities of OHFA

OHFA allocates and administers the HDAP HOME, HOME-ARP, NHTF, and OH Trust (OHTF) housing programs for the State of Ohio. OHFA’s responsibilities are as follows:

A. Review Annual Owner Certifications and Annual Financial Information

OHFA will review an Annual Owner Certification (AOC) for each HDAP project. For information on AOCs, refer to **Section 12** of this manual.

In addition, for each HOME, HOME-ARP or NHTF projects with 10 or more assisted-units, OHFA must annually review the financial condition of the project to determine “the continued financial viability of the housing” in accordance with the Financial Oversight requirements of the HOME and NHTF regulations.

OHFA must take actions, as feasible, to correct any problems identified through financial review. Staff from OHFA’s Asset Management office will contact each applicable property annually to request the necessary information. For additional information on Financial Review, refer to **Section 13** of this manual.

B. Conduct File Monitoring and Physical Inspections

All HDAP projects will be subject to tenant file monitoring and physical inspections once every three years. However, OHFA reserves the right to monitor/inspect more frequently. Decisions to monitor/inspect more frequently may be based on tenant complaints or other reasons as determined by OHFA.

Tenant File Audits - Information to be reviewed will include, but is not limited to, all required OHFA forms for verification purposes (i.e., income and asset verifications), rent and utility allowance records, leases, tenant selection plans, etc. Owners/management agents must provide organized tenant files to OHFA with documentation in chronological order.

Physical Unit Inspections – OHFA auditors will conduct a physical inspection to ensure that the project is suitable for occupancy per NSPIRE inspection protocol.

OHFA retains the right to perform a file review and/or physical inspection of any building and/or unit at any time during the Affordability Period.

C. Remedying Noncompliance

When noncompliance is discovered, OHFA will work with the owner/ management agent to remedy the issue during the correction period. If necessary and under mitigating circumstances, OHFA may recapture HDAP funds for systemic noncompliance issues or failure to cooperate with an OHFA audit.

D. Conduct Training

OHFA may conduct or arrange compliance trainings and will disseminate information/resources regarding the dates and locations of such trainings to its partners.

E. Approve HOME, HOME-ARP and NHTF Rents

OHFA must approve, at least annually, the rents to be charged by all HOME, HOME-ARP or NHTF-assisted projects. This rule does not apply to HDAP Trust-assisted projects. Owners/management agents are responsible for timely submitting required documentation for rent approvals. Reference [OHFA's Annual HOME/HOME-ARP/NHTF Rent and Occupancy Report](#).

Responsibilities of the Owner/Management Agent

The owner/management agent must certify all program requirements have been met. Any violation of program requirements could result in the owner being required to repay HDAP funds and may jeopardize future applications for OHFA funding.

The responsibilities of owner/management agent include, but are not limited to the following:

A. Leasing Units to Eligible Households in a Non-Discriminatory Manner

For more information on leasing requirements, fair-housing and tenant selection plans, refer to **Section 3** of this manual.

B. Charging No More than the Maximum Allowable Rents (Including Utility Allowances and Non-Optional Fees)

For more information on rent limits and maximum allowable rent, refer to **Section 5** of this manual.

C. Maintaining the Project in Habitable Condition

The owner/management agent is responsible for ensuring that the project is maintained in a functionally adequate, operable, and free of health and safety hazards condition in accordance with NSPIRE protocol. Failure to do so is an act of noncompliance.

D. Record Retention Requirements

- Written funding agreements must be retained for five years after the funding agreement terminates.
- Tenant files must be retained for the most recent five years throughout the affordability period, until five years after the end of the affordability period. If any litigation, claim, negotiation, audit, monitoring, inspection, or other action has been started before the expiration of the required retention period, the records must be maintained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.
- OHFA permits the electronic storage of records in lieu of hardcopies, as long as the electronic storage system includes reasonable controls for accuracy and reliability and maintains documents that are accessible, legible, and readable.

E. Attend Compliance Training

Owners/management agents are encouraged to attend OHFA or OHFA sponsored compliance trainings. OHFA may require attendance from the owner/management agent for a history of noncompliance or other reasons as determined by OHFA.

F. Being Knowledgeable About:

- Expiration dates, closeout dates, and the duration of the affordability period
- The award number and address of each building in the project
- The applicable income and rent restriction for each assisted unit
- Whether assisted units are considered fixed or floating units
- The terms under which the award was made and the requirements applicable to the funding policy under which the award was made
- Any restrictions required in the funding agreement and recorded lien/restrictive covenant, including required amenities, services, design features, and special population targeting

The items listed above can be found in the application, funding agreement, recorded lien/restrictive covenant, and/or the closeout letter for the project. To ensure compliance, it is important owner/management agents have copies of these documents and are familiar with the terms defined within.

G. Complying with the Terms of the Application, Funding Agreement, and Lien/Restrictive Covenant

In addition to meeting rent and income restrictions, this obligation includes providing the agreed upon services, amenities, design features, and any special population targeting throughout the affordability period. OHFA will monitor for compliance with these elections.

H. Reporting Material Changes to the Project Including a Change in the HDAP Recipient or Management Company

Throughout the operational life of a property, owners may decide to change the HDAP recipient or property management company. OHFA's Asset Management office with assistance from other OHFA compliance office, reviews these types of requests with the goal(s) to protect the project's financial viability, preserve affordability, and safeguard residents. Questions regarding a particular change request must be submitted to OHFAprojectchanges@ohiohome.org.

Refer to **Section 13** of this manual for further information.

I. Reporting Tenant Events and Submitting the HDAP Annual Owner Certification

The owner/management agent must annually certify compliance to OHFA, under penalty of perjury, for each year of the affordability period. The HDAP Annual Owner Certification (AOC) is due on or before March 1st of each year and certifies information for the preceding 12-month period. In order to fulfill this requirement, owners/management agents must fully complete the AOC and finalize tenant events in OHFA's online reporting system.

J. Notify OHFA of any Noncompliance Issue(s)

If the owner/management agent determines that a unit, building, or the entire project is out of compliance with program requirements, OHFA should be notified immediately. The owner/management agent must formulate a plan to bring the project back into compliance.

The owner/management agent must keep documentation outlining: the nature of the noncompliance issue, the date the noncompliance issue was discovered, the date that noncompliance issue was corrected, and a description and proof of the actions taken to correct the noncompliance.

Additionally for HOME noncompliance, the owner/management agent is responsible for replacing temporarily noncompliant units (units where the household exceeds 80% AMI). This rule only applies to HOME-assisted units. Refer to **Section 4** and **Appendix B** for further information on over-income tenants and maintaining compliance.

K. Affirmative Fair Housing Marketing Plans (AFHMP)

The owner/management agent must maintain and update the AFHMP as necessary. Refer to **Section 3** of this manual for additional information.

L. Requesting Approvals for HOME, HOME-ARP or NHTF Rents

The owner/management agent must submit requests for any changes in rent to OHFA for approval. At least annually at the time that new rent limits are released by HUD, the owner/management agent must provide an update to OHFA on its proposed rents for HOME, HOME-ARP, or NHTF-assisted units using [OHFA's Annual HOME/HOME-ARP/NHTF Rent and Occupancy Report](#), which may be amended from time to time.

M. Submitting Annual Financial Information

Owners of HOME, HOME-ARP, or NHTF-assisted projects with 10 or more units (total units, not assisted units) must annually submit financial reports to OHFA. Refer to **Section 13** for additional information.

N. Demonstrating “Due Diligence”

The owner is ultimately responsible for compliance and proper administration of HDAP program and award requirements. OHFA expects all owners/management agents demonstrate “due diligence,” hereby defined as the appropriate, voluntary efforts to remain in compliance with all applicable Federal and State rules and regulations. Due diligence can be demonstrated through business care and prudent practices and policies. Part of due diligence is the establishment of internal controls, including but not limited to separation of duties, adequate supervision of employees, management oversight and review (internal audits), complete proper verifications of tenant income, independent audits, and timely recordkeeping.


Due diligence also includes keeping up to date with regulatory requirements and OHFA policies which may be amended from time to time by attending OHFA or OHFA-sponsored compliance trainings when available. These are all examples of voluntary efforts that owners/management agents can take to remain in compliance.

Another way in which the owner/management agent can demonstrate a commitment to due diligence is by establishing and maintaining a consistent file order. Consistent and well-organized files make it easier for management agents to recognize when documentation is incomplete or missing and allow for more efficient OHFA audits.

O. Specific Responsibilities of the Management Agent and On-site Personnel

The management agent and all onsite personnel are responsible to the owner for implementing all regulatory and program requirements.

- Anyone who is authorized to lease apartment units to tenants should be trained on all federal and state laws, rules, and regulations governing certification and leasing procedures, including program regulations, Fair Housing and nondiscrimination, and Ohio Code regarding leasing requirements. Additionally, a member of the management agent must have an active Ohio Broker's License.
- The management agent must provide information, as needed, to OHFA and submit all required reports and documentation in a timely manner. OHFA requires that all tenant events be reported in OHFA's on-line database system and updated by the 10th of each month.
- Management agents and maintenance personnel must be onsite during OHFA's physical inspections/ audits to provide access to necessary documentation and to units.



Appendix B:

**Over-Income
Households
Flow Chart**

Over-Income Households Flow Chart

Does the over-income household have an annual income that exceeds the 50%, but does not exceed the 80% limit?

**** Answering NO indicates that the OI Household is over 80%

> 50% BUT < 80%

> 80%

YES
Is the OI household in a **High HOME** unit?

NO
Is the HOME unit **"Fixed"**

YES
No action needed

NO

1. Re-designate the next available High-HOME unit to a Low-HOME unit and rent the unit to a Low-HOME Eligible Household.
2. Re-designate the OI Unit to a High HOME Unit.

FLOATING
FIXED

LOW

> 50% BUT < 80%

YES
Is the **Fixed** OI Unit a Low-HOME Unit?

NO
Is the **Floating** OI Unit a Low-HOME Unit?

YES

1. The household's rent must be increased to reflect 30% of the household's monthly adjusted income.
2. Re-designate the next available High-HOME unit as Low -HOME and rent the unit to a Low-HOME eligible Household.
3. Re-designate the OI unit as a High -HOME Unit.

FIXED

LOW

> 80%

NO

1. The household's rent must be increased to reflect 30% of the household's monthly adjusted income.

> 80% HIGH

FIXED

OVER-INCOME Defined:

For a **Low-HOME unit**, a household is considered over-income if their income exceeds the Low-HOME Income Limit (**50%**).

For a **High-HOME unit**, a household is considered over-income if their income exceeds the High-HOME Income Limit (**80%**).

YES

1. The household's rent must be increased to the lesser of 30% of the household's monthly adjusted income or Market Rent.
2. Re-designate the next available Non-HOME unit as Low -HOME and rent the unit to a Low-HOME eligible Household.
3. Re-designate the OI unit as a Non-HOME Unit.

FLOATING

LOW

> 80%

NO

1. The household's rent must be increased to the lesser of 30% of the household's monthly adjusted income or Market Rent.
2. Re-designate the next available Non-HOME unit as High -HOME and rent the unit to a High-HOME eligible Household.
3. Re-designate the OI unit as a Non-HOME Unit.

> 80% HIGH

FLOATING



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Appendix C:

Compliance Regulations

Note: Unless a provision is noted as “HOME Only”, “HOME-ARP” Only, “NHTF Only,” or “OHTF Only”, all provisions in this appendix apply to all three programs.

Part One: Rules Governing the Eligibility of Particular Tenants

Vacant Unit

Vacant units formerly occupied by qualified low-income households may continue to be treated as occupied by a qualified low-income household for purposes of the set-aside requirements, provided that reasonable attempts were or are being made to rent the unit. Owners/management agents must document that reasonable attempts are being made to rent vacant units to qualified households. Units cannot be left permanently vacant and still satisfy the requirements of the program.

OHFA reserves the right to question vacancies that are noted during physical inspection, file monitoring, or Annual Owner Certification review, especially when there is a high quantity of vacancies or when units have been vacant for longer than 60 days. The management agent must be able to document attempts to rent the vacant units to eligible tenants.

Household Composition

When determining household size for purposes of implementing the correct income limits, do not include live-in aides, guests, or foster children and foster adults.

- A household has the right to decide whether or not to include individuals permanently confined to a hospital or nursing home as a household member. If the individual is included as a household member, their income must be certified and included.
- Military members away on active duty are only counted as household members if they are the head, spouse, or co-head or if they leave behind a spouse or dependent child in the unit.
- All other individuals, including temporarily absent family members (e.g., dependents away at school, etc.), unborn children, and children in joint custody agreements that are in the unit at least 50% of the time, must be included in household size for purposes of determining the applicable income limit.

Household composition may change after the initial tenant(s) moves into a unit. However, at the time of application an applicant should be asked if there are any expected changes in household composition during the next 12 months. If so, the composition change and any subsequent changes in estimated income should be reflected on the initial Tenant Income Certification (TIC).

