



memorandum

TO: Owners and Managers of WA State LIHTC Properties

FROM: Melissa Donahue, Asset Management & Compliance Manager

DATE: December 2023

SUBJECT: HOTMA Changes in Washington

HUD has recently published updates to federal regulations governing how to calculate and verify income and assets. These changes were published under the Housing Opportunity through Modernization Act (HOTMA) of 2016, the final rule for which is effective 1/1/2024.

The HOTMA changes in 24 CFR Part 5 affect many HUD affordable housing programs, including the Section 8 program. Since the IRS requires income and assets to be calculated according to Section 8 rules, many of these changes also affect the Low Income Housing Tax Credit Program.

WSHFC will be publishing specific guidance on relevant changes from HOTMA in 2024. WSHFC will begin monitoring for LIHTC property compliance with HOTMA rules on new move-in certifications and first anniversary recertifications **effective 1/1/2025 and after**.

Upcoming changes:

- Exclusion of foster adult and foster children income
- Inclusion of student financial assistance as income (after covered costs are subtracted)
- Inclusion only of child support income received, not what family may be entitled to
- Total household assets under \$50,000 will not require verification
- New definitions of personal property assets
- New imputed asset income calculations
- New definition of nonrecurring income
- New verification rules

These updates will be published in the **Tax Credit Compliance Procedures Manual** on our website. We will also update our resident certification forms as needed. Changes will also be made to WBARS.

WSHFC will not penalize any owners who must implement HOTMA changes at their properties prior to 1/1/2025 to be in compliance with other programs or funders. If your property must implement HOTMA for 2024 certifications, you must include a letter with your 2024 LIHTC Annual Report (submitted January 2025) confirming what date you implemented HOTMA rules and what program/funder required the implementation.