



US Housing  
CONSULTANTS

# CONQUERING MULTIPLE PROGRAM COMPLIANCE

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U.S. HOUSING CONSULTANTS

# Conquering Housing Compliance

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## Determining Household Size

Income limits vary based on household size, as they are published based on the number of persons in the household (for example, 1 person, 2 persons, 3 persons) with increasingly higher income limits for households with more members.



4350.3 3-6 E/3-8  
8823 Guide Page 4-2

### Household Size Must Include...

In general, all persons living in the unit, or who will be living in the unit during the certification year, including:

4350.3 3-6 E.4 /3-10

#### Children who:

- ✓ reside in the unit 50% of the time;
- ✓ are away at school, but who live in the household during school recesses;
- ✓ are in the process of being adopted; and
- ✓ are the unborn child of a pregnant woman (A self-affidavit is the only acceptable method of verifying pregnancy.)

## HOME

### Unborn Children

There is some HUD guidance that indicates that unborn children are not considered household members for income limit determination purposes. Check with your Participating Jurisdiction (PJ) to obtain documentation on their stance on the issues.



#### Temporarily Absent who are:

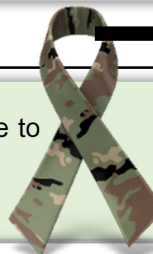
- ✓ Temporarily absent due to hospitalization; and
- ✓ Temporarily absent due to work.

### Household Size May Need to Include...

#### Military Household Members

Include those individuals who are temporarily absent from the household due to active military duty only if the individual:

- ✓ Is the head, co-head, or spouse of the head; or
- ✓ Has a dependent or spouse in the unit.



4350.3 5-6 B/5-9

#### EXAMPLE – MILITARY HOUSEHOLD MEMBERS – MEMBER INCLUDED:

Jane is applying for a unit. Jane informs the manager that her husband, Miguel, is a Marine and will be out of the country on active duty for the next 18 months. In this scenario, Miguel must be included as a household member.

#### EXAMPLE – MILITARY HOUSEHOLD MEMBERS – MEMBER EXCLUDED:

Randy and Sandy (head and co-head) and their 23-year-old daughter, Shannon, move into a unit. A year later, when completing the recertification interview, Randy and Sandy inform the manager that Shannon was recently deployed on active military duty for the next 24 months. In this scenario, Shannon would be excluded as a household member when completing the recertification, as she is not the head, co-head, or spouse of the head, nor does she have a spouse or dependent in the unit.

HUD encourages owners and management agents to be as lenient as responsibly possible to support affected military households with children. This includes a variety of situations when persons are called to active duty in the Armed Force, such as allowing a guardian to move into the assisted unit on a temporary basis to provide care for any dependents the military person leaves in the unit. Income of the guardian temporarily living in the unit for this purpose is not counted in determining household income nor the amount of rent the household pays based on income.

4350.3 5-6 D/5-11



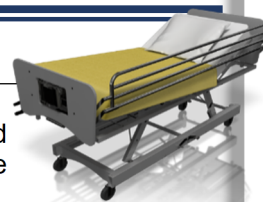


## Determining Household Size, cont.

### Household Size May Need to Include, cont.

**Persons permanently confined to a hospital or nursing home.**

The household decides if such persons are included as household members. If such persons are included, they must not be listed as the head, co-head, or spouse on the Tenant Income Certification form (TIC).



- If the person is included as a household member, then any income received by the permanently confined member must also be included when determining household income.

### Household Size DOES NOT Include...

- ✗ Guests
- ✗ Live-in aides/Resident assistants

4350.3 3-6 E /3-9

4350.3 Glossary

**A live-in aide is defined as:**

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

1. Is determined to be essential to the care and well-being of the person(s);
2. Is not obligated for the support of the person(s); and
3. Would not be living in the unit except to provide the necessary supportive services.”

## KNOWLEDGE CHECK:

## Household Size



Sukey and her husband, Lucius, are applying for a unit. They disclose their household composition as follows:

- Sukey, Head of Household
- Lucius, Spouse of Head
- Hester, 26-year-old daughter of Sukey and Lucius, who is in the military and will be deployed on active duty overseas for the next 18 months
- Nola, 21-year-old daughter of Sukey and Lucius, who is disabled
- Mahala, 18-year-old daughter of Sukey and Lucius, who is away at college, but lives with her parents during breaks
- Ella, Sukey's sister, who is the live-in aide for Nola
- Wilfred, 12-year-old nephew of Lucius, who lives with Sukey and Lucius during the months of Oct., Nov., Dec., Jun., July and August

Based on this information, how many members are in this household for the purpose of determining the applicable income limits?