Unborn Children and Child Custody

An owner/management agent must count an unborn child (or children) when determining household size and applicable income limits. The owner/management agent must obtain a self-certification from the household certifying the pregnancy and such statements must be placed in the tenant file. If the unborn child has been self-certified by the household, then it must be included in household size. Per the HUD Handbook 4350.3 Appendix 3, the owner/management agent “may not verify further than self-certification.”

Additionally, when determining household size, the owner/management agent should include children subject to a joint custody agreement, if such children live in the unit at least 50% of the time. A child may not be counted in more than one program unit for household size.

Live-in Care Attendants (Live-in Aides)

A live-in care attendant (a.k.a. a live-in aide) is a person who resides with one or more elderly or near-elderly persons or disabled persons. To qualify as a live-in care attendant, the individual must:

- Be determined to be essential to the care and well-being of the tenant
- Not be financially obligated to support the tenant
- Certify that they would not be living in the unit except to provide the necessary supportive services. Family members, including spouses, may qualify as live-in aides if they meet these criteria. Additionally, the live-in aide cannot move a spouse, child, or other member into the unit, as doing so would indicate that the aide is living in the unit for reasons other than the care of the tenant

The need for a live-in aide must be certified with documentation from a medical professional (e.g., a letter from the tenant’s doctor) and be included in the tenant file. The owner/management agent may verify whether the live-in care aide is necessary only to the extent to document that the applicant/tenant has a need for the requested accommodation. The owner/management agent may not require applicants/tenants to provide access to confidential medical records, submit to physical examination, or disclose specific information about the nature of their disability.

- ⇒ A live-in aide is not counted as a household member for purposes of determining the applicable income limits.
- ⇒ Their income is not counted as part of the total household income, and they do not need to be listed on the OHFA TIC.
- ⇒ While the live-in aide is not considered a household member, they are still subject to criminal background checks (as per the tenant selection criteria effective at the property) and must comply with tenant house rules.

If the qualified tenant vacates the unit, the live-in aide must vacate as well. If the live-in aide would like to be certified as a qualified tenant and remain in the unit, normal certification procedures must be conducted, and the individual must meet the applicable eligibility requirements of the HDAP program.

Foster Children/Foster Adults

Per HOTMA, foster children and foster adults living in a unit are not considered household members for purposes of determining income limits. Their income and asset sources are not treated as household income. However, they should be considered when determining the appropriate sized unit for a household. In this way, foster children and foster adults are treated “similar to a live-in aide.”

Special Needs Populations

Owners may commit to set aside a percentage of total project units to qualified tenants who meet the OHFA’s definition of “special needs population”. Special needs populations include:

- ⇒ Persons with physical or developmental disabilities
- ⇒ Persons with mental impairments
- ⇒ Single parent households
- ⇒ Survivors of domestic violence
- ⇒ Abused children
- ⇒ Persons with chemical addictions
- ⇒ Persons experiencing homelessness

HOME Student Rule

The 2013 HOME Final Rule updated the definition of housing to exclude dormitories and all types of student housing, not just student dormitories. This rule applies retroactively to all HOME-assisted properties not just those funded after implementation of the Final Rule. Therefore, all HOME-assisted units must now adopt the Section 8 program restrictions on students found in 24 CFR 5.612. The 2025 HOME Final Rule does not change the definition of housing or that units must follow the Section 8 student restrictions.

Student restrictions do NOT apply toward NHTF assisted units.

If a household contains an adult student enrolled in an institute of higher learning who is under age twenty-four (i.e., age 18-23), then the household must meet an exemption to qualify for HOME assistance. **This is true whether the student is full or part-time.**

If the student meets one of the following criteria, then the household is eligible:

1. Student is a dependent of the household;
2. Student is a veteran of the United States Military;
3. Student is married;
4. Student is a parent with dependent child(ren);
5. Student a person with a disability that was receiving Section 8 assistance prior to 11/30/05;
6. Student can prove independence from his or her parents based on the following:
 - ▶ Of legal contract age under state law; AND
 - ▶ Has established a separate residence from parents (not counting a dormitory or student housing) for at least one year, or meets the US Department of Education definition of independent which includes

an individual who was an orphan or ward of the state through age eighteen (18), is living with a legal dependent, or is a graduate or professional student AND

- ▶ Is not claimed on parents' tax returns; AND
- ▶ Parents must certify whether or not they provide financial assistance (this does not affect student eligibility but could affect income eligibility).

If none of the above applies, the household can qualify if the student's parents are income-eligible under the HOME income limits for the county in which they live.

- If the parents are divorced or separated, get a declaration from both parents.
- If the parents refuse to provide declaration of income and/or statement of whether or not they provide financial assistance, then the household is not eligible.

Households that do not meet this requirement are not eligible to move into a HOME-assisted unit. If a household that is already occupying a HOME-assisted unit later becomes student ineligible, then that household is treated as an over-income household.

At initial certification and annual recertification, each adult household member must complete an OHFA [Student](#)

[Certification](#), which may be amended from time to time, in order to certify student status.

Part Two: Nondiscrimination and Fair Housing

Fair Housing and Equal Access: Protected Classes and Affirmative Marketing Requirements

Protected Classes and Prohibited Activities under Fair Housing and HUD’s Equal Access Rule

The owner/management agent shall not discriminate in the provision of housing on the basis of race, color, sex, national origin, religion, familial status, or disability (the seven protected classes under the Fair Housing Act).

Nondiscrimination means owners/management agents cannot refuse to rent a unit, provide different selection criteria, fail to allow reasonable accommodations or modifications, evict, or otherwise treat a tenant or applicant in a discriminatory way based solely on that person’s inclusion in a protected class. Owners/management agents may not engage in steering, segregation, false denial of availability, denial of access to services or amenities, discriminatory advertising, or retaliation against individuals that make fair housing complaints.

Effective March 5, 2012, all HUD funded properties (including HOME funding) are subject to the rule entitled “Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity.” According to this rule, HUD-assisted properties must make housing available without regard to actual or perceived sexual orientation, gender identity, or marital status. Additionally, HUD-assisted housing providers are prohibited from inquiring about the sexual orientation or gender identity of applicants and occupants for the purpose of determining eligibility for housing. For purposes of this rule, the term “gender identity” means actual or perceived gender-related characteristics and the term “sexual orientation” means homosexuality, heterosexuality, or bisexuality.

In a 2021 HUD memo “Implementation of Executive Order 13988 on Enforcement of the Fair Housing Act”, HUD will enforce the Fair Housing Act to “prohibit discrimination because of sexual orientation and gender identity.” Specifically, the memo notes HUD shall consider the Fair Housing Act’s prohibition on sex discrimination to include discrimination because of sexual orientation or gender identity.

Required Actions – General

Owners/management agents should be familiar with both state and federal civil rights and fair housing laws. OHFA strongly encourages owners/management companies to provide fair housing and equal opportunity training for all staff, including maintenance staff, associated with a project. A representative from the management agent must attend a fair housing training at least once every two calendar years.

Required Actions-Affirmative Fair Housing Marketing Plan

Refer to [Section 3](#) of this manual for further information.

Fair Housing: Reasonable Accommodations and Modifications

The Fair Housing Act requires owners/management agents to make reasonable accommodations and modifications when necessary to afford a person with a disability the equal opportunity to use and enjoy a dwelling. For purposes of the Fair Housing Act, disability is defined as a person who has/is:

- A physical or mental impairment which substantially limits one or more of such person's major life activities; or
- A record of having such an impairment; or
- Regarded as having such an impairment, but such term does not include current, illegal use of or addiction to a controlled substance (as defined in section 102 of the Controlled Substances Act).

The owner/management agent may verify the disability only to the extent necessary to document that the applicant/tenant has a need for the requested accommodation. The owner/management agent may not require applicants/tenants to provide access to confidential medical records or to submit to physical examination. The owner/management agent may not specifically ask about or verify the nature and extent of the disability. The verification form used must be signed by the applicant/tenant to authorize release of such information and should request that the source identify:

- ⇒ Whether the applicant meets the definition of disabled as provided above and
- ⇒ Whether the requested accommodation or modification relates to the person's specific needs

Receipt of Social Security disability payments is adequate verification of an individual's disability status, but the correlation between the disability and the requested accommodation or modification may still need verified.

Reasonable Accommodations and Service Animals

A reasonable accommodation is a change, exception, or adjustment in rules, policies, practices, or services when such a change is necessary to afford a person with a disability the equal opportunity to use and enjoy a dwelling, including public and common spaces. Per the Fair Housing Act, an owner/management agent must allow a reasonable accommodation unless doing so will be an undue financial burden or fundamentally alter the nature of the provider's operations. When a reasonable accommodation will result in an undue financial burden, the owner must provide all other accommodations up to the point at which further accommodations will result in the undue financial burden. For more information on reasonable accommodation, refer to the HUD and Department of Justice (DOJ) Joint Statement "Reasonable Accommodations Under the Fair Housing Act" released May 17, 2004 (available in Appendix F).

A common type of reasonable accommodation involves assistance animals. OHFA uses the term assistance animals to broadly describe a category that includes service animals and support animals. These types of animals are not pets and therefore must be permitted even in "no-pet" housing, assuming that the individual has requested an accommodation to the "no-pet" rule and that the need for the service animal can be verified. In addition, the owner/management agent cannot charge an upfront security deposit or a fee (one-time or recurring) for the service animal. However, the owner/management agent can charge the tenant the cost of repairing any damage caused by the service animal.

FHEO Notice 2020-01 provides several important clarifications on assistance animals:

- A resident may request a reasonable accommodation at any time, including before or after acquiring the assistance animal.
- Since pet rules do not apply to assistance animals, owners cannot limit the breed or size of an assistance dog. An accommodation could potentially be denied or revoked based on a specific animal's specific behaviors, a direct threat, or a resident's inability to maintain or control an animal.
- Animals commonly kept in households" can be considered support animals. This includes dogs, cats, small birds, rabbits, hamsters, gerbils, other rodents, fish, turtles, or other small, domesticated animals "traditionally kept in the home for pleasure rather than commercial purposes." Uncommon/unique animals include reptiles (besides turtles), barnyard animals, monkeys, kangaroos, or other non-domesticated animals.
- Uncommon animals could still potentially qualify as an assistance animal, but there is a substantial burden on the person making the accommodation request to prove "a disability-related need for the specific animal or the specific type of animal." Consideration may be given to if the animal can be kept outdoors in a fenced area and appropriately maintained, if applicable.
 - ▶ **Example 1:** If the animal is trained to do something an assistance dog cannot do.
 - ▶ **Example 2:** If a healthcare provider confirms a need for that type of animal, perhaps because the resident is allergic to common animals such as dogs and cats.

Reasonable Modifications

A reasonable modification is a change to the physical structure of the premises when such a change is necessary to afford a person with a disability the equal opportunity to use and enjoy a dwelling, including public and common spaces. Per the Fair Housing Act, an owner/management agent must allow a reasonable modification at the expense of the tenant.

However, if the changes needed by the tenant are ones that should have already been included in the unit or common space in order to comply with design and construction accessibility standards, then the owner/management agent will be responsible for paying for the modifications.

While the Fair Housing Act allows the owner/management agent to pass on costs of reasonable modifications to the tenants, Section 504 of the Rehabilitation Act of 1973 (which applies to housing that receives federal financial assistance) requires the housing provider to pay for reasonable modifications unless providing them would be an undue financial and administrative burden or result in a fundamental alteration of the program. **Therefore, the costs of reasonable modifications for HOME, or NHTF- assisted units are covered by the owner.**

Internal Procedures and Documentation

OHFA strongly advises all owners/management agents to have a written policy describing how they will handle requests for reasonable accommodations and modifications. The main steps are outlined below.

- Resident or a family member or someone else acting on the resident's behalf makes a request for an accommodation or modification. A request can be made either orally or in writing. If this request is made orally, the owner/management agent should document the nature of the request and the date and time received.

The owner/management agent verifies the need only if:

- ▶ The disability is not obvious;
 - ▶ Is unsure if the disability is permanent or temporary; and/or
 - ▶ Is unsure how the request relates to the need (i.e., does not understand correlation between the person's needs and the request made). The form used to request verification cannot ask specific information about the nature of a person's disability. The purpose of verification is to verify that the person meets the Fair Housing Act definition of disability and that the requested accommodation or modification is necessary for that person's equal opportunity to enjoy and use the housing.
- If verification supports the need, then the owner/management agent must take the necessary steps to provide the accommodation or modification. An undue delay is noncompliance and is treated in the same manner as a denial.
 - If verification does not support the need, then the owner/management agent should schedule an interactive meeting with the resident to request clarifications and attempt to achieve a mutually acceptable resolution of the issue. The owner/management agent should carefully explain the concerns or questions related to the request and, if applicable, why the request is being denied
 - Document the tenant file with all related information

General Public Use

Program units must be available for use by the general public. Owners/management agents are allowed to establish preferences for certain population groups (e.g., persons experiencing homelessness, persons with disabilities, older persons, etc.). These preferences, however, must not violate Fair Housing or any other anti-discrimination policies, and must be documented in the project's written tenant selection plan.

