

PHI



ENIX

2024

**Keeping Pace with Multifamily  
Compliance Through  
Technology and Training**

## **DISCUSSION LEADER**

Joe Prichard, Managing Director of Multifamily Compliance | Kentucky Housing Corporation

## **SPEAKERS**

Lisa Furbush, Manager, Affordable Housing Compliance Policy | Yardi

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# Lisa M. Furbush, Ph.D.



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# 2024 PHENIX



## USDA Update as of 9-18-2024

RD 3560-8 and MINC Transmission Guide will be released around October 1<sup>st</sup>

MINC will be HOTMA compliant for all 1-1-2025 certifications

Creation of a RD 3560-8a (for pre-HOTMA certifications)

# 2024 PHA ENIX

## HUD PHA Update as of 9-18-2024

PHAs will not be required to be compliant with HOTMA Section 102 and 104 income and assets provisions by January 1, 2025, except for the Earned Income Disregard (EID) provisions

HIP will not be ready by January 1, 2025.

# HUD Multifamily Update as of 9-20-2024

HUD Notice 2024-09 “Revised Compliance Date:  
Implementation of Sections 102 and 104 of the Housing Opportunity Through  
Modernization Act of 2016 (HOTMA) Issued: 9-20-2024

“The purpose of this Notice 2024-09 is to extend  
the compliance date to **July 1, 2025.**”

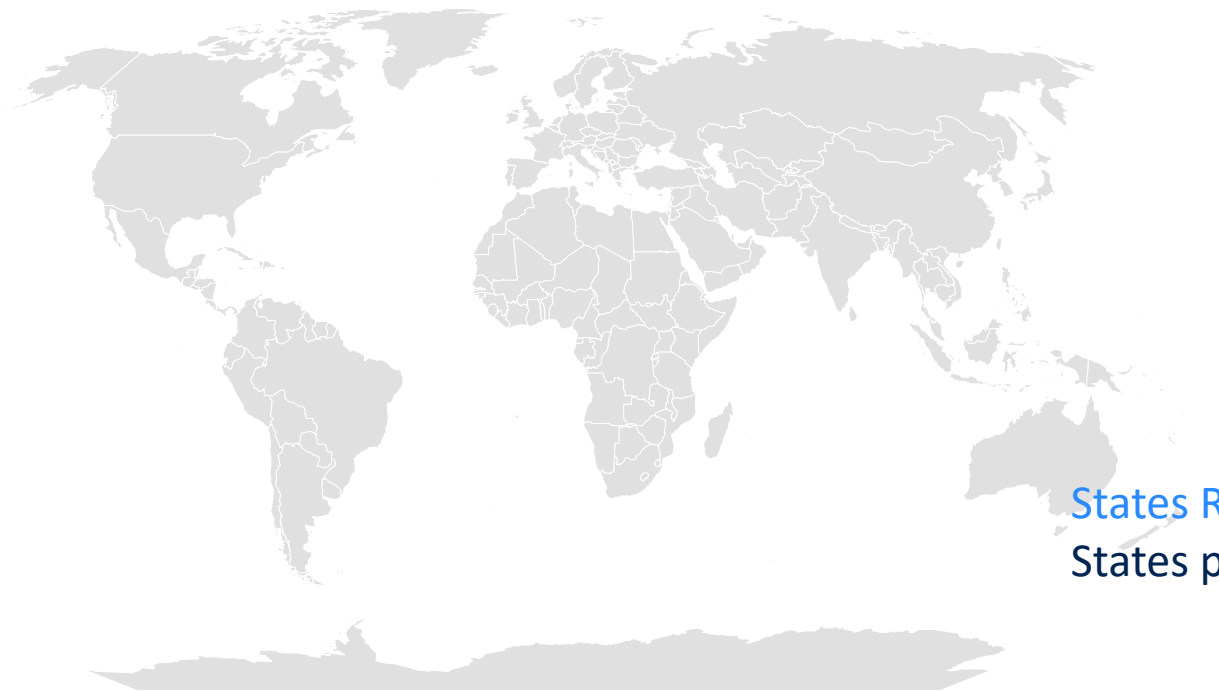
## Compliance Note:

- The \$1000 threshold for Assets Disposed of for less than fair market value has been removed.
- Closing the TRACS Forum 9-13-2024 (Utilize Drafting Table & Federal Register)

# IRS Update as of 9-23-2024

No expected release date for the 8823 Guide or HOTMA specific guidance.