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## Determining Household Size, cont.

### MAINTAINING COMPLIANCE



#### Unborn Children

If the PJ does not permit unborn to be treated as household members, then the unborn child must not be included as a member when determining applicable HOME income limits, however, the unborn child may still be treated as a household member when determining the applicable LIHTC limits for LIHTC compliance.

#### Example: Unborn Child – High – HOME – 50% LIHTC Unit

HOME 80% Limits – 1 Person \$32,800  
                                  2 Person \$34,500

LIHTC 50% Limits – 1 Person \$28,200  
                                  2 Person \$31,500

An applicant who discloses that she is pregnant, applies for the above unit. She is the sole applicant.

Her gross annual income is determined to \$30,900.

To determine eligibility for the HOME program, her gross income needs to be at or below the 1-person HOME income limit.

To determine eligibility with the LIHTC program, her gross income needs to be at or below the 2-person LIHTC Income limit.





## Determining Household Size, cont.

8823 Guide, Page 4-4

### LIHTC

### Changes in Household Size



Owners must address any changes in household size that occur after initial certification.

#### Adding Household Members:

→ **Mixed-Income Projects ( Not all units are LIHTC)**

When adding a household member, the owner must verify the added member's annual income and student eligibility. The new member's income must then be added to the household's **most recent** Tenant Income Certification. If the new member's income results in the household's income exceeding 140% of the applicable federal income limit, the owner must apply the Next Available Unit Rule.

→ **100% LIHTC Projects (All units are LIHTC)**

When adding a household member, the owner must verify the added member's annual income and student eligibility. The added member's income must then be added to the household's **original** Tenant Income Certification.

#### Removing Household Members:

When a member of the household moves out of the unit, a new tenant certification is not required to be completed. The member will be removed from the household composition when conducting the household's next recertification.

#### Original Household

New members may be added to the household if at least one original household member still resides in the unit. In situations where all the original household members have vacated the unit, the remaining members must be certified as a new, income-qualified household unless the remaining members were income qualified the date that the new member was added to the unit.

→ **Mixed-Income Projects ( Not all units are LIHTC)**

A new member is considered to be income qualified at the time of move-in, if:

- ✓ The *entire* household was income qualified under the income limits based on the new household size using the income limits in effect at the time the new member was added; or,
- ✓ The *added member* was independently income qualified under the one-person income limit in effect at the time the new member was added.

→ **100% LIHTC Projects (All units are LIHTC)**

- ✓ The *added member* was independently income qualified under the one-person income limit in effect at the time the new member was added.





## Determining Household Size, cont.

4350.3-4-8D/4-26

### HUD MFH

#### Changes in Household Size



Interim certifications must be conducted when a household reports a change in household composition.

If a tenant reports a change in household size along with an increase in income that does not increase the household's cumulative income by \$200 or more a month, do not include the increase in income in processing the interim recertification.

Example: The tenant reports they have a new baby and also that a family member has gone to work part-time. The owner verifies the employment income and learns that the household's cumulative income will only increase by \$100 per month. The owner should process an interim recertification to include the new baby as a dependent but should not include the increase in income.

### RD

#### Changes in Household Size



RD guidance does not directly address whether a new certification is needed when there is a change in household size; however, if a change in household results in an household being ineligible, at recertification the borrower must follow the requirements outlined in section 6.30 of the HB-2-3560.

### HOME

#### Changes in Household Size



HOME guidance does not directly address changes in household size.





## Verification Requirements



8823 Guide Page 4-7







## Verification Requirements, cont.

LIHTC

Verification Requirements, cont.



### Other Forms of Verification

#### Section 8 Voucher Holders

If a tenant or applicant has a Section 8 housing assistance voucher, an owner may accept a **statement from the Public Housing Authority (PHA)** declaring that the applicant's or tenant's income does not exceed the income limit applicable under the LIHTC program.

#### Self-Certification of Asset Income

If the combined **CASH value of ALL household assets is less than \$5,000**, the owner may **accept a self-certification** from the household declaring value of all assets and the income from such assets. This is an HFA approved form, usually referred to as the "Under \$5,000 Asset Certification Form."