If a residential rental unit is provided only for a member of a social organization or provided by an employer for its employees, the unit is not for use by the general public and is not eligible for credit.

Furthermore, owners/management agents cannot refuse to accept a prospective tenant based solely on the fact that the applicant holds a Section 8 Housing Choice Voucher or receives similar rental assistance.

General Occupancy Guidelines and Household Size

OHFA does not impose any requirements governing minimum or maximum household size for a particular unit. However, owners/management agents must comply with all applicable local laws, regulations, and/or financing requirements (e.g., if HUD or Rural Development, use HUD or RD regulations). OHFA advises all owners/management agents to be consistent when accepting or rejecting applications. Occupancy guidelines or requirements must be incorporated into the project's written tenant selection plan. Owners/management agents should be aware of occupancy standards set by federal, state, HUD, PHA, civil rights laws, tenant/landlord laws, and municipal code that may establish a maximum or minimum number of persons per unit.

Tenant Selection Plans

Refer to **Section 3** of this manual for further information.

Marketing Accessible Units

At initial lease-up, accessible units should be marketed to persons with disabilities requiring an accessible unit. For ongoing leasing, the following order must be followed for marketing the accessible units:

- ⇒ First offer accessible units to existing residents that require the accessibility features but are currently occupying a unit that does not offer such features.
- ⇒ Next offer accessible units to qualified applicants on the waiting list that require the accessible unit.
- ⇒ Market the unit to attract new qualified applicants that require an accessible unit
- ⇒ Finally, offer the unit to a non-disabled household on the waiting list (a household that does not need the accessible features of the unit). If this is done, the household must be informed that it may later be asked to transfer to a comparable, but non-accessible, unit if the accessible unit is needed by a person with a disability. While the household may have to transfer if a comparable, vacant non-accessible unit is available, it would not be evicted or otherwise have its tenancy terminated in order to make room for a household in need of the accessible features. This agreement must be incorporated into the lease or a lease addendum.

Violence Against Women Reauthorization Act of 2013 and 2022 (VAWA)

The 2013 reauthorization of the Violence Against Women Act (VAWA) expanded the act's coverage to include LIHTC projects. The 2022 reauthorization of VAWA provides that the Secretary of HUD and the US Attorney General shall implement VAWA enforcement in a manner consistent with Fair Housing enforcement.

Prohibited Denial/Termination

No applicant for or tenant of HDAP housing may be denied admission to, denied assistance under, terminated from participation in, or evicted from the housing on the basis that the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, if the applicant or tenant otherwise qualifies for admission, assistance, participation, or occupancy.

Lease Terms

The owner/management agent must ensure that an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking shall not be construed as:

- ✓ A serious or repeated violation of a lease by the victim or threatened victim of such incident; or
- ✓ Good cause for terminating the assistance, tenancy or occupancy rights to housing of the victim of such incident.

Termination on the Basis of Criminal Activity and Bifurcation of Lease

No person may deny assistance, tenancy, or occupancy rights to an applicant or tenant solely on the basis of criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking that is engaged in by a member of the household of the tenant or any guest or other person under the control of the tenant, if the tenant or an affiliated individual of the tenant is the victim or threatened victim of such domestic violence, dating violence, sexual assault, or stalking.

With this said, the owner/management agent may bifurcate a lease for the housing in order to evict, remove, or terminate assistance to any individual who is a tenant or lawful occupant of the housing and who engages in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking against an affiliated individual or other individual, without evicting, removing, terminating assistance to, or otherwise penalizing a victim of such criminal activity who is also a tenant or lawful occupant of the housing. The owner and or manager must provide any remaining tenants with an opportunity to establish eligibility and a reasonable time to find new housing or to establish eligibility.

Confidentiality of Tenant Information Related to Domestic Violence, Dating Violence, Sexual Assault, or Stalking

The owner/management agent must ensure that any information submitted to the staff, including the fact that an individual is a victim of domestic violence, dating violence, sexual assault, or stalking shall be maintained in confidence and may not be entered into any shared database or disclosed to any other entity or individual, except to the extent that the disclosure is:

- ✓ Requested or consented to by the individual in writing;
- ✓ Required for use in an eviction proceeding against any individual who is a tenant or lawful occupant of the housing and who engages in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking; or
- ✓ Otherwise required by applicable law.

Required Notices

HUD has developed, and may amend from time to time, notices of the rights of individuals under VAWA including the right to confidentiality and the limits thereof. The owner/management agent agrees to ensure that these notices are utilized and disseminated at the project as directed by HUD and/or OHFA.

Emergency Transfer

HUD has developed, and may amend from time to time, guidance regarding a model emergency transfer plan that allows tenants who are victims of domestic violence, dating violence, sexual assault, or stalking to transfer to another available and safe dwelling unit.

Required Forms

OHFA mandates the use of the following VAWA forms for all HDAP projects.

- ⇒ HUD 5380: Notice of Occupancy Rights Under VAWA. Must be provided at the following times, along with a copy of the HUD 5382:
 - ✓ At the time of initial admission; and
 - ✓ At the time of denial of tenancy; and
 - ✓ When termination / eviction notices are sent
- ⇒ HUD 5381: Model Emergency Transfer Plan. The owner/management agent must create a model plan specific to each project. The plan must be made available for review by tenants and by OHFA auditors.

Nonretaliation Provisions (Added in VAWA Reauthorization of 2022)

An owner/management agent may not discriminate against any person because they have opposed any act or practice made unlawful by VAWA or testified, assisted, or participated in any VAWA-related matter.

Noncoercion Provisions (Added in VAWA Reauthorization Act of 2022)

An owner/management agent may not coerce, intimidate, threaten, interfere with, or retaliate against any person who exercises VAWA protections, assists another person in exercising their VAWA protections, or participates in a VAWA investigation or enforcement activity.

Protection to Report Crimes from Home (Added in VAWA Reauthorization Act of 2022)

Owners/management agents, residents, guests, and applicants have the right to seek law enforcement or emergency assistance on their behalf or on the behalf of another person seeking assistance and shall not be penalized based on such requests for assistance or their status as a victim of criminal activity. Prohibited penalties include actual or threatened:

1. Assessment of monetary or criminal penalties, fines, or fees
2. Eviction
3. Refusal to rent or renew tenancy
4. Refusal to issue occupancy permit or landlord permit
5. Closure of the property or designation of the property as a nuisance or similarly negative designation

Reference [OHFA's policy on VAWA](#) which may be amended from time to time, for further information on VAWA.

In April 2025, HUD updated the [VAWA forms](#). These forms are designed to handle transfers, certification of domestic violence, dating violence, sexual assault, and/or stalking. Additionally, the forms provide notice of rights and responsibilities to residents and housing providers. As of the date of OHFA's HDAP Compliance Manual publication, HUD nor OHFA has not issued guidance on implementation of the revised forms. Owners/management agents should consult with their company attorney regarding when to use the new HUD forms.

Housing for Older Persons

The Housing for Older Persons Act of 1995 (HOPA) exempts certain types of “housing for older persons” from the Fair Housing Act’s prohibitions against discrimination on the basis of familial status. HDAP projects may be designated as housing for older in one of the following ways and not be in violation of Fair Housing:

- ⇒ 100% of the units are restricted for households in which **all** members are age 62 or older (see 24 CFR Part 100.303); or
- ⇒ At least 80% of the units in the entire development (not affected by the 8609 definition of “project”) are occupied by households in which **at least one** member is age 55 or older. The remaining 20% of the units may also be restricted for households in which at least one member is 55 or older, may have a lower age restriction, or may be left open without any age restrictions; however, the owner must ensure that at least 80% of the units remain occupied by households that meet the age definition. This determination is left up to the owner. The policy elected by the owner in regards to the remaining 20% of the units must be implemented equally for all applicants and must be placed in writing as part of the development’s Tenant Selection Plan. In addition, the remaining portion of units not counted for purposes of meeting the 80% requirement may not be segregated within the community or facility.

HUD has noted that phrases such as “adult living,” “adult community,” or similar statements should not be used to market developments that fall under the 80% at 55 requirements. Rather, the project should be more specifically advertised as senior housing for households in which at least one household member is 55 years of age or older. Moreover, the owner/management agent may not evict or terminate the leases of families with children or other individuals under the age of 55 in order to achieve the elderly occupancy requirements on the 80% of the units.

Meaningful Access for Persons with Limited English Proficiency

Persons who, as a result of national origin, do not speak English as their primary language and who have limited ability to speak, read, write or understand English (“limited English proficiency persons” or “LEP”) may be entitled to language assistance under Title VI of the Civil Rights Act of 1964 in order to receive a particular benefit or service. In accordance with Title VI, its implementing regulations and Executive Order 13166, the owner/management agent must agree to take reasonable steps to ensure meaningful access by LEP persons to activities funded with federal funds.

Any of the following actions could constitute “reasonable steps” depending on the circumstances. This is not, however, an exhaustive list of possible actions:

- ⇒ Acquiring translators to translate vital documents, advertisements, or notices
- ⇒ Acquiring interpreters for face-to-face interviews with LEP persons
- ⇒ Placing advertisements and notices in newspapers that serve LEP persons
- ⇒ Partnering with other organizations that serve LEP populations to provide translation, interpretation, or dissemination of information regarding the project
- ⇒ Hiring bilingual employees or volunteers for outreach and intake activities
- ⇒ Contracting with a telephone line interpreter service.

Religious and Faith-Based Organizations

Equal Treatment and Religious Identity

Organizations that are religious or faith-based are eligible to participate in the HOME/NHTF program on the same basis as any other organization. A religious organization that participates in the HOME/NHTF program will retain its independence from federal, state, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that it does not use direct HOME/NHTF funds to support any inherently religious activities (such as worship, religious instruction, or proselytization) and does not discriminate against program participants on the basis of religion or religious belief.

Beneficiaries and Anti-Discrimination

The organization may not discriminate against program participants or potential program participants (e.g. tenants, homeowners, or applicants) on the basis of religion, religious belief, the refusal to hold a religious belief, or the refusal to attend or participate in a religious practice.

Separation of Explicitly Religious Activities

Organizations directly funded under the HOME program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization, as part of the assistance. If an organization conducts such activities, the activities must be offered separately, in time or location, from the assistance funded under this part, and participation in any such explicitly religious activities must be voluntary for the program beneficiaries.

Part Three: HDAP-assisted Units in LIHTC Projects

A LIHTC project may also receive HDAP funding, resulting in a certain number of units reserved as both tax credit and HDAP assisted units. Units that are under multiple funding programs must follow the compliance rules of both programs. In some cases when program compliance regulations differ, the owner /management agent must follow the stricter of the two rules, though in other cases the rules are completely different and both sets must be applied.

The following is a non-exhaustive list of common issues management agents may face when combining tax credits with federal funding programs. This is not meant as an exhaustive listing. For more information on Ohio's tax credit compliance regulations, refer to OHFA's Ohio LIHTC Compliance Manual which may be amended from time to time.

Combining Programs: Rent and Income Limits and Utility Allowances

- ⇒ HDAP and LIHTC rent and income limits may be different within the same county for the same year. OHFA releases a separate set of limits for each program. For a unit under multiple programs, the management agent must check against all sets of income and rent limits to ensure compliance with all funding programs.

Exception due to the 2025 HOME Final Rule:

- ▶ For HOME compliance, a Low HOME unit that is also a tax credit unit may ignore the HOME rent limit and charge the rent allowable under the tax credit program.

Note: *The LIHTC program requires all NHTF-assisted units are income and rent restricted at 30% NHTF limits. The NHTF program has its own HUD-published set of income and rent limits. Owners/management agents with NHTF-assisted units must refer to this specific income and rent limit chart.*

- ⇒ The LIHTC program does not include rental assistance in the gross rent calculation. For HDAP assisted units, tenant-based rental assistance is included in the gross rent calculation. For purposes of determining whether a program assisted unit is in compliance with the rent limits, the sum of the tenant-paid rent portion + tenant-based rental +utility allowance + non-optional fees must be at or below the applicable HOME and NHTF rent limit.
- ⇒ OHFA must specifically approve rents for projects with HOME, HOME-ARP, and/or NHTF assisted units. The owner/ management agent must annually submit [OHFA's HOME/HOME-ARP/NHTF Lease Addendum](#), which may be amended from time to time, to request approval of its proposed rents for HOME and/or NHTF assisted units, even if the owner/management agent is proposing no change. Submission of this form is not required for Ohio Trust-assisted units (OHTF).