States with Published HOTMA Guidance and HOTMA Tenant Income Certifications



States Released by Yardi  
States pending Yardi Development

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## HFA Decisions to make....

- Will your agency adopt the NCSHA TIC to streamline for multi-state operators?
- What HOTA implementation effective date will your agency? Effective by 1-1-2025 or certifications effective 1-1-2025?
  - Will you require corrections?
- If your agency is not leveraging the NCSHA TIC, how will you advise owners to calculate Federal Tax Returns?
- Will your agency adopt the new HUD Verification Hierarchy?

## HFA Decisions to make....

- Will your agencies new compliance requirements require forms updates?
  - Will your forms allow for inflationary changes year to year?
    - Allow for software vendors to prepopulate values?
  - Will you adopt the new 2025 Passbook rate of .45%?
- Will your agencies new compliance requirements require an update to your tenant data reporting systems or .xml exports? (NAHMA or state specific)

# Passbook Rate: .06% or .4% or .45%

Passbook Rate of .4% Accepted for Section 8 Contracts



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# NSPIRE Technology Updates

Housing Notice 2024-26 REV-1

August 9, 2024

Housing Notice FR-6086-N-09

July 5, 2024

HUD is further extending the compliance date until October 1, 2025.

# Jeffrey Promnitz



Jeffrey is the CEO of Zeffert, a nationally recognized leader of multifamily compliance that includes Zeffert University. In addition to his role overseeing strategic direction and key industry partnerships, he is a doctoral candidate at the University of Missouri – St. Louis where his research domain is human capital, specifically bridging the gap between theory and real-world application.

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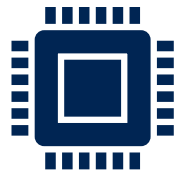


# Keeping Pace with Multifamily Compliance Through Technology and Training



**What multifamily compliance changes are ahead?**

Survey the magnitude and timing of compliance change.



**Understand the role of technology on multifamily properties.**

Required systems versus technology opportunities that generate ROI.