Tres. Reg. 4.42-5(b)(vii)  
Rev. Proc 94-65  
8823 Guide Page 4-17  
8823 Guide 4-31





**Verification Requirements, cont.**

4350.3 5-13/5-54





## Verification Requirements, cont.

### HUD MFH

### Verification Requirements, cont.



#### Special Verification Rules Effective March 12, 2018

HUD published an Interim Final Rule on December 12, 2017, amending regulatory language that applies to Public Housing, Housing Choice Voucher Program, and Project-Based Rental Assistance Programs. This Interim Final Rule reduces the burden of verifying household assets and fixed income sources when determining a household's income upon recertification.

#### Asset Verification

The rule reduces this burden by permitting owner/agents to **verify a household's assets every three years** as opposed to every single year. In the intermediate years (years 2 and 3 after a full third-party income certification has been conducted), the owner may choose to "verify" assets by accepting a self-certification from a household declaring that the household has net assets equal to or less than \$5,000.



**Third-party verification must be obtained every three (3) years.**

#### Example – Asset Self-Certification

##### Initial Certification:

The Barnaby household moved in on 06/01/2018. At the time of move-in, the household has only one asset, a checking account with a value of \$200.00. As this is the initial certification, the checking account must be verified.

##### 1<sup>st</sup> Recertification:

When completing their recertification due 06/01/2019, the Barnaby household declares that their only asset is a checking account with a value of \$350.00. Since the Barnaby household declared that the net value of assets is less than \$5,000, third-party verification of the checking account is not required.

##### 2<sup>nd</sup> Recertification:

When completing their recertification due 06/01/2020, the Barnaby household declares that their only asset is a checking account with a value of \$450.00. Since the Barnaby household declared that the net value of assets is less than \$5,000, third-party verification of the checking account is not required.

##### 3<sup>rd</sup> Recertification:

When completing their recertification due 06/01/2021, the Barnaby household declares that their only asset is a checking account with a value of \$550.00. Even though the Barnaby household declared that the net value of assets is less than \$5,000, third-party verification of the checking account is required.





## Verification Requirements, cont.

### HUD MFH Verification Requirements, cont.



This Interim Final Rule also reduces the burden of verifying fixed income sources when determining a household's income upon recertification by permitting owner/agents to **verify a household's fixed income every three years**. In certain circumstances detailed below, an owner/agent is not required to verify non-fixed income sources in years 2 and 3 after a full third-party income certification has been conducted.

#### Fixed Income Defined

Section 8: § 5.657 (d)(2)

Periodic payments at reasonably predictable levels from one or more of the following sources:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>✓ Social Security, Supplemental Security Income, Supplemental Disability Insurance</li> <li>✓ Federal, state, local, or private pension plans</li> <li>✓ Annuities or other retirement benefit programs</li> <li>✓ Insurance policies</li> </ul> | <ul style="list-style-type: none"> <li>Disability or death benefits</li> <li>Other similar types of periodic receipts</li> <li>Any other source of income subject to adjustment by a verifiable COLA or current rate of interest</li> </ul> |
|---|---|

If the streamlined income verification method is used, for recertifications completed in intermediate years, a household's income from the fixed source can be determined by applying a verified cost of living adjustment (COLA) or a rate of interest to the fixed source.

**The determination of whether verification of the household's non-fixed income sources is required will depend on whether the household meets the 90% threshold test.**

#### 90% Threshold Test

**≥ 90% of Gross Income**

##### At least 90% of Gross Income from a Fixed Income Source

For households whose fixed income represents **90% or more** of the **household's total gross income, the owner is not required to adjust non-fixed income sources**. However, the owner may still choose to verify and update the non-fixed income sources.

**< 90% of Gross Income**

##### Less than 90% of Gross Income from a Fixed Income Source

For households whose fixed income represents **less than 90%** of the **total gross household income, the owner must verify non-fixed income sources**.

#### Example - Does Meet 90% Threshold

Thomas and Jerry reside in a unit and receive project-based rental assistance. They moved in on 09/01/2017, and a full certification was conducted.

- Thomas received \$11,000 a year from Social Security benefits.
- Jerry received \$10,000 a year in Social Security benefits.
- Jerry also works part-time seasonally and earned \$2,000 a year.
- The gross annual household income totaled \$23,000.