Utility Allowances

- ⇒ Due to HUD's 2025 HOME Final Rule published January 6, 2025 HOME units can use the PHA utility allowance for all OHFA funded HOME projects. The 2013 Final HOME Rule eliminated the option for owners to use the PHA allowance for HOME units allocated funding on/after August, 2013. The 2025 HOME Final Rule reinstates the use of the PHA option for all HOME projects not just those allocated funding on/after April 20, 2025.

Combining Programs: Certifications and Verifications

100% LIHTC projects do not have to perform annual income recertifications. However, LIHTC units which are also HOME, Ohio Trust, or NHTF-assisted, have different requirements. The 2025 HOME Final Rule significantly changed income verification for the HOME program. Under 92 CFR § 92.203(a).

If a family in a HOME rental unit is assisted by a form of Federal, State, or local public assistance (e.g., TANF, Medicaid, LIHTC, local rental subsidy programs, etc.) which examines the annual income of the family each year, then a PJ may accept a written statement from a Federal or non-Federal entity administering the assistance for an income determination made within the previous 12-month period. The 2025 HOME Final Rule allows for a means-tested or safe harbor verification. As such, OHFA will allow owners/management agents to use means-tested for income verification if a HOME tenant receives assistance from a Federal, State or local public agency. Use of means-tested verification can be performed at initial occupancy, during the interim years, and every sixth year of the affordability period for HOME and OHTF only. Owners/management agents using means-tested income must use [OHFA's Safe Harbor Income Verification](#) form. Additionally, [OHFA's Student Certification](#), which may be amended from time to time, must be included in the tenant file. Reference Section 7 of this manual for further information.

Note: *The 2025 HOME Final Rule does not change 24 CFR 93 where the NHTF rules live. Meaning, at least two months of source documents is still required for initial certifications.*

Importantly, verification rules for HOME or NHTF units with either Project-based Rental Assistance (PBRA) or Tenant-based Rental Assistance (TBRA) have significantly changed under HOTMA. For the initial and subsequent recertification years of the affordability period:

- HOME and NHTF units with PBRA must use income determinations by a state or federal rental assistance program.
- HOME units with TBRA may use income determinations by a state or federal rental assistance program (e.g., housing choice voucher). HUD allows a participating jurisdiction (PJ), such as OHFA, flexibility as to whether to accept this form of income determination. OHFA will accept this form of verification.
- NHTF units with TBRA must use income determinations by a state or federal rental assistance program.

Combining Programs: Verification Timelines

For HOME, HOME-ARP, Ohio Trust and NHTF-assisted units, verifications are valid for six months. For LIHTC, verifications are only valid for 120 days. Therefore, for units subject to multiple programs, use the stricter tax credit rule and make sure that all verification documents are no older than 120 days as of the effective date of the certification.

Combining Programs: Paystubs

Under HOTMA, HUD only requires a minimum of the two most recent, consecutive paystubs for HOME, HOME-ARP, NHTF and LIHTC projects. OHTF projects follow this HOTMA Rule.

Combining Programs: Student Status

The 2013 revision to the HOME final rule added a student status requirement for all HOME-assisted units. Households applying/residing in units that are both LIHTC and HOME-assisted must meet both program definitions of student status eligibility. The HOME student rule does not apply to NHTF-assisted units.

Combining Programs: Fair Housing

Effective March 5, 2012, all HUD funded projects (including HOME, HOME-ARP, OHTF, and NHTF) are subject to the rule entitled “Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity.” According to this rule, HUD-assisted projects must make housing available without regard to actual or perceived sexual orientation, gender identity, or marital status. Additionally, HUD-assisted housing providers are prohibited from inquiring about the sexual orientation or gender identity of applicants and occupants for the purpose of determining eligibility for housing.

- ⇒ HOME, HOME-ARP, OHTF, and NHTF assisted units are covered by Section 504 accessibility requirements, including the requirement that the owner must pay for reasonable modification requests. A LIHTC project with these funding sources is subject to the Section 504 requirements.
- ⇒ A project is subject to VAWA compliance if it has LIHTC, NHTF, OHTF, HOME, or HOME-ARP funding (if the HOME funds were committed on or after December 16, 2016).

Combining Programs: OHFA Monitoring

A project with LIHTC and HDAP funds will be monitored/inspected by OHFA for compliance with each program.

- ⇒ LIHTC file monitoring and physical inspection will occur once every three years. Refer to OHFA’s LIHTC Compliance Manual for further information
- ⇒ HOME, Trust, or NHTF-assisted units will be monitored for program compliance at least once every three years of the affordability period based on the monitoring cycle and sample size.

Note: *The 2025 HOME Final Rule significantly changed the sample size and inspection requirements for HOME units. Reference Section 11 of this manual for further information.*

Combining Programs: Over-Income Units (HOME Only)

For LIHTC purposes, a unit is not considered to be an over-income unit until the household income exceeds 140% of the federal minimum set-aside election. When this occurs, the 140% Rule or Next Available Unit Rule goes into effect.

For HOME purposes, a unit is considered to be over-income (and therefore a temporarily noncompliant unit) when household income exceeds 80% of AMI. Under the HOME program, households that exceed 80% of AMI are charged 30% of adjusted income as rent and special rules go into effect to replace the over-income unit.

For units that are under both programs, the LIHTC over-income rule overrides the HOME over-income rule. An over-income HOME household (over 80% HOME AMI) living in a tax credit unit is not subject to increased rent under the HOME over-income rules. The tenant may pay no more than the lesser of the applicable tax credit rent limit or the HOME rent limit. However, the unit may still need to be re-designated from low-HOME to high-HOME.

Note: *Neither program permits eviction or termination of tenancy due to income increases, even if the household exceeds the 140% or 80% levels.*

Combining Programs: Lead-Based Paint Requirements

Households living in assisted units built prior to 1978 must be given the Lead-Based Paint brochure entitled “Protect Your Family from Lead in Your Home.” The household must sign documentation acknowledging the receipt of this brochure at time of move-in. OHFA requires a copy of the acknowledgement is placed in the tenant file.

Federally funded projects built prior to 1978 are subject to ongoing compliance with lead-based paint regulations. LIHTC projects with HDAP funding must comply with these regulations.

Part Four: Suitable for Occupancy

General Requirements and Recordkeeping

In addition to being rent-restricted and occupied by qualified households, all program units and buildings must be “functionally adequate, operable, and free of health and safety hazards.”

- ⇒ Importantly, owners/management agents must annually certify that all buildings and units in the project meet this standard. If any health, safety, or building code inspections result in a notice of violation, this must be disclosed. Original reports/notices of violations must be maintained as part of the owner/ management agent’s recordkeeping and copies and reported in the Annual Owner Certification of Compliance.
- ⇒ Vacant units must also be suitable for occupancy and cannot be cannibalized for parts. Because the owner/ management agent is responsible for maintaining all units in a manner that is suitable for occupancy at all times, the cost of preparing vacant units for occupancy cannot be passed on to tenants or applicants.
- ⇒ Projects must meet the National Standards for the Physical Inspection of Real Estate (NSPIRE) standards established by HUD. NSPIRE requires an inspection of the following inspectable areas: unit, inside, and outside. Reference **Appendix D** of this manual for further information.

Casualty Loss

Definition

A casualty loss is defined by the IRS as “damage destruction, or loss of property resulting from an identifiable event that is sudden, unexpected, or unusual” (IRS Publication 547 and Publication 584). Page 6-5 of the 8823 Guide defines those terms as follows:

- Sudden event: “one that is swift, not gradual or progressive.”
- Unexpected event: “one that is ordinarily unanticipated and unintended.”
- Unusual event: “one that is not a day-to-day occurrence and that is not typical.”
- This explicitly does not include property damage “if the damage occurred during normal use, the owner willfully caused the damage or was willfully negligent, or was progressive deterioration such as damage caused by termites.”

While this definition is from the LIHTC program, OHFA applies this same definition for all HDAP programs the agency funds.

Reporting Requirements

A project which experiences a casualty loss must:

- ⇒ Inform OHFA of the loss by submitting [OHFA's PC-E56 Notification of Unit\(s\) Offline](#), which may be amended from time to time, within five days of being taken offline. When the unit(s) are back on-line, OHFA's PC-E57 Notification of Unit(s) Online must be submitted. Both forms must be submitted to OHFA's Asset Management Office through OHFAprojectchanges@ohiohome.org.

If an owner/management agent fails to report a casualty loss to OHFA, the owner/ management entity may be recommended for placement in not in good partnership status whereby the owner cannot obtain any subsequent program funding for at least one year.

Ongoing Lead Based Paint Compliance

Projects built before 1978 are subject to ongoing compliance with lead-based paint regulations.

Owners/management agents must inform current and new occupants of the lead hazard reduction methods that took place and where lead-based paint exists in their units. The brochure entitled "Protect Your Family from Lead in Your Home" must be provided to all new occupants upon move-in.

- Owners/management agents should request, in writing, that the residents monitor lead-based paint surfaces and inform the owner of potential hazards.
- Regular maintenance and evaluation of the lead hazard reduction should be performed. The owner is responsible for:
 - ▶ A visual inspection of lead-based paint at unit turnover or at least annually on occupied units
 - ▶ Repair of all unstable paint
 - ▶ Repair of encapsulated or enclosed areas that are damaged

NSPIRE Affirmative Habitability Requirements

OHFA follows the NSPIRE protocol for physical inspections. Reference **Appendix D** of this manual for further information.



Appendix D:

NSPIRE Protocol

OHFA uses HUD’s NSPIRE protocols for all physical inspections/audits. An overview of NSPIRE is as follows:

Old Mantra:

“Decent, safe, sanitary, and in good repair”

New Mantra:

“Functionally adequate, operable, and free of health and safety hazards”

Priorities

- Function + safety, especially within units
- Deemphasize appearance/cosmetic issues and tenant property

Three-areas Protocol = Unit, Inside (e.g., common areas, building systems), Outside (e.g., building site/exterior, components, such as fencing)

NSPIRE is **NOT** concerned with:

- Overgrown vegetation that is not a tripping or accessibility hazard
- Holes/Dents/Dings that do not pose safety or functional issues
- Tenant items that block egress

Health and Safety Severity Levels

Severity Level	Description	Correction Period
Life-Threatening	The Life-Threatening category includes deficiencies that, if evident in the home or on the property, present a high risk of death to a resident.	24 hours
Severe	The Severe category includes deficiencies that, if evident in the home or on the property, present a high risk of permanent disability, or serious injury or illness, to a resident; or the physical security or safety of a resident or their property would be seriously compromised.	24 hours HCV 30 days
Moderate	The Moderate Health and Safety category includes deficiencies that, if evident in the home or on the property, present a moderate risk of an adverse medical event requiring a healthcare visit; cause temporary harm; or if left untreated, cause or worsen a chronic condition that may have long- lasting adverse health effects; or that the physical security or safety of a resident or their property could be compromised.	30 days
Low	Deficiencies critical to habitability but not presenting a substantive health or safety risk to resident.	60 days HCV Pass

NSPIRE Resources

- [HUD Publishes NSPIRE Inspection Protocol Guide](#)
- [The Final NSPIRE Standards Notice](#)
- U.S. Housing Consultants has provided a [free NSPIRE manual](#) to help navigate through NSPIRE protocol.
- OHFA's [NSPIRE Resources](#) webpage

Smoke Detectors

A new federal mandate on smoke detectors was issued and must be implemented by December 29, 2024. All smoke detectors will be required to be hardwired OR of the sealed 10-year battery type. If any smoke detectors need to be updated to be compliant with this new mandate, read [NSPIRE Standard - Smoke Alarm](#).

Owners/management agents should consider a couple of things:

- ⇒ There must be one smoke detector on each level of a building and unit.
- ⇒ Smoke detectors are required inside each bedroom and outside each sleeping area. If the bedrooms are confined to one hallway, only one smoke detector is required in the hallway.
- ⇒ Remember that carbon monoxide (CO) detectors are also required for both new and existing buildings. Refer to the [Ohio Department of Commerce's Carbon Monoxide Detectors in New and Existing Buildings](#).
- ⇒ If a unit is occupied by a hearing-impaired person, the smoke detectors must have an alarm system designed for hearing-impaired persons.

Placement Requirements

1. Smoke alarms should be installed high on walls or ceilings.
 - ▶ If mounted on ceilings, then they must be greater than four inches from walls.
 - ▶ If mounted on walls, then the top edges of the smoke alarms cannot be closer than four inches or greater than 12 inches from ceilings.
2. Smoke alarms should be installed at least 10 feet from cooking appliances.
3. Smoke detectors must be within '21 of any door to a bedroom measured along a path of travel
4. Smoke alarms should not be:
 - a. Installed near windows, doors, or ducts where drafts might interfere with their operation
 - b. Painted or have decorative stickers

On June 11, 2024, HUD's Real Estate Assessment Center (REAC) clarified two specific elements of the smoke alarm standard:

- Smoke alarms should be installed at least 10 feet from a cooking appliance.
- Smoke alarms should not be installed near windows, doors, or ducts where drafts might interfere with their operation.