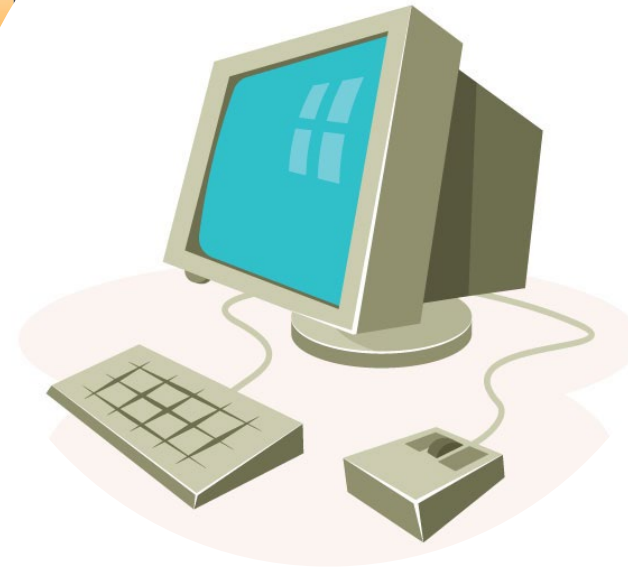


**The adoption of systems and technology by employees.**

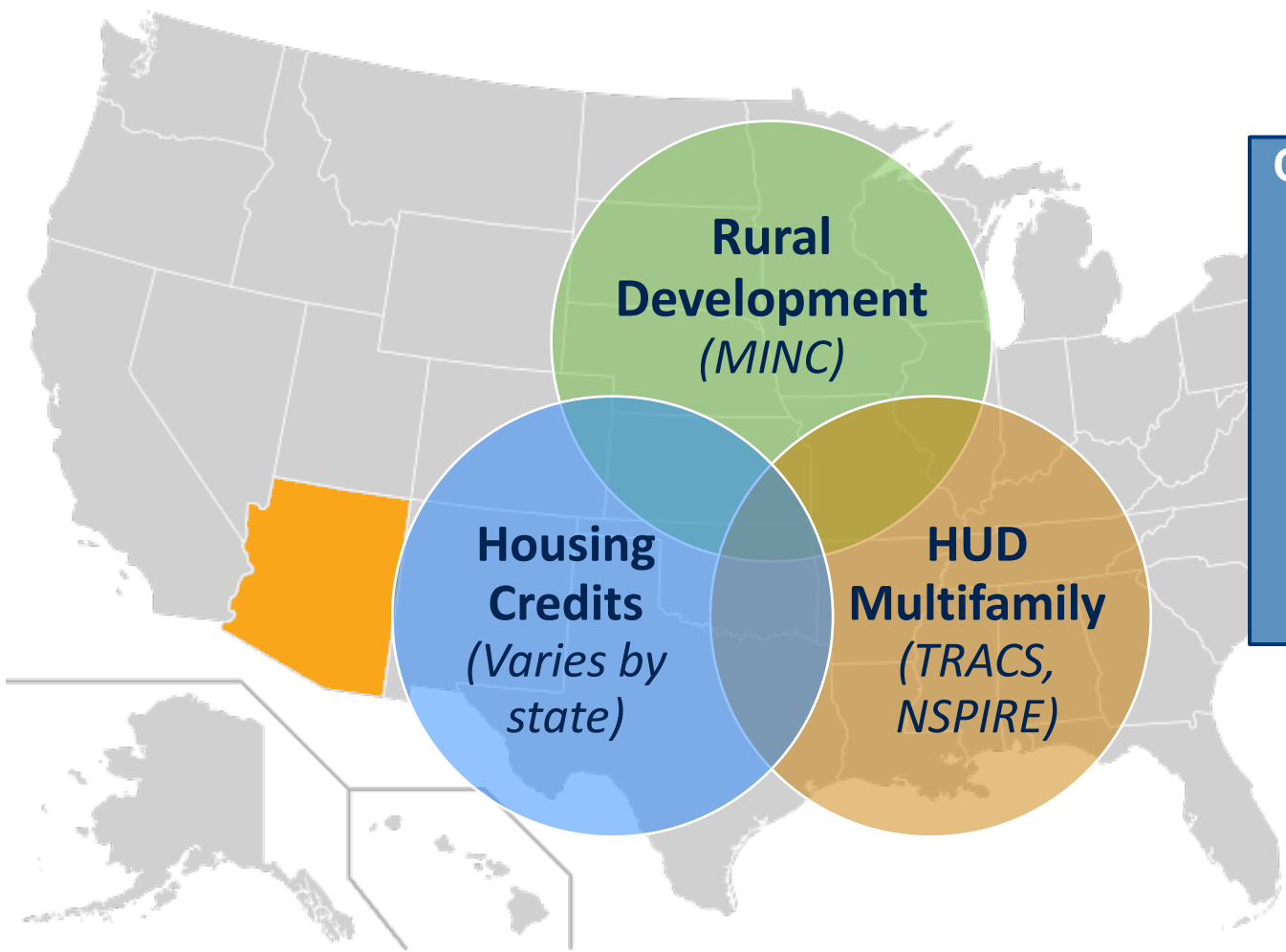
Pacing towards required compliance dates and effectuating the opportunities.

# What is technology?

- *Technology* (noun) – Something more practical through the use of new knowledge.
- What is the role of technology?
  - Required systems. Not always practical because their purpose is conformity (control).
  - Technology. Must be innovative or will not generate ROI compared to the current way of doing it.
- The advent of artificial intelligence (AI) and machine deep learning.



# Many Portfolios Have Multiple Restrictions



- Common additional layers:**
- State-level and local programs
  - Housing Trust Fund (HTF)
  - HOME-Funds
  - Bonds (tax exempt)
  - Emergency programs (climate)
  - Many more.

