

To: Real Estate Department Partners
From: Real Estate Department
Date: January 24, 2024
Re: **HOTMA Updates and Minor Compliance Manual Revisions**

Notice: **RED-24-07**

On November 3, 2023, IHCD released [RED Notice 23-53](#) announcing its policy for implementing the compliance provisions of the Housing Opportunity Through Modernization Act of 2016 (HOTMA) final rule and subsequent HUD guidance. HOTMA rules are effective for most affected IHCD programs, except the Housing Choice Voucher and Project Based Voucher programs, effective 1/1/24.

The purpose of this notice is to provide updates and clarifications on HOTMA policies.

CLARIFYING DIFFERENCES BETWEEN TAX CREDIT COMPLIANCE AND HOME/CDBG/CDBG-D/NSP/HTF INCOME VERIFICATION RULES

There are two key differences in the income verification rules as a result of HOTMA:

Use of Paystubs

- The tax credit program will now allow the owner agent to just obtain the two most recent, consecutive paystubs.
- For HOME/CDBG/CDBG-D/NSP/HTF- assisted units, the owner agent must still obtain a number of paystubs that covers a full two consecutive months of pay

Safe Harbor Income Verification for “means-tested” forms of federal public assistance

- This is an allowable method of income verification for the tax credit program.
- This is not an allowable method of income verification for HOME/CDBG/CDBG-D/NSP/HTF-assisted units. IHCD had originally stated it would apply the rule to these programs. However, in January 2024 HUD CPD clarified it will not allow use of this verification method. IHCD has updated its manual and forms accordingly.

UPDATES ON COMPLIANCE FORMS

- On December 15, 2023 IHCD released a draft revision of the Tenant Income Certification Forms for public comment. IHCD intends to release final versions in February and has delayed the implementation date from applying to all files effective on or after 3/1/24 to instead applying to all files effective on or after 5/1/24.
- Form #51 Safe Harbor Income Verification for Means-Tested Forms of Federal Public Assistance has been revised and reposted to remove references to the HOME program. As noted above, this form and income verification option will not apply to HOME.



COMPLIANCE MANUAL REVISIONS

IHCDA has posted updated versions of the 2024 compliance manuals with the following revisions.

REVISIONS to the *2024 Rental Housing Tax Credit Compliance Manual*

- Part 5.4(B)(6) added sentence - Safe Harbor Income Verification for “means-tested” forms of federal public assistance cannot be used as verification for HOME/CDBG/CDBG-D/NSP/HTF- assisted units.
- Part 6.1(B)- changed mandatory implementation date for revised HOTMA version of the TIC from “for all files with an effective date on or after March 1, 2024” to “for all files with an effective date on or after May 1, 2024.” The final revised TIC will be released in February.

REVISIONS to the *2024 Federal Programs Ongoing Rental Compliance Manual*

- Summary of Changes- deleted incorrect reference to using two paystubs. This was accidentally copied over from the Summary of Changes to the *Rental Housing Tax Credit Compliance Manual*. Actual manual policy was correct on paystubs and is not changed.
- Part 4.3(B)(5) added sentence- Safe Harbor Income Verification for “means-tested” forms of federal public assistance is allowed for tax credit compliance but cannot be used as verification for HOME/CDBG/CDBG-D/NSP/HTF- assisted units.
- Part 5.1(B)- changed mandatory implementation date for revised HOTMA version of the TIC from “for all files with an effective date on or after March 1, 2024” to “for all files with an effective date on or after May 1, 2024.” The final revised TIC will be released in February.
- Part 5.3(B)(6)- deleted section on Safe Harbor Income Determination for “Means-Tested” Assistance. HUD has confirmed this will not apply to these programs.

[IHCDA's compliance webpage](#) contains various HOTMA resources including a recorded webinar training, the HOTMA Final Rule, the HOTMA Implementation Notice, and the revised 2024 IHCDA compliance manuals.

Questions about IHCDA's HOTMA policies can be directed to Carol Farzetta, Director of Real Estate Compliance, via cfarzetta@ihcda.in.gov or Matt Rayburn, Deputy Executive Director and Chief Real Estate Development Officer, via mrayburn@ihcda.in.gov.