Both elements were previously indicated as enforceable but should have been interpreted as recommendations.

In short, OHFA will not cite these two elements as deficiencies.

Carbon Monoxide Alarms

Carbon monoxide alarms are required when:

- ⇒ Units or buildings contain fuel-burning appliances or fireplaces
- ⇒ Bedrooms or bathrooms attached to bedrooms contain fuel-burning appliances or fireplaces or have adjacent spaces from which byproducts of combustion gases can flow
- ⇒ Units or bedrooms are served by a forced-air furnace located elsewhere
- ⇒ Units or bedrooms are located one story or fewer above or below attached private garages that do not have natural ventilation or are enclosed and do not have ventilation systems for vehicle exhaust
- ✓ **CO detectors/alarms must be installed within each bedroom or in the immediate vicinity of each bedroom.**

GFCI Standards

- Ground-fault circuit interrupter (GFCI) outlets or breakers are not visibly damaged but the test or reset buttons are inoperable.
- Unprotected outlets are present within six feet of water sources (i.e., unit, inside, or outside).
- ✓ **Classified as life-threatening = 24-hour correction period**
- The requirement that all outlets within 6 feet of water sources must be GFCI protected does not apply in the following circumstances:
 - ▶ An outlet dedicated to a major appliance (e.g., water heater, HVAC, refrigerator, washing machine, dishwasher, garbage disposal, appliance that is wall mounted or installed within a cabinet, etc.) — A “dedicated outlet” is a receptacle outlet that is only capable of serving one specific appliance.
 - ▶ An outlet below a countertop and within an enclosed cabinet regardless of its distance from water sources
- All outside outlets must be GFCI protected.

Affirmative Habitability Requirements

Inspectable Area = Unit

1. Hot and cold running water in both bathroom(s) and kitchen, including adequate source of safe drinking water in the bathroom(s) and kitchen
2. Bathroom or sanitary facility that is in proper operating condition and usable in privacy that contains a sink, a bathtub or shower, and flushable toilet
3. At least one battery-operated or hard-wired smoke detector
 - a. On each level of a unit
 - b. Inside each bedroom
 - c. Within 21 feet of any door to a bedroom measured along a path of travel
 - d. Where a smoke detector installed outside a bedroom is separated from an adjacent area by a door, must also be installed on the living area side of the door
4. Living room and kitchen area with a sink, cooking appliance, refrigerator, food preparation area, and food storage area
5. For units with Housing Choice Vouchers or Project-based Vouchers, at least one bedroom or living/sleeping room for each two persons in a household
6. Must meet carbon monoxide detection standards established through the [Federal Register Notice](#).
7. Two working outlets or one working outlet and a permanent light within all habitable rooms
8. GFCI-protected outlets within 6 feet of water sources.
9. A permanently installed heating source — Units may not contain unvented space heaters that burn gas, oil, or kerosene.
10. A guardrail when there is an elevated working surface drop-off of 30 inches or more measured vertically
11. Permanently mounted light fixture in kitchen and each bathroom

Inspectable Area = Inside

1. At least one battery-operated or hard-wired smoke detector on each level
2. Must meet carbon monoxide detection standards established through the [Federal Register Notice](#).
3. GFCI-protected outlets within 6 feet of water sources
4. A guardrail when there is an elevated walking surface drop-off of 30 inches or more measured vertically
5. Permanently mounted light fixtures in any kitchens and each bathroom
6. A permanently installed heating source — Buildings may not contain unvented space heaters that burn gas, oil, or kerosene.

Inspectable Area = Outside

1. GFCI-protected outlets within 6 feet of water sources
2. A guardrail when there is an elevated walking surface drop-off of 30 inches or more measured vertically

Further information on NSPIRE is found here [NSPIRE Resources](#).



Appendix E:

Glossary

Note: Unless a provision is noted as “HOME Only”, “HOME-ARP” Only, “NHTF Only,” or “OHTF Only”, all provisions in this manual apply to all HDAP programs.

Actual Income from Assets:

The income generated by an asset, such as interest or a dividend. This is counted as income even if the income is not received by the household, for example if the interest or dividend is automatically reinvested into the asset. When net family assets (cash value of all assets) are up to \$52,787 (which may be amended yearly by HUD, the actual income from assets is always the income used. When net family assets exceed \$52,787 then the actual income must be compared to the imputed income from assets and the higher amount is used for income determination.

Affirmative Fair Housing Marketing Plan:

Also referred to as the AFHMP or Affirmative Marketing Plan. A plan in which the owner/management agent of a project confirms that they are following Fair Housing regulations and are making efforts to market the property to those groups determined to be least likely to otherwise apply for residency. All projects funded by OHFA must have an OHFA approved AFHMP.

Affordability Period:

The HDAP Program has an affordability period in which program rules must be followed. The Funding Agreement establishes the parameters of the affordability period. The start of the affordability period for HOME and NHTF is based upon when the project is completed.

- Project completion means that all necessary title transfer requirements and construction work have been performed
- The project complies with the requirements of this part (including the property standards under §92.251)
- The final drawdown of NHTF/HOME funds has been disbursed for the project

- The project completion information has been entered into the disbursement and information system established by HUD (e.g. the Integrated Disbursement and Payment System or IDIS).

The affordability start date for HDAP Ohio Housing Trust projects is the construction completion date.

AMI:

Area Median Income

Annual Household Income:

Annual income of all persons who intend to permanently reside in a unit.

Annual Income:

Total current anticipated income to be received by a tenant from all sources including assets for the next 12 months.

Annual Income Recertification:

Document by which the tenant re-certifies his/her income for the purpose of determining whether the tenant will be considered low-income according to the provisions of the program.

Application:

The form completed by a person or household seeking rental of a unit in an award. An application should solicit sufficient information to determine the applicant’s eligibility and compliance with federal guidelines.

Applicant:

Any recipient, principal and participant, including any affiliates associated with an award that is seeking an HDAP award.

Area Median Income:

The median income for a specific county as published by HUD.

Assets:

Items of value, other than necessary and personal items, which are considered in determining the eligibility of a household.

Asset Income:

The amount of money received by a household from items of value as defined in HUD Handbook 4350.3.

Available Unit:

A vacant unit not under any contractual agreement between the owner/management agent and a prospective resident. A unit is not available if an applicant has already signed a lease but has not yet moved into the unit.

Award:

The amount of money allocated for rental housing or homebuyer units to an HDAP recipient.

Bifurcation of Lease:

The act of amending a lease to remove some household members while keeping others on the lease. A bifurcation of lease may be required under VAWA to remove a tenant who engages in criminal activity related to domestic violence, dating violence, sexual assault or stalking without removing or otherwise penalizing the victim of such activity.

Cash Value of Asset:

The market value of an asset minus reasonable expenses incurred to convert the asset to cash.

Certification Year:

The 12 month time period beginning on the date the unit is first occupied and each 12 month period commencing on the same date thereafter.

Comparable Unit:

A unit that is equal or greater than another unit in terms of size, number of bedrooms, and amenities.

Compliance:

The act of meeting the requirements and conditions specified under the law and the program requirements.

Correction Period:

A reasonable time as determined by OHFA for an owner/management agent to correct any violation as a result of noncompliance. OHFA's correction period is 60 days. Under mitigating circumstances, the correction period could be extended for up to 180 days.

Current Anticipated Income:

Gross anticipated income for the next 12 months as of the date of occupancy that is expected to be received by the tenant(s) including imputed income.

Day Laborer:

An individual hired and paid one day at a time without an agreement that the individual will be hired or work again in the future. Such income does not meet HUD's definition of "nonrecurring" and must be counted as income.

Developer:

Any individual and/or entity who develops or prepares a real estate site for residential use to be an award.

Disabled (for Fair Housing purposes):

For purposes of the Fair Housing Act, disability is defined as a person who has/is:

- A physical or mental impairment which substantially limits one or more of such person's major life activities; or
- A record of having such an impairment; or
- Being regarded as having such an impairment, but such term does not include current, illegal use of or addiction to a controlled substance (as defined in section 102 of the Controlled Substances Act).

Due Diligence:

The appropriate, voluntary efforts to remain in compliance with all applicable program rules and regulations. Due diligence can be demonstrated through business care and prudent practices and policies. Due diligence is the establishment of internal controls, including but not limited to: separation of duties, adequate supervision of employees, management oversight and review (internal audits), third party verifications of tenant income, independent audits, and timely recordkeeping. OHFA expects all owners/management agents of HDAP funding projects to demonstrate due diligence.

Earned Income:

Income or earnings from wages, tips and salaries, other employee compensation, and net income from self-employment. The earned income of all adult household members is included in the annual household Income calculation. The earned income of minors (members under age 18) is not included. Earned income includes income of day laborers, independent contractors, and seasonal workers.

Effective Date of Tenant Certification:

The date the Tenant Income Certification (TIC) becomes applicable. For initial certifications, this date must be the move-in date of the tenant. For annual re-certifications, this date must be no later than one year from the effective date of the previous (re) certification.

Effective Term of Verification:

A period of time not to exceed 120 days. After this time, if the tenant has not yet moved in, a new, written third party verification must be obtained. The verification must be within the effective term at time of Tenant's Income Certification (TIC).

Eligible Tenant:

The current tenant of the unit, so long as that tenant is eligible to occupy the unit under the requirements of the HDAP program. This expressly includes a tenant whose income would not currently qualify HDAP requirements, but who was qualified at the time of tenant's original occupancy of the unit.

Emergency Transfer:

Under VAWA protections, an eligible tenant may be entitled to an emergency transfer to safe dwelling unit. All OHFA HDAP funded projects must create a VAWA Model Emergency Transfer Plan which is compliance with HUD regulations/requirements.

Employment Income:

Wages, salaries, tips, bonuses, overtime pay, or other compensation for personal services from a job.

Fair Market Value:

An amount which represents the true value at which property could be sold on the open market.

Fixed Income Source:

Fixed income sources are defined by HUD as "periodic payments at reasonably predictable levels." Fixed income sources include the following:

- Social Security payments, including Supplemental Security Income (SSI) and Supplemental Disability Insurance (SSDI)
- Federal, state, local, and private pension plans
- Annuities or other retirement benefit programs, insurance policies, disability or death benefits, or other similar types of periodic receipts and
- Any other source of income subject to adjustment by a verifiable COLA or current rate of interest

Fixed Units:

HOME-assisted units remain the same throughout the affordability period.

Floating Units:

HOME-assisted units may change during the affordability period. Unit mix would be changed to maintain conformity during the affordability period so that the total number of HOME-assisted units meets the requirements set out in the application funding agreement. Each substituted unit must be comparable in terms of size, features, and number of bedrooms to the originally designated HOME-assisted unit.

Foster Adult:

An adult, usually with a disability that makes them unable to live alone, who is unrelated to the tenant family but has been placed in their care. Foster adults are counted as household members when determining household size but not for income purposes. A foster adult's income and asset sources are not included in household income.

Foster Children:

Foster children are in the legal guardianship or custody of the State or foster care agency, but are cared for by foster parents in their home under a foster care arrangement with the custodial agency. Foster children are counted as household members when determining household size but not for income purposes. A foster child's income and asset sources are not included in household income.

Good-Cause Eviction:

Rental Housing households cannot be evicted or have their tenancy terminated without "good-cause," generally considered material violation of the lease. The actions that constitute good-cause for eviction or termination of tenancy must be given to the tenant in writing at the time of occupancy, preferably in the lease, as well in the projects' Tenant Selection Plan (TSP).

Gross Income:

See Annual Household Income.

Gross Rent:

The gross rent for a unit is the sum of [tenant portion rent] + [utility allowance] + [non-optional charges] + [tenant-based rental assistance].

Gross Rent Floor:

The lowest amount of rent that the owner/management agent will ever be required to accept. The gross rent floor is the rent limit in effect at the time the funds are awarded. If the current applicable HOME limits drop below the gross rent floor, the owner/management agent is not required to accept lower rents.

Guest:

A visitor temporarily staying in a unit with the consent of the household. Guests are not treated as household members when determining household size and the applicable income limit, and their income is not included in annual household Income calculations.

High HOME units:

HOME-assisted units reserved for households at or below 80% AMI.

HOME Rent Limit:

The HUD published maximum rent amount, including a utility allowance and any non-optional fees. Rent limits are published by bedroom size.

HOTMA :

The Housing Opportunity through Modernization Act of 2016 (HOTMA) makes numerous amendments to Sections 3, 8, and 16 of the United States Housing Act of 1937, including significant changes to income calculation, net family assets, and income reviews.

Household:

The individual, household, or group of individuals living in the unit.

Imputed Income from Assets:

The estimated earnings of assets held by a tenant using the potential earning rate established by HUD.

Income Limits:

Maximum incomes as published by HUD for awards giving the maximum income limits per unit for Low-Income (40%, 50%, 60%, or 80% of median) units.