# Required Systems for Common Programs

Programs	Required System Access	Purpose	Assistance
LIHTC	Various, State-Specific; including IRS tax forms	Annual household and physical property program compliance reporting (including 8609, 8609A, 8586; HFA 8610).	<a href="#">NCSHA HFA Directory</a>
PIH and HUD Multifamily	<a href="#">Enterprise Income Verification System (EIV)</a>	Verification of resident information to determine rental subsidy; cross-department sharing (V.A., S.S.A., etc.).	Contacts and Regions*, <a href="#">User Manual</a>
PIH	<a href="#">Financial Management Assessment System (FASS-MF)</a>	Submit annual financial statement data to HUD.	<a href="#">Phone, email, and technical assistance</a> , <a href="#">User Manual</a>
PIH and HUD Multifamily	<a href="#">Physical Assessment Subsystem (PASS)</a>	Coordinates scheduling of inspections and reporting. Restricted to mortgagees and contractors.	<a href="#">Contact and download</a> , <a href="#">User Manual</a>
HUD Multifamily	<a href="#">Tenant Rental Assistance Certification System (TRACS)</a>	Collects and maintains tenant data for the financial management of assisted programs.	<a href="#">Email</a> , <a href="#">User Manual</a>
PIH and HUD Multifamily	<a href="#">Capital Needs Assessment (CNA e-Tool)</a>	Prepare, conduct, and submit capital needs assessments.	<a href="#">Email</a> , <a href="#">User Manual</a>
CPD	<a href="#">Integrated Disbursement and Information System (IDIS)</a>	Reporting performance to HUD and accessing funds.	Technical 888.297.8689; or <a href="#">email</a> Data Exchange
Rural Development	<a href="#">Management Interactive Network Connection (MINC)</a>	Submit tenant data, Multiple Family Housing Project Budget/Utility Allowance, and Borrower Balance Sheet.	<a href="#">Email</a> or 866.600.7984, <a href="#">User Manual</a>

\*



# Adoption of Technology Must Be Organized

- Technology part of a *system* of control have different goals than technology for the purpose of generating ROI.
  - Employees must be competent in multiple required systems; efficiency limiting programs. ***These are the end-users.***
  - Technology investments must increase efficiency; contribute to bottom line. ***These are the overseers.***
- Technology partners versus service providers.
  - There is increasing trend to forge external relationships with technology providers while maintaining (or moving) required systems in-house.

# Critical Questions For Keeping Pace

## 1. Ensuring Employees are Trained

- *What is the state of your organization's compliance knowledge?*
- *Who is the designated subject matter expert?*
- *Where is training sourced and how much should be budgeted per employee?*

## 2. Using and Adopting Strategic Technology

- *Who oversees compliance?*
- *Who are my end-users that operate the required systems (MINC, TRACS, CNA e-Tool, etc.)?*
- *Who are my strategic partners that help me generate ROI through innovation such as file reviews, inspections, state reporting, property management, and utility allowances?*

## 3. Preparing for Industry Change

- *Have the NCSHA recommended forms been implemented or rationalized otherwise?*
- *Have state-specific forms been saved or know where to go for monitoring this?*
- *Is there an announced or expected formal HOTMA implementation date for my state?*