To meet the 90% threshold test, 90% of the total gross household income, or \$20,700 would need to be from a fixed income source(s).  $\$23,000 \times 90\% = \$20,700$ .

Since the fixed income received by this household totals \$21,000, this household meets the 90% threshold test.

This means that when the household's first recertification, due 6/01/2018, is being completed, the fixed income source can be determined by applying the verified COLA to both Thomas and Jerry's benefit income, and the non-fixed income source (Jerry's wages of \$2,000) is not required to be verified.

#### Example - Does Not Meet 90% Threshold

Josh and Mary reside in a unit and receive project-based rental assistance. They moved in on 06/01/2017, and a full certification was conducted.

- Josh received \$15,000 a year from Social Security benefits.
- Mary works part-time and earned \$5,000 a year.
- The gross annual household income totaled \$20,000.

To meet the 90% threshold test, 90% of the total gross household income, or \$18,000, would need to be from a fixed income source(s).  $\$20,000 \times 90\% = \$18,000$ .

Since the fixed income received by this household is only \$15,000, this household does not meet the 90% threshold test.

This means that when the household's first recertification, due 06/01/2018, is being completed, the fixed income source can be determined by applying the verified COLA to Josh's benefit income; however, Mary's wages must be third-party verified.



## Verification Requirements, cont.

HB-2-3560 6.11B /6-16

# RD

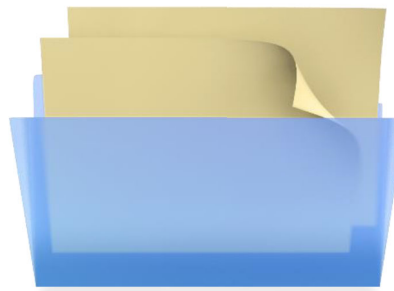
## Verification Requirements



All household income, assets and other household factors must be verified prior to the completion and submission of the 3560-8 certification. Each adult household member must give signed authorization in order for manager to verify the necessary information in order for eligibility and rent to be determined. Applicants must sign the form as a condition of admission and continued occupancy.

### Verification Procedure

A verification procedure must be established to review applicant information. The purpose of the procedure is to ensure that determination of eligibility is made accurately and that the confidentiality of applicants and residents is protected. (See RD Attachment 6-1 "Eligibility, Income, and Deduction Checklist.")



### Information to Verify

- Disability:** Disability status is only verified to determine if a household qualifies as an Elderly household for the purpose of project eligibility or eligibility for certain income deductions. Verification may be provided by a physician, a clinic, welfare agency, the Social Security Administration, or other knowledgeable service.
- Household Composition:** Verification of household composition can be obtained by obtaining birth certificates, custody agreements, divorce or separation agreements.
- Income: Acceptable Income Verification Sources for verifying income are described below in a chart based on the Exhibit 6-3.**

Information to be verified	Acceptable Documentation	Additional Notes
<b>Employment</b>	3rd party verification of employment form	When it is not immediately possible to obtain the written verification from the income source, the income may be temporarily verified by actually examining the income checks, check stubs, or other reliable data the person possesses which indicates gross income.
<b>Zero Income Persons</b>	Attachment 6-B	It is the policy of Rural Development not to accept a tenant certification for an applicant or tenant with zero income unless all income is specifically exempted.
<b>Self Employed</b>	Self-employed applicants/ tenants must provide current documentation of income and expenses, which cannot be older than the previous fiscal year and a complete, legible copy of the most recently filed Federal income tax form	Compare the income and expenses information provided by the applicant with the latest income tax return and clarify any discrepancies.
<b>Unemployment and Unemployment Benefits</b>	Applicants/tenants receiving unemployment benefits must provide the most recent award or benefit letter prepared and signed by the authorizing agency to verify the unemployment income.	Unemployed applicants/tenant must complete a form, which provides their current employment status and requires them to agree to inform the Borrower immediately, in writing, if their employment status changes
<b>Social Security, Pensions, Workers Comp, etc.</b>	A copy of the most recent award or benefit letter prepared and signed by the authorizing agency. Information must be updated every 12 months to account for cost-of-living increases or changes in benefits	For individuals who receive SSI (Supplemental Security Income) benefit letter should be dated within 90 days of the effective date of the certification.
<b>Public Assistance</b>	Applicants/tenants must provide a copy of the most recent award or benefits letter prepared and signed by the authorizing agency to verify the amount of public assistance received	While food stamps are not included when determining income eligibility or rent, best practice is to verify receipt of food stamp benefits as this demonstrates how a very low-income household is obtaining food.
<b>Alimony or Child Support Payments</b>	A copy of the divorce decree, separation agreement, or another document indicating the amount of the required support payments.	The applicant/tenant must also report the amount received during the past twelve months. If the applicant/tenant reports that the amount required by the agreement is not being received, the applicant/tenant must document that assistance has been requested from the state or local entity responsible for enforcing payment.
<b>Assets</b>	3rd party verification from the financial institutions or copies of account statements	Applicants/tenants must certify whether any asset has been disposed of for less than fair market value.