Independent Contractor:

An individual who qualifies as an independent contractor instead of an employee in accordance with the Internal Revenue Code Federal income tax requirements and whose earnings are consequently subject to the Self-Employment tax.” Individuals considered “gig workers,” such as babysitters, landscapers, rideshare or app-based delivery drivers, and house cleaners, typically fall into the category of independent contractors. Such income does not meet HUD’s definition of “nonrecurring” and must be counted as income.

Lease:

The legal agreement between the tenant and the recipient (owner) which delineates the terms and conditions of the rental of a unit.

Lease Rent:

The lease rent is the actual rent charged to the household by the owner/management agent, as defined in the lease. The lease rent may never to exceed the maximum allowable rent or the applicable HDAP rent limit.

Live-in Care Attendant/Live-in Aide:

A person who resides with one or more elderly, near-elderly, or disabled persons. To qualify as a live-in care attendant, the individual:

1. must be determined to be essential to the care and well being of the tenant;
2. must not be financially obligated to support the tenant; and
3. must certify that they would not be living in the unit except to provide the necessary supportive services.

Low-income:

HUD uses the term “low-income” for households at or below 80% AMI.

Low-Income Unit:

Any unit in a building if: such unit is rent-restricted, the individuals occupying such unit meet the income limitation applicable under federal and state requirements, and the unit is suitable for occupancy.

Low HOME units:

HOME-assisted units reserved for households at or below 50% AMI.

Management Company:

A firm authorized by the recipient (Owner) to oversee the operation and management of the award and who accepts compliance responsibility.

Market Value of Asset:

The dollar value of an asset on the open market.

Maximum Allowable Rent:

The maximum allowable rent is the most an owner/management agent is permitted to charge for rent once tenant-paid utilities (except telephone, cable television, and internet) and other non-optional charges are deducted. The maximum allowable rent (sometimes also be referred to as the “maximum chargeable rent” or the “net rent”) can never exceed the applicable HOME rent limit unless there is also subsidy funding such as tenant-based or project-based assistance.

Maximum Allowable Rent Calculation:

Maximum Allowable Rent = [HOME rent limit] – [utility allowance] – [any non-optional fees]

Maximum Chargeable Rent:

See Maximum Allowable Rent.

Means-Testing ‘Safe Harbor’ Income Verification:

In lieu of conducting their own income calculations, owners/management agents may rely on an income determination completed for another Safe Harbor “means-tested” form of federal public assistance within the previous 12-month period.

Median Income:

A determination made through statistical methods establishing a middle point for determining income limits. Median is the amount that divides the distribution into two equal groups, one group having income above the median and one group having income below the median.

Minimum Set-Aside:

The minimum number of units that the recipient (owner) has elected and set forth in the application to be income and rent-restricted.

Net Rent:

See Maximum Allowable Rent.

NSPIRE:

The National Standards for the Physical Inspection of Real Estate (NSPIRE) model prioritizes health, safety, and functional defects over appearance. It implements inspections that better reflect the true physical conditions of the property and supports the adoption of sound, year-round maintenance practices.

Noncompliance:

The period of time that an award, specific building, or unit is ineligible for HDAP funding because of failure to satisfy program requirements.

Non-optional fee:

A fee charged for services/amenities that are mandatory (i.e. services that are required as a condition of occupancy). A fee may be charged for non-optional services, but the fee must be included in the gross rent calculation.

Over-income Household/Unit:

For HOME purposes, a household is considered over-income if it exceeds 80% of AMI or for a Low HOME unit, if the household exceeds 50% of AMI.

Passbook Rate:

The HUD approved rate for imputing assets which may be amended yearly.

PHA:

Public Housing Authority.

Protected Class:

One of the seven groups specifically protected by the Fair Housing Act. The seven protected classes are race, color, national origin, religion, sex, disability, and familial status.

Reasonable Accommodation:

A change, exception, or adjustment in rules, policies, practices, or services when such a change is necessary to afford a person with a disability the equal opportunity to use and enjoy a dwelling, including public and common spaces. Under the Fair Housing Act, an owner/management agent must allow a reasonable accommodation unless doing so will be an undue financial burden or fundamentally alter the nature of the provider's operations.

Reasonable Modification:

A change to the physical structure of the premises when such a change is necessary to afford a person with a disability the equal opportunity to use and enjoy a dwelling, including public and common spaces. Under the Fair Housing Act, an owner/management agent must allow a reasonable modification at the expense of the tenant, unless the change is one that should have already been included in order to comply with design and construction accessibility standards, in which case the owner will be responsible for paying for the modifications.

Recipient:

Any individual, association, corporation, joint venture, or partnership that received HOME, NHTF or Ohio Trust funding.

Rent Limit:

The HUD published maximum rent amount, including a utility allowance and any non-optional fees. Rent limits are published by bedroom size.

Qualified Unit:

A unit is a qualified low-income unit when occupied by qualified persons at a qualified rent.

Seasonal Worker:

An individual who is

- Hired into a short-term position (e.g., for which the customary employment period for the position is six months or fewer), and
- Employment begins about the same time each year (such as summer or winter).

Typically, the individual is hired to address seasonal demands that arise for the employer or industry.” Examples include employment linked to holidays, agricultural seasons, lifeguards, ballpark vendors, snowplow drivers, etc. Such income does not meet HUD’s definition of “nonrecurring” and must be counted as income.

Second-party Verification:

Source documentation submitted to the management agent by a tenant or applicant in order to disclose information about income or asset sources or other eligibility factors. An example of second-party verification is a paystub or bank statement provided to management by the tenant/applicant.

Self-certification: A signed affidavit from a tenant or applicant used to clarify information or to provide information that cannot be verified through third-party or second-party documents.

Service Animal:

An animal that assists an individual with a disability. This term includes service animals, therapy animals, companion animals, emotional support animals, and assistance animals. These animals are not treated as pets but rather as reasonable accommodations under Fair Housing.

Set Aside:

Shall mean and require that units designated as “set aside” for a specific population may be used only for the identified population and for no other. If qualified tenants in the designated population are not available, the unit(s) must remain vacant.

SRO Unit:

Single Room Occupancy Unit, defined as single room that may or may not have food prep and sanitary facilities.

Streamlining Rule:

HUD’s Streamlining Administrative Regulations for Public Housing, Housing Choice Voucher, Multifamily Housing, and Community Planning and Development Programs Final Rule. Among other provisions, the rule provides a simplified manner of verifying fixed income sources effective April 7, 2016.

Temporarily noncompliant unit:

A unit is considered to be temporarily out of compliance when a household that originally income qualified becomes an over-income household. Temporary noncompliance is permissible and does not penalize the owner as long as the owner/management agent follows the correct steps to restore the HOME unit mix.

Tenant:

Any person occupying the unit.

Tenant/Unit File:

Complete and accurate records pertaining to each dwelling unit, containing the Application for each tenant, verification of income and assets of each tenant, Annual Income Re-certification, utility schedules, rent records, Lease and Lease addendum. Any authorized representative of OHFA or HUD shall be permitted access to these files.

Third-party Verification:

A verification document submitted to management by a third-party entity in order to disclose information about the income or asset sources or other eligibility factors of an applicant or tenant. Third-party verifications must be sent to and received directly from the third-party source, not through the tenant or applicant. An example of third-party verification is an employment verification form completed by the employer.

Triennial Verification:

Under the HUD Streamlining Rule, fixed income sources must initially be verified through third-party verification, but the owner is not required to re-verify until the household's third recertification and every three recertifications thereafter (referred to as the "triennial verification"). Triennial verification only applies if the owner/management agent can obtain an annual cost of living adjustment to apply to the previously verified benefit amount.

Unearned Income:

Any income that is not considered earned income. Includes income from assets, pensions or annuities, and benefit sources such as Social Security or welfare assistance. The unearned income of all household members (regardless of age) is included in the calculation of Annual Household Income.

Utility Allowance:

The amount of utilities for a particular unit, as set by a utility allowance schedule published by HUD, Rural Development, or the PHA, or established by a letter from the utility company which states the estimate rates, the HUD Utility Schedule Model, or an Energy Consumption Model as calculated by an approved engineer or licensed professional.

Vacant Unit:

A unit that is currently unoccupied, but was formerly occupied by a qualified household.

VAWA:

The Violence Against Women Reauthorization Act of 2013, which provides protections against housing discrimination for victims of domestic violence, dating violence, sexual assault, or stalking. VAWA was reauthorized in 2022.

Verification:

Information from a third-party that is collected in order to corroborate the accuracy of information about income provided by applicants to an award.

Very low-income:

HUD uses the term "very low-income" for households at or below 50% AMI.

Year-to-Date (YTD) Calculations:

OHFA will not allow YTD calculations as the sole eligibility determinant of income, because they may not be indicative of anticipated income for the next 12 months. Technically, annualizing YTD earnings does not calculate anticipated earnings because the information is historical. Paystubs are also historical but usually more current (i.e., don't go as far back as YTD). If owners or management agents mandate YTD calculations, OHFA requires two calculations be conducted, and the higher amount must be used.



Appendix F:

2025 HOME Rule- OHFA Matrix

HOME Final Rule Implementation Date: October 1, 2025.

Mandatory use for tenant initial certifications and recertifications effective January 1, 2026 and going forward.

Note: The 2025 Final HOME Rule does not apply to NHTF.

Effective Dates:

On January 6, 2025, HUD published the HOME Investment Partnerships Program: Program Updates and Streamlining final rule (2025 HOME Final Rule), available at 90 FR 746. After certain delays and revisions by HUD, the regulatory changes implemented through the 2025 HOME Final Rule became effective on April 20, 2025.

OHFA requires owners/management agents to comply with the regulatory changes to the HOME program requirements, as amended by the 2025 HOME Final Rule, as provided in this matrix.

HOME Funds Commitment Date	Applicable Version of the HOME Regulations
Projects for which HOME funds were committed <i>on or after</i> April 20, 2025.	Effective October 1, 2025, owners must comply with 24 CFR part 92 as it existed on April 20, 2025.
Projects for which HOME funds were committed <i>prior</i> to April 20, 2025.	Effective October 1, 2025, OHFA is implementing the new HOME Program regulations for projects in which HOME funds were committed prior to April 20, 2025. OHFA is taking this action because it believes the revised HOME Program regulations are more advantageous for projects compared to the previous version of the HOME Program regulations.

Effective Dates

Item	Notes	CFR Reference
File Audits	<p>OHFA will not take any enforcement actions for noncompliance with the 2025 HOME Final Rule until April 20, 2026. However, noncompliance findings identified during an OHFA file audit will be noted in the Compliance Audit Report (CAR). Owners/management agents are required to correct the findings.</p> <p>After April 20, 2026, noncompliance findings will be issued for violations of the 2025 HOME Final Rule. Failure to correct the noncompliance, may result in actions such as, but not limited to, declare the unpaid principal balance of the HOME funds, demand specific performance of the owner in accordance with the use restrictions placed on the project as allowed by 24 CFR 92.504(c)(3)(vii), and/or an increase in the frequency of OHFA audits.</p>	
Tenant Protections and Lease Provisions	<p>In the 2025 HOME Final Rule, HUD announced revisions to the HOME Program regulations regarding tenant protections and lease provisions in 24 CFR 92.253. However, HUD delayed the effective date of the revisions to 24 CFR 92.253 until October 30, 2025.</p> <p>Until HUD makes effective any revisions to 24 CFR 92.253, owners/management agents are required to comply with the 2013 HOME Final Rule. When HUD makes effective revisions to 24 CFR 92.253, owners/management agents are required to comply with the newly effective version of 24 CFR 92.253 (i.e., the 2025 HOME Final Rule). As appropriate, OHFA will publish additional guidance regarding 24 CFR 92.253 after HUD makes public its intentions regarding any revisions to 24 CFR 92.253.</p>	24 CFR 92.253

Income		
Item	Notes	CFR Reference
Income Determination	HOME-assisted projects must comply with income determination standards in accordance with § 92.203.	24 CFR 92.203
HOME Income Verification Requirements	<p>Households in HOME-assisted units which do not have federal, state, or local public assistance (i.e. PBRA, TBRA,SNAP) must continue to provide two months source documentation upon move-in and during the sixth-year full recertification. For the interim certification years, owners/management agents must use OHFA’s TIC, student certification, and the Applicant/Tenant Sworn Income and Asset Statement (which may be amended from time to time) along with the annual inspection form and any clarification records.</p> <ul style="list-style-type: none"> Projects that have LIHTC with market rate units must complete full annual recertifications. 	24 CFR 92.203(b)(1)

Safe Harbor Verifications

Public housing (PBV), HUD-VASH, Section 202, 811, multifamily rental housing (i.e., HOME) can use income determinations from other eligible, means-tested federal, state or local assistance programs such as [TANF](#), [Medicaid](#), SNAP and others listed on OHFA’s Safe Harbor Verification Form.