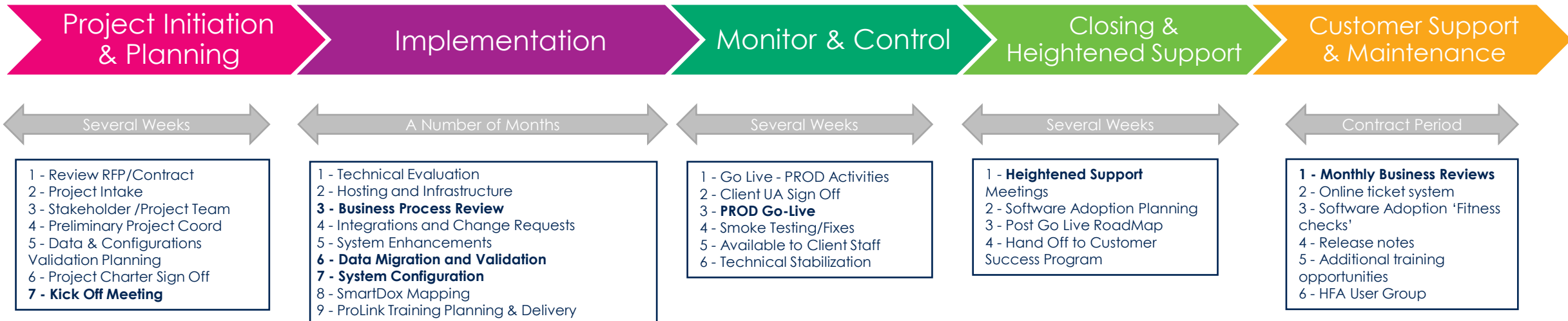
# Presentation Agenda

- Implementation Best Practices
- Compliance Data Standardization – NAHMA XML
- Software Examples to support HOTMA
- NSPIRE Software Selection Considerations



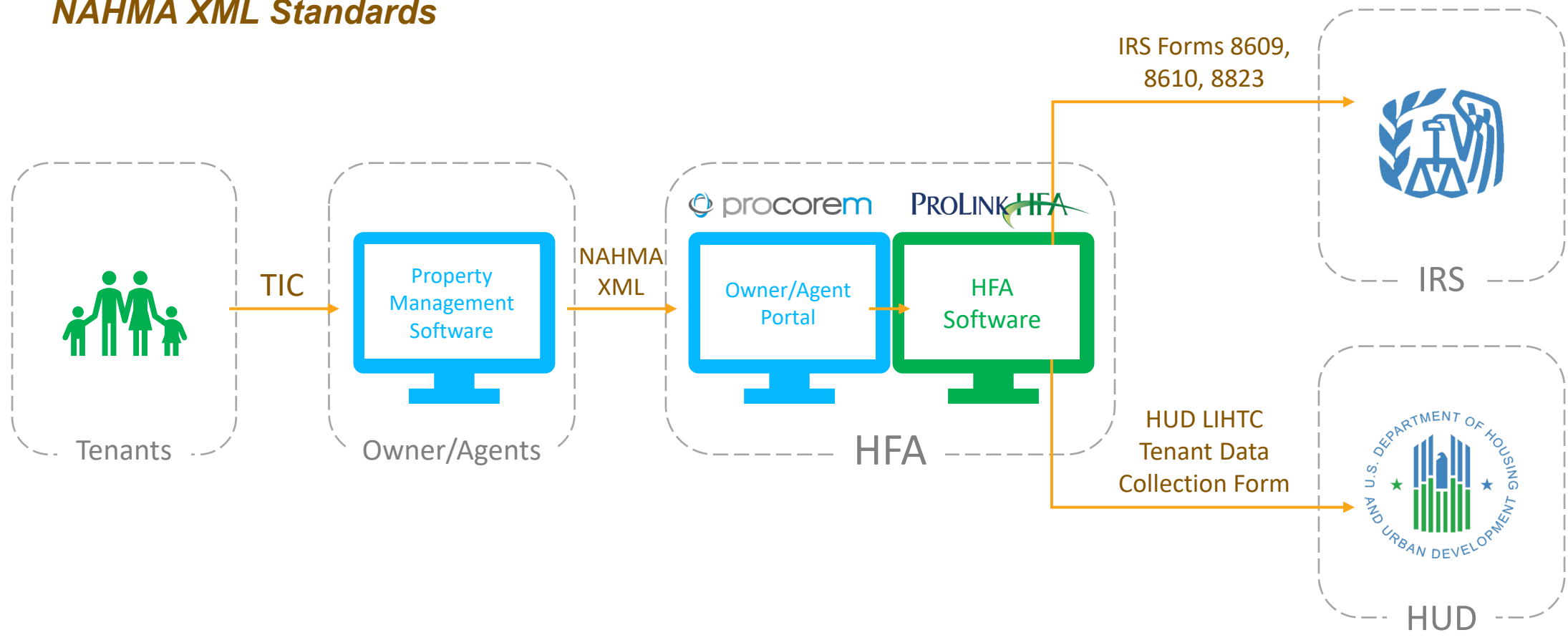
Ryan Kim  
VP of Professional Services  
ProLink Solutions