## Verification Requirements, cont.

24 CFR 92.203(a)(1)(i)

### HOME

### Verification Requirements



**Initial Certification:** Income must be documented using method 1.

**Recertification:** For subsequent income determinations during the period of affordability, the Participating Jurisdiction may require the use of any of the methods noted below.

**Method 1:**

Examine at least 2 months of source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement) for the household.

**Method 2:**

Obtain from the family a written statement of the amount of the family's annual income and family size, along with a certification that the information is complete and accurate. The certification must state that the family will provide source documents upon request.

**Method 3:**

Obtain a written statement from the administrator of a government program under which the family receives benefits and which examines each year the annual income of the family. The statement must indicate the tenant's family size and state the amount of the family's annual income; or alternatively, the statement must indicate the current dollar limit for very low- or low-income families for the family size of the tenant and state that the tenant's annual income does not exceed this limit.





## 4. Verification Requirements, cont.

### MAINTAINING COMPLIANCE



#### VERIFICATION REQUIREMENTS

- EIV reports must not be used to verify income for the LIHTC program, separate verification/documentation must be obtained to determine income for the LIHTC program.
- Many HFA's definition of "third-party verification" is more restrictive than HUD's definition, in such cases, the HFA method of verification must be followed.
- Asset Verification at HUD/LIHTC Properties
  - Initial Certification – Verify all assets regardless of Value
  - 1<sup>st</sup> Recertification – Accept self-certification if assets are \$5K or less; if more than \$5K, verify all assets.
  - 2<sup>nd</sup> Recertification - Accept self-certification if assets are \$5K or less; if more than \$5K, verify all assets.
  - 3<sup>rd</sup> Recertification – Verify all assets regardless of Value
- Fixed Income Verification –  
As annual income recertifications are not required at 100% LIHTC projects, HUD's streamlining method of verifying fixed income sources may be followed. However, for projects that are not 100% LIHTC, verification of all income sources must be obtained on an annual basis.

### MAINTAINING COMPLIANCE

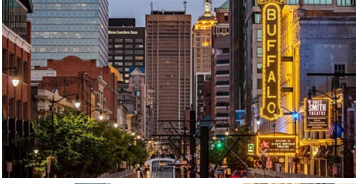


#### VERIFICATION REQUIREMENTS

As HOME requires two (2) months of source documents, this requirement is more restrictive the LIHTC requirement, therefore the HOME requirements must be followed.