The 2025 Final HOME Rule instructs HOME units with PBRA (i.e., Section 8) may use income determinations made by a state or federal rental assistance program. HOME units with TBRA May use income determinations by a state or federal rental assistance program (e.g., housing choice voucher). HUD allows a participating jurisdiction (PJ) flexibility as to whether to accept this form of income determination. OHFA will accept this form of verification.

Safe harbor income verification may be used for the initial certification and all other certifications throughout the period of affordability.

Item	Notes	CFR Reference
Project-Based Rental Assistance (PBRA) (PHA/Administrator) Income Determination	When using a PHA or other administrators’ determination of income, the owner/management agent must use OHFA’s Safe Harbor Income Verification form (which may be amended from time to time). OHFA will not accept a copy of the 50058.	24 CFR 92.203(a)(1)
Tenant-Based Rental Assistance (TBRA) (PHA/Administrator) Income Determination	When using a PHA or other administrators’ determination of income, the owner/management agent must use OHFA’s Safe Harbor Income Verification form . OHFA will not accept a copy of the 50058.	24 CFR 92.203(a)(2)
Allowable Other “Means- Tested” or Safe Harbor Income	For HOME applicants/tenants that do not have TBRA or PBRA assistance, but receive other Federal, State, or local assistance (i.e., TANF, Medicaid, LIHTC, local subsidy program), owners/management agents may use means-tested income verification of income provided the income was made within the previous 12 months. If other means-tested verification is used, OHFA’s Safe Harbor Income Verification form or Income Verification Federal State Rental Assistance Program must be used. In addition to using either of the forms as noted above, owners/management agents must use OHFA’s SIAS, TIC, student certification, inspection forms and any clarification records.	24 CFR 92.203(a)(3) 24 CFR 92.203(b)(3)

Safe Harbor Verifications

Over Income Families

A tenant who no longer qualifies as low-income (over 80% AMI) must pay rent equal to the lesser of the amount payable by the tenant under State or local law or 30 percent of the family's adjusted income capped at fair-market value.

Note: *The 2025 HOME Final Rule clarifies that a tenant of a HOME unit subject to rent restrictions under the LIHTC program must pay a rent amount that complies with the LIHTC program (26 U.S.C. 42).*

24 CFR 92.252(h)(2)(i)

Rents		
Item	Notes	CFR Reference
Maximum Rent Limitations	Maximum rent limits apply to the tenant rent, utility allowance, and non-optional fees (if applicable).	24 CFR 92.252(a) - (c)
Rents with Assistance or Subsidy Program	<p>Under the 2025 HOME Final Rule, when a tenant receives rental assistance whether TBRA or PBRA, the other program rent is acceptable for HOME up to the payment standard for subsidized units.</p> <p>This is an improvement over the <u>proposed</u> 2025 HOME Final Rule that would have required the tenant portion of the rent to be capped at the HOME rent limits.</p>	<p>24 CFR 92.252(a)(1)</p> <p>24 CFR 92.252(a)(2)</p> <p>24 CFR 92.252(h)(2)(iii)</p>
Rent Review and Approval	<p>OHFA must review and approve rents proposed by the owner/management agent. OHFA's Annual HOME/ HOME-ARP/NHTF Rent and Occupancy Report (which may be amended from time to time) must be used.</p> <ul style="list-style-type: none"> Rent increase requests are limited to \$25/month for existing tenants. 	24 CFR 92.252(e)(2)


Fees		
Item	Notes	CFR Reference
Prohibited Fees	<p>OHFA does not permit owners/management agents to charge tenant fees that are prohibited by the HOME Program regulations.</p> <p>Owners/management agents must not charge fees for:</p> <ul style="list-style-type: none"> i. Fees that are not customarily charged in rental housing (e.g., laundry room access fees); and ii. Fees to inspect units or correct deficiencies in the units or common areas of the project that were not caused by the tenant or are only due to normal wear and tear. 	24 CFR 92.214(b)(3)
Allowable Fees	For a fee to be allowable, it must be customary, reasonable and approved by OHFA.	

Utility Allowances

HUD’s stated goal with the final rule included to better align HOME rental housing requirements with those of other funding sources frequently combined with HOME in rental housing to lower burden, including *permitting PJs to use PHA-established utility allowances for HOME rental projects.*

Item	Notes	CFR Reference
Utility allowance Exclusions	Telephone, cable, and broadband may not be included in utility allowances.	24 CFR 92.252(b)
Utility Allowance Methods	<p>Owners may use any of the following to determine maximum monthly allowances:</p> <ul style="list-style-type: none"> • HUD Utility Schedule Model. • The utility allowance established by the applicable local public housing authority. • Utility Company estimates • HUD’s Utility Schedule Model • Engineer’s Energy Consumption Model • Renewable Energy Source <p>Reference OHFA’s UA policy when published.</p>	24 CFR 92.252(b)

Other		
Item	Notes	CFR Reference
Inspections or On-Site Audits	<p>With the 2025 HOME Final Rule, HUD officially adopted NSPIRE protocol for HOME units</p> <ul style="list-style-type: none"> • OHFA must perform an on-site inspection within 12 months after project completion and every three years during the period of affordability • Must use HUD’s HOME Minimum Inspection Sample Size Chart • OHFA will allow the use of REAC inspection reports so long as the inspection was completed within the last 12 months 	
Additional Resources	<ul style="list-style-type: none"> • Federal Register HOME Investment Partnership Program: Program Updates and Streamlining (2025 HOME Final Rule) • Code of Federal Regulations PART 92 HOME Investment Partnerships Program • HUD Publishes NSPIRE Inspection Protocol Guide • HUD – NSPIRE Resources • Public and Federally Assisted Housing Fire Safety Act of 2022 • NSPIRE Standard - Smoke Alarm 	



Appendix G:

HOTMA Changes Crosswalk

HOTMA Changes Crosswalk (March 2024)

Item	Former Rule	HOTMA Rule	New Reference
Assets			
529 accounts	Not addressed in past rules.	Both the income and value are excluded from income and assets.	24 CFR 5.609(b)(10) & 5.603 definition "Net Family Assets" (6)
ABLE accounts	Not addressed in past rules.	Both the income and value are excluded from income and assets.	24 CFR 5.603 definition "Net Family Assets" (6)
"Baby bond" accounts	Not addressed in past rules.	Both the income and value are excluded from income and assets.	24 CFR 5.609(b)(10)
Checking balance	6-month average	Current balance	Notice H 2023-10 - J.5.a
Coverdell education Section 530 savings accounts	Not addressed in past rules.	Both the income and value are excluded from income and assets.	24 CFR 5.609(b)(10) & 5.603 definition "Net Family Assets" (6)
FSS accounts (public housing Self Sufficiency Accounts)	Not addressed in past rules.	Both the income and value are excluded from income and assets.	24 CFR 5.609(b)(27) & 5.603 definition "Net Family Assets" (10)
Imputed asset income	If total net assets exceeded \$5,000, imputed asset income was calculated on total household net assets using the passbook savings rate (2%, then adjusted to .06% in 2016). The greater of actual or imputed asset income for all assets was counted.	If total net assets exceed \$50,000 (as adjusted annually), imputed asset income is calculated on assets that cannot otherwise have income determined using the passbook savings rate (.4% in 2024, then adjusted annually by FDIC average passbook savings rate).	24 CFR 5.609(a)(2) Notice H 2023-10 – F.5
Personal property	Excluded from assets unless the property is being held as an investment. Did not include financial accounts.	Includes all assets that are not real property. Includes financial accounts (checking, savings, etc). Personal property is broken up into two categories: <ul style="list-style-type: none"> • Necessary personal property. <ul style="list-style-type: none"> ○ These are excluded as assets. • Non-necessary personal property. <ul style="list-style-type: none"> ○ If total is over \$50,000 (as adjusted), all items of non-necessary property values and incomes are counted. ○ If total is \$50,000 (as adjusted) or lower, all items of non-necessary personal property are assigned \$0 values, but income is counted. 	24 CFR 5.609 (b)(4)-(4) Notice H 2023-10 – F.4.c

HOTMA Changes Crosswalk (March 2024)

Item	Former Rule	HOTMA Rule	New Reference
PASS (Plan to Achieve Self Sufficiency) SSI accounts	Not addressed in past rules.	The income is excluded from income.	24 CFR 5.609(b)(12)(i)
Retirement accounts	Retirement accounts were counted as assets with asset income until the owner of the account began to make periodic withdrawals. Then the withdrawals were counted as income and the value of the account was ignored as an asset.	Accounts recognized as retirement accounts by the IRS are never counted as assets. Once the owner of the account began to make periodic withdrawals, the withdrawals are counted as income and the value of the account continues to be ignored as an asset.	24 CFR 5.609(b)(26) Notice H 2023-10 – Example F3
Tax returns	Tax returns were not excluded from asset values.	Excluded from total net family assets for 12 months from the time the return was received. This is verified if net family assets exceed \$50,000. [amended by HUD Feb. 2024]	24 CFR 5.603 Notice H 2023-10 – F.4.e
Trust accounts	There were different rules for different types of trusts and different Offices of HUD (inheritance trusts, special needs trusts, etc). HUD PIH considered all distributions of principal or income earned on the principal as income unless the distribution qualified as an income exclusion. HUD MFH considered how the trust was funded, whether the distribution was from trust income or principal, and whether any distribution from trust income met an existing income exclusion.	All trusts are handled consistently. <ul style="list-style-type: none"> • If a trust is not in control of the family, it is not an asset to the household. This could include a nonrevocable trust or a trust that is revocable but that is only accessible by someone outside the household. <ul style="list-style-type: none"> ○ If distributions are being received, the distribution of income from the trust is counted as income (but not distributions that come from the principle of the trust), with an exception for amounts received for the health and medical expenses for a minor child. • If a trust is in control of the family: <ul style="list-style-type: none"> ○ Income is counted as the income generated by the trust and any distributions are not income. 	24 CFR 5.603 24 CFR 5.609 Notice H 2023-10 – F.4.d Notice H 2023-10–Table F2
Household Members			
Foster children and adults	HUD MFH included foster members and their income. HUD PIH excluded them but allowed them bedrooms for occupancy standards. For HUD programs, child-care expenses were	For all programs, foster members in a unit are now part of the “household” (occupants of a unit) but not the “family” (those who are counted toward income limit and who have their income counted). For HUD programs, childcare expenses are allowed to be deducted for foster children under age 13 if the	24 CFR 5.603 24 CFR § 5.609(b)(8) Notice H 2023-10 – E.2 Notice H 2023-10 – C.5

HOTMA Changes Crosswalk (March 2024)

Item	Former Rule	HOTMA Rule	New Reference
	allowed to be deducted for foster children under age 13.	expenses allow a family member to work, look for work, or attend school. The definitions of foster child and foster adult are based on state law.	
Income			
Alimony (and Child support)	Full court-ordered amounts were counted unless the full amount was not being received and the household took reasonable efforts to collect with court or agency.	Only amounts received are counted, regardless of amounts the household is entitled to.	24 CFR 5.609(a)(1) Notice H 2023-10 - F.1
Adoption assistance payment limitation.	Adoption assistance income was limited to \$480 for each adopted child.	Adoption assistance is limited to HUD's dependent deduction per child (\$480 in 2024 but adjusted annually for inflation thereafter, rounded to the next lowest \$25).	24 CFR 5.609(b)(15) Notice H 2023-10 – G.9
Adult dependent earned income limitation	Earned income for adult dependent full-time students was limited to \$480 per year.	Earned income for adult dependent full-time students is limited to HUD's dependent deduction per year (\$480 in 2024 but adjusted annually for inflation thereafter, rounded to next lowest \$25).	24 CFR 5.609(b)(3) Notice H 2023-10 – G.8 Notice H 2023-10 – Table H1
Child support (and alimony)	Court-ordered amounts were counted unless the full amount was not being received and the household took reasonable efforts to collect with court or agency.	Only amounts received are counted, regardless of amounts the household is entitled to.	24 CFR 5.609(a)(1) Notice H 2023-10 - F.1
COLA calculations for SSA and SSI benefits	Owners were given choices on how to apply the COLA based on what showed on EIV reports and other factors.	COLAs are included for all new move-in certifications effective the day after the COLA is announced. Reexaminations – Effective the day after SSA has announced the COLA, owners/agents are required to factor in the COLA when determining SS and SSI annual income for all annual reexaminations and interim reexaminations of family income that have not yet been completed and will be effective January 1 or later of the upcoming year.	24 CFR 5.609(c)(2) Notice H 2023-10 – B.3

HOTMA Changes Crosswalk (March 2024)