# Implementation Best Practices



# Compliance Data Standardization

## NAHMA XML Standards



# Software Examples to Support HOTMA

## HOTMA New Concepts in the area of Total Asset Income

- Net Family Assets: newly defined
- Non-Necessary Personal Property
- Imputed Asset Limit \$50,000, which inflates each year
- Income Type: Actual or Imputed?
- Imputed Annual Income from Assets

# Software Examples to Support HOTMA

Search this WorkCe

← Grape Towers
Home / HFA Integration / Grape Towers / Compliance - All Periods / 2024 - Units / Building 1 - Sally Smith #20

- HFA Integration
- Files
- Posts
- Tasks
- Calendar
- Activity
- WorkCenter Settings
- Links
- Compliance
- Construction Budget
- Diversity Custom
- Rent Assistance
- Tenant & Income Portal

Download TIC
Save
Delete
Cancel

Tenant Event
Household Members
Household Income
Household Income from Assets

Asset Totals	
Total Cash Value of Assets for all Eligible Members:	\$76,000.00
Total Net Family Assets:	\$76,000.00
Total Annual Income From Assets for Eligible Members:	\$200.00

\$ Household Income from Assets							+ Add Household Income from Assets
Household Member	Type of Asset	Ownership %	Cash Value	Int. or Div. %	Actual Annual Income	Imputed Annual Income	
Smith, Sally	Savings	100.00%	\$51,000.00	1.00%	\$100.00		
Smith, Sally	Real Estate	100.00%	\$25,000.00			\$100.00	
Smith, Sally	IRA/Keough	100.00%	\$100,000.00				

\*Imputed Annual Income will only show a value if the Net Family Assets are valued over \$50,000 (adjusted by inflation annually) and the Asset Income Type is set to 'Imputed.'

[Help](#)



# Software Examples to Support HOTMA

procorem

Search this WorkCe

← Grape Towers

Home / HFA Integration / Grape Towers / Compliance - All Periods / 2024 - Units / Building 1 - Sally Smith #20

HFA Integration

Files

Posts

Tasks

Calendar

Activity

WorkCenter Settings

Links

Compliance

Construction Budget

Diversity Custom

Rent Assistance

Tenant & Income Portal

Tenant Event Household Members Household Income Household Income from Assets

Download TIC Save Delete Cancel

Asset Totals	
Total Cash Value of Assets for all Eligible Members:	\$74,000.00
Total Net Family Assets:	\$25,000.00
Total Annual Income From Assets for Eligible Members:	\$100.00

\$ Household Income from Assets							+ Add Household Income from Assets
Household Member	Type of Asset	Ownership %	Cash Value	Int. or Div. %	Actual Annual Income	Imputed Annual Income	
Smith, Sally	Savings	100.00%	\$49,000.00	1.00%	\$100.00		
Smith, Sally	Real Estate	100.00%	\$25,000.00				
Smith, Sally	IRA/Keough	100.00%	\$100,000.00				

\*Imputed Annual Income will only show a value if the Net Family Assets are valued over \$50,000 (adjusted by inflation annually) and the Asset Income Type is set to 'Imputed.'

Help

# Software Examples to Support HOTMA

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Search this WorkC

← Grape Towers

Home / HFA Integration / Grape Towers / Compliance - All Periods / 2024 - Units / Building 1 - Sally Smith #20 / Tenant Event

HFA Integration

- Files
- Posts
- Tasks
- Calendar
- Activity
- WorkCenter Settings
- Links
- Compliance
- Construction Budget
- Diversity Custom
- Rent Assistance
- Tenant & Income Portal

Household Income From Assets

Save Save and New Save and Return Delete Cancel

Household Member: Smith, Sally

Type of Asset: Savings

Personal Property Type: Non-Necessary Property

Asset Status: Current

Ownership Percentage: 100.00 %

Cash Value: \$ 51,000.00

Annual Interest or Dividend Pct: 1.00 %

Annual Income: \$ 100.00

Imputed Annual Income:

# Software Examples to Support HOTMA

Save Save and Return Save and New Evaluate Finalize Create Vacancy Report Compliance Audit Report Cancel Delete History Print

**Edit Compliance Review** Last

HFA # 60716 Compliance Period 1/1/20  
 Property Name Lees Summit Apartment Homes Is Dirty? No  
 Compliance Review Status In Process

Main Compliance File Tracking HOME **LIHTC** LIHTC AIT LIHTC Income Limits Additional Set-Asides Exception History Tenant Events Log Files COVID19 Relief Agency Programs

**Compliance Exceptions**

Household / Unit #	Tenant Event Type	Tenant Event Date	Exception Description	Override	Comments
Project:					
BIN: CO-19-43001					
/ 103	Move Out	10/1/2023	Unit 103 is in potential Violation of the Vacant Unit Rule under Reg. 1.42-5© (1) (ix) (IRS Form 8823 - 11j) due to Market Move in 12/19/2023 - Unit 103 - BIN CO-19-43001	<input type="checkbox"/>	
Smith / 102	Move In	12/18/2023	The household income is above the eligible limit on the initial occupancy of the unit (IRS Form 8823 - 11a). Max Income Limit \$49,360.00. MTSP/80.00% AMI, Tenant Income: \$975,123.00. Income exceeds the AIT Unit Designation of 80%	<input type="checkbox"/>	
Smith / 102	Move In	12/18/2023	The Gross Rent(s) charged exceeds the tax credit limits (IRS Form 8823 - 11g). Max Rent Limit \$1,157.00. MTSP/80.00% AMI, Tenant Rent: \$8,640.00.	<input type="checkbox"/>	
Aberdeen / 107	Recertification	1/26/2023	Unit 107 is in Violations of the Available Unit Rule under section 42(g)(2)(D)(ii) (IRS Form 8823 - 11i) due to Market Move in 12/19/2023 - Unit 103 - BIN CO-19-43001	<input type="checkbox"/>	

HFA # 60716 County Building Name Building 1  
 Property Name Lees Summit Apartmen... Total Location Units 100  
 Location Name Lees Summit Apartmen...

Main

8823 - Low-Income Credit Agencies - Report of Noncompliance or Building Disposition

Tax Form Status In Process Issued Date

Check here if this is an amended return

1 Building Name (if any). Check if item 1 differs from Form 8609

Building 1  
 Street Address  
 123 Street A  
 City or town State ZIP Code  
 Denver CO 80230

2 Building identification number (BIN)

3 Owner's name. Check if item 3 differs from Form 8609

Garden Court LLC  
 Street Address  
 897 Milwaukee Circle  
 City or town State ZIP Code  
 Milwaukee WI 54302

4 Owner's taxpayer identification number  
  EIN  SSN

IRS Use Only

5 Total credit allocated to this BIN

6 If this building is part of a multiple building project, enter the number of buildings in the project

7a Total number of residential units in this building

7b Total number of low-income units in this building

7c Total number of residential units in this building determined to have noncompliance issues (see instructions)

7d Total number of units reviewed by agency (see instructions)

8 Date building ceased to comply with the low-income housing credit provisions (see instructions) (MMDDYYYY)

9 Date noncompliance corrected (if applicable) (see instructions) (MMDDYYYY)

10 Check this box if you are filing only to show correction of previously reported noncompliance problem

11 Check the box(es) that apply

	Out of compliance	Noncompliance corrected
a Household income above limit upon initial occupancy .....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b Owner failed to correctly complete or document tenant's annual income recertification .....	<input type="checkbox"/>	<input type="checkbox"/>
c Violation(s) of the UPCS or local inspection standards (see instructions) (attach explanation) .....	<input type="checkbox"/>	<input type="checkbox"/>

# NSPIRE Software Selection Considerations

- Software flexibility to support the new standards and regular updates.
- Offline mode
- Multi-inspector inspections
- Easy navigation and organization of Inspectable Areas and Standards
- Multiple photos captured per finding
- Data sync with your system of record
- Inspection report generation
- Deficiency correction follow-up
- Self-inspections by owner/agents

# THANK YOU!

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Questions