# UPCOMING EVENTS CALENDAR



**Preparing for New REAC & NSPIRE Rules Workshop  
(Buffalo, NY 2/13/20)**



**Preparing for New REAC & NSPIRE Rules  
(San Jose, CA 2/27/20)**



**Preparing for New REAC & NSPIRE Rules  
(Atlanta, GA 3/3/20)**



**Conquering HUD Compliance w/ ACE  
Certification(Phoenix, AZ 3/10/20)**



**Preparing for New REAC & NSPIRE Rules  
(New Orleans, LA 3/10/20)**



**Preparing for New REAC & NSPIRE Rules  
(Geneva, OH, 3/17/20)**



**Preparing for New REAC & NSPIRE Rules  
(Philadelphia, PA 3/24/20)**



**Preparing for New REAC & NSPIRE Rules  
(Los Angeles, CA 3/31/20)**



**Conquering LIHTC Compliance Seminar with HCCP  
(Los Angeles 4/7/20)**





# Upcoming Events Calendar



**Preparing for New REAC & NSPIRE Rules  
(Denver, CO 4/7/20)**



**Preparing for New REAC & NSPIRE Rules  
(Yonkers, NY 4/16/20)**



**Conquering LIHTC Compliance Seminar with HCCP  
(Indianapolis 4/21-4/23)**



**Preparing for New REAC & NSPIRE Rules  
(St Louis, MO 4/21/20)**



**Preparing for New REAC & NSPIRE Rules  
(Honolulu, HI 4/28/20)**



**Conquering HUD Seminar with ACE Certification  
(Chicago, IL 5/5/20)**



**Preparing for New REAC & NSPIRE Rules  
(New Haven, CT 5/12/20)**



**Preparing for New REAC & NSPIRE Rules  
(Nashua, NH 6/2/20)**



**Preparing for New REAC & NSPIRE Rules  
(Memphis, TN 6/4/20)**



# Upcoming Events Calendar



**Conquering LIHTC Compliance with HCCP  
(Minneapolis 6/9-6/11)**



**Preparing for New REAC & NSPIRE Rules  
(Salt Lake City, UT 6/9/20)**



**Conquering LIHTC Compliance Seminar with HCCP  
(St Louis 6/16/20)**



**Conquering LIHTC Compliance Seminar with HCCP  
(Denver, CO 7/7/20)**



**Conquering LIHTC Compliance Seminar with HCCP  
(Columbus, OH 7/21/20)**



**Conquering LIHTC Compliance Seminar with HCCP  
(Atlanta, GA 8/11/20)**



**Conquering LIHTC Compliance Seminar with HCCP  
(Little Rock, AR 8/18/20)**



**Preparing for New REAC & NSPIRE Rules (Orlando, FL  
9/8/20)**



**Conquering LIHTC Compliance Seminar with HCCP  
(Chicago, IL 9/15/20)**

# Upcoming Events Calendar



**Preparing for New REAC & NSPIRE Rules  
(Portsmouth, NH 9/17/20)**



**Conquering HUD Compliance w/ ACE Certification  
(Albany, NY 9/22/20)**

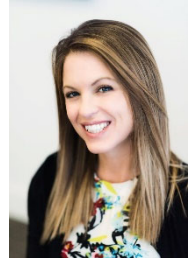


**Conquering HUD Compliance w/ ACE  
Certification(Portsmouth, NH 10/13/20)**

# Learn About the Speaker:

## Amanda Lee Gross

Ms. Gross has over eighteen years of hard-won, real-world knowledge and experience in all aspects of the affordable housing industry. She began her career as a site manager, eventually rising to the position of compliance director for a large multi-state property management company. Ms. Gross leveraged that experience to become a highly-skilled, nationally recognized trainer in Fair Housing, LIHTC, Rural Development, HUD, and HOME. Over the last eight years, she has conducted hundreds of trainings nationwide and has provided consulting services to state housing finance agencies, public housing authorities, management companies, and developers.



Ms. Gross is a featured speaker at numerous industry events. She also provides custom-tailored training to private organizations that understand that highly-trained staff are more effective and better able to protect the assets and reputation of the company. She also works in a consulting capacity, advising clients in the development of their policies and procedures, optimizing project compliance performance, and addressing audit findings. Ms. Gross's areas of expertise focus on the following programs:

- Fair Housing and VAWA
- Low-Income Housing Tax Credit (LIHTC) Program
- USDA/Rural Development Rental Housing Program
- HUD Multifamily Housing Programs
- HOME Investment Partnership Program

## Contact or Follow Amanda Lee



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## Learn About US Housing Consultants



**US Housing**  
**CONSULTANTS**

Maintaining compliance with affordable housing program regulations isn't intuitive, a guidance is not always clear. Yet, noncompliance can result in dire consequences for the owner, the project, and, most importantly, can negatively affect the tenants.

Using experience, up-to-date research, and dedication, our associates at US Housing Consultants help industry professionals navigate the often-murky waters of affordable housing regulation so that our clients can continue to provide affordable housing.

### Our Services Include:

- Compliance Training ( LIHTC, HUD, RD, HOME, VAWA, and Fair Housing) Click here for our upcoming training schedule! <https://www.us-hc.com/seminar-schedule.html>
- Tenant File Reviews ( LIHTC, HUD, RD, and HOME)
- Pre-REAC Inspections
- REAC Appeals
- Capital Needs Assessments