Item	Former Rule	HOTMA Rule	New Reference
Medicaid benefits paid to keep a disabled household member in the household's unit (excluded from income).	Was limited to assistance paid by Medicaid only and just for the benefit of keeping developmentally disabled household members at home.	Now includes amounts from Medicaid and other federal or state assistance that is intended to assist persons with any disability remain in the household's unit. This does not include amounts received to help someone else stay in another unit.	24 CFR § 5.609(b)(19) Notice H 2023-10 – G.11
Non-monetary "in-kind" donations (food, clothing, toiletries)	Was counted as income, except when the contributions were food.	Excluded if received from a food bank or similar organization. However, recurring (<i>i.e. has occurred more than once and cannot be established to have ended</i>) in-kind donations from family or friends are counted.	24 CFR 5.609(b)(24)(vi) Notice H 2023-10 – G.1.f
Sporadic income	Excluded, along with "nonrecurring" income.	Included. Only "nonrecurring" income is excluded.	24 CFR 5.609(b)(24) Notice H 2023-10 – G.1
Student financial assistance	Student financial assistance was excluded for all but Section 8 assistance recipients. For Section 8 recipients, assistance from the Higher Education Act of 1965 (HEA), from other grants and scholarships, and from private sources (such as parents and grandparents) are added together, and tuition and other fixed costs were excluded. Any excess income is counted. Exceptions exist for dependents of the household and for persons over age 23 with a dependent child.	<ul style="list-style-type: none"> ○ Section 8 recipients. While current HUD Appropriations Act language is in place, student financial assistance for Section 8 recipients will continue to be counted as it was prior to HOTMA. Assistance from the Higher Education Act of 1965 (HEA), from other grants and scholarships, and from private sources (such as parents and grandparents) are added together, and total educational costs are excluded. Any excess assistance is counted. Exceptions exist for dependents of the household and for people over age 23 with a dependent child. People meeting the age 23 exception are treated as non-Section 8 recipients. ○ Non-Section 8 recipients. HEA expenses are excluded. However, HEA educational assistance and other scholarships and grants from schools, businesses, or government programs are added together and total educational expenses are subtracted. If any of the non-HEA assistance is not covering the costs, the remainder is income. 	24 CFR § 5.609(b)(9) Notice H 2023-10 – G.16
Veterans Regular Aid and Attendance	Was not addressed in the past.	Is excluded if the benefits are paid for care of a veteran in the unit.	24 CFR § 5.609(b)(17) Notice H 2023-10 – G.10
Worker's compensation	Included in income.	Worker's compensation payments are excluded from income. [amended by HUD Feb. 2024]	24 CFR 5.609(b)(5) Notice H 2023-10 – G.6

HOTMA Changes Crosswalk (March 2024)

Item	Former Rule	HOTMA Rule	New Reference
Verifications			
Assets	<p>When applying HUD streamlining rules, when total net assets did not exceed \$5,000, assets could be verified using self-certification two out of three years, starting the year after move-in.</p> <p>For LIHTC rules, when net family assets do not exceed \$5,000, assets an owner may rely on self-certification of the assets every year.</p>	<p>When total net assets did not exceed \$50,000 (as adjusted annually), assets can be verified using self-certification two out of three years. Assets may be self-certified at move-in.</p> <p>This is NOT the basis for applying self-certification to the LIHTC program. The new HOTMA imputed asset income rules allow the LIHTC to increase the threshold for asset self-certification to \$50,000 for every year, as long as the state agency allows for it.</p>	<p>24 CFR 5.603</p> <p>Rev. Proc. 94-65</p>
Checking and other financial accounts.	6-months of statements or verification of deposit was required to determine a 6-month average for checking. Other accounts used current balance.	All accounts use current balance and a recent statement to verify.	Notice H 2023-10 J.5.a
Court orders (for child support or alimony)	Often required to verify entitlement to ordered income.	Only relevant if the household is receiving the full ordered amount. Will often not be needed when partial, sporadic, or over payments are received.	Notice H 2023-10 – F.1
Excluded income (verification of)	Was not directly addressed in former rules, although income that was totally excluded was generally not required to be verified.	For income sources where the entire amount qualifies to be excluded from the annual income the owner/agent is not required to 1) verify the income using third-party verification, 2) document in the tenant file why the third-party verification was not secured, or 3) report the income on certification forms. Owner/agents may accept an applicant or participant’s self-certification as verification of excluded income. Owner’s/agent’s application and reexamination questionnaire documentation may serve as the self-certification of excluded income.	Notice H 2023-10 – J.7
Means tested public assistance income determination verification safe harbor.	HUD – The income determinations of other programs were not acceptable for HUD certifications.	For households receiving benefits from the below federal means tested programs, total household annual income can be based on an income determination made within the previous 12-month period from the means-	24 CFR 5.609(c)(3) Notice H 2023-10 – J.4

HOTMA Changes Crosswalk (March 2024)

Item	Former Rule	HOTMA Rule	New Reference
	LIHTC – The use of PHA determinations of income were acceptable for voucher-holding tenants.	<p>tested federal public assistance program. The 12 month deadline is from the time received by the owner/agent and can be determined from benefit letters, statements or other documentation supplied by the household or a form completed by an administrator of the other means tested program.</p> <p>Note: HOME officials have verbally stated that this will not be allowed for the HOME programs.</p> <ul style="list-style-type: none"> ○ TANF ○ Medicaid ○ SNAP ○ The EITC ○ The LIHTC ○ WIC ○ SSI ○ Other programs administered by HUD ○ Other means-tested federal public assistance that HUD establishes an MOU with. ○ Other means tested federal programs with comparable reliability announced by HUD through Federal Register notice. 	
Paystubs and other documents supplied by a household.	Although considered “third-party verification” often less desirable than verification forms completed by an employer.	Considered “third-party verification” supplied by household. Preferred over forms completed by an employer. Less desirable than the Work Number, other verification databases, or EIV reports.	Notice H 2023-10–Table J2
Tax returns.	No particular rules, except for HOME, which required proof of a tax returns authenticity.	When needed for verification purposes, income tax returns with corresponding official tax forms and schedules attached and <i>including third-party receipt of transmission for income tax return filed</i> (i.e., tax preparer’s transmittal receipt, summary of transmittal from online source, etc.) are an acceptable form of written, third-party verification.	Notice H 2023-10 J.5.a
Upfront Income Verification (UIV) This included EIV, <i>Work</i>	Except for EIV, were not considered full third-party verification and other options were preferred.	UIV is the most preferred type of verification (of highest acceptability). Except for when EIV is required, HUD encourages use of these other UIV database systems.	Notice H 2023-10–Table J2

HOTMA Changes Crosswalk (March 2024)

Item	Former Rule	HOTMA Rule	New Reference
<i>Number for Everyone</i> government and other database reporting systems).			
Verification form completed by a third party.	Most desirable form of verification.	In most cases less desirable than EIV, Work Number and other database verification systems, as well as third-party verification supplied by a household. Only of medium acceptability and when other options are not available, such as with a new job.	Notice H 2023-10–Table J2
<i>Work Number for Everyone</i> and government and other Upfront Income Verification (UIV) database income verification systems).	Was not considered full third-party verification and other options were preferred.	Other than EIV reports, this is the most preferred type of verification (of highest acceptability). HUD encourages, but does not require, use of these database systems.	Notice H 2023-10–Table J2
HUD-Only Issues			
Asset limitation	No requirements.	<p>Initial Occupancy. Occupancy is denied for HUD-assisted families who have:</p> <ul style="list-style-type: none"> • Total net assets exceeding \$100,000 (as adjusted annually). • Real property that is suitable for occupancy (with some exceptions). <p>At reexamination. Owner/agents may create exemption policies to totally, partially, or selectively not implement the asset limitations for existing residents at reexamination. Note: Applies only to rental assistance programs such as Section 8 PBRA, 202/8, HCV, and public housing.</p> <p style="text-align: right;">[amended by HUD Feb 2024]</p>	24 CFR 5.100 24 CFR 5.603 24 CFR 5.618 Notice H 2023-10– Appendix A
Child-care expense deduction	Child-care expenses could be deducted only if the expenses allowed a household member to work, look for work, or further their education.	Child-care expenses can be deducted if the expenses allowed a household member to work, look for work, or further their education. Owner/agents may develop hardship exemptions to temporarily allow child-care expenses that are needed for other purposes if the	24 CFR 5.603 - Child-Care Expenses 24 CFR 5.611(d) Notice H 2023-10 – C.5 Notice H 2023-10 – C.6

HOTMA Changes Crosswalk (March 2024)

Item	Former Rule	HOTMA Rule	New Reference
		household would not otherwise be able to pay their rent.	
Definition of income at annual reexamination	Was anticipated income, estimating income for the next 12 months after the certification effective date, the same as at initial income determination.	Based on the last 12 months' income, taking into consideration certain changes, EIV reports, and subject to household concurrence. Move-in and interim income is still calculated based on anticipated income. LIHTC – Most HFAs are likely to continue using anticipated income for all certifications.	24 CFR §§ 5.609(c)(2) Notice H 2023-10– B.2
EIV reports	Income reports were run at annual and interim examinations. Discrepancy reports were triggered by \$2,400 differences (the \$200 a month at which reporting of changes of income were required). Income reports were run 90 days after a household's initial certification effective date. New hires reports were run periodically during the year.	Income reports are only required at annual examinations. Discrepancy reports are triggered by the 10% of adjusted income threshold at which reporting of changes of income is required. Income reports are required to be run 120 days after a household's initial certification effective date. New hires reports are only required to be run at annual reexaminations.	24 CFR 5.233 Notice H 2023-10–Table J2 Notice H 2023-10 J.3 Notice H 2023-10 Table J1
Elderly household deduction	Was \$400 per elderly or disabled household.	\$525 per elderly or disabled household in 2024 and adjusted annually thereafter, rounded to next lowest \$25.	24 CFR 5.611(a)(2) Notice H 2023-10 Table H1
Health and medical and reasonable attendant care and auxiliary apparatus expense deduction	Expenses in excess of 3% of total annual income may be deducted when determining adjusted income.	Expenses in excess of 10% of total annual income may be deducted when determining adjusted income. For households receiving the deduction going into 01/01/2024, the threshold will phase in at 5% in 2024, and 7.5% and 10% in 2025 and 2026, respectively. Hardship exemptions may be implemented by an owner/agent.	24 CFR 5.611(a)(3) Notice H 2023-10 C.3 Notice H 2023-10 C.4 Notice H 2023-10 Table C1
Interim recertification	Required for increases of income of \$200 or more a month. Required for decreases of income upon request of a household.	Required for increases of unearned income exceeding 10% of household adjusted income. Not required for increases of earned income or for changes that are reported in the last 3 months of the certification year.	24 CFR 5.567(c)(1) Notice H 2023-10 Attachment I

HOTMA Changes Crosswalk (March 2024)

Item	Former Rule	HOTMA Rule	New Reference
	<p>Required for certain changes of household composition and other changes.</p>	<p>Required for decreases of income exceeding 10% of household adjusted income (or a lesser threshold set by the owner).</p> <p>Required for certain changes of household composition and other changes.</p> <p>Must be conducted in a reasonable time from report based on circumstances, but no more than 30 days.</p>	
Releases of information	<p>The HUD form 9886 (PIH) and 9887 (MFH) release packets were required to be signed annually. Assistance was terminated if not signed within 15 months of the execution of the last form.</p>	<p>The HUD form 9886 (PIH) and 9887 (MFH) release packets are only signed once by each adult, except:</p> <ul style="list-style-type: none"> • When any adult person joins the family • When a member of the family turns age 18 • As required by HUD administrative instructions. 	<p>24 CFR 5.230 Notice H 2023-10 - J.1</p>
Social security number verification	<p>Documentation of SSNs had to be collected prior to occupancy. This included 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.</p>	<p>After the owner/agent 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 of the individual and the SSN of the individual, along with other identifying information of the individual, self-certification of SSN and at least one third-party document, such as a bank statement, utility or cell phone bill, benefit letter, etc., that contains the name of the individual. If verifying an individual's SSN using this method, the owner/agent must document why the other SSN documentation was not available.</p> <p>If the tenant's SSN becomes verified in EIV, then no further verification is required. If the tenant's SSN fails the SSA identity match, then the PHA/MFH Owner must 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 of the individual and the SSN of the individual, along with other identifying information of the individual. The tenant's assistance must be terminated if they fail to provide the required documentation.</p>	

HOTMA Changes Crosswalk (March 2024)

Item	Former Rule	HOTMA Rule	New Reference
Tenant Selection Policies (TSP)	Required and suggested topics were listed in the 4350.3 Figure 4-2.	HOTMA implementation guidance requires all discretionary policies allowed by HOTMA to be listed in the TSP. This is true even for policies that do not relate to tenant selection, such as those relating to hardship exemptions and reexamination of income. These will be added to the TSPs existing topics in the 4350.3 Figure 4-2, except a few cases where HOTMA adjusts a currently included topic. HUD is requiring the TSPs and EIV polices to be amended by 5/31/2024 prior to HOTMA becoming in full affect. [amended by HUD Feb 2024]	Notice H 2023-10 [throughout]