HOTMA FAQ - Wisconsin

March 31, 2025

Q: Does HOTMA apply to HTC?
A: Yes. The portions of HOTMA that affect verification documentation and income/asset calculations are now used in HTC. Some rules, such as non-eligibility for households that own real estate or have assets that exceed $100,000, do not apply.

Q: WHEDA has an implementation date of 1/1/2024 for HOTMA. Are findings going to be issued for non-compliance on HOTMA related items for certifications that occurred prior to WHEDA's policy date of March 12th? With HUD and HOME not rolling this out yet and our software still in the process of updating, it's going to make it difficult to comply as we have a lot of blended properties, especially if we are required to go back retroactively.

A: We understand that with such a major overhaul, some areas of HOTMA may not have been implemented on 1/1/2024. Owner/Agents will not be required to make HOTMA corrections retroactively. Moving forward we are looking for O/A to comply as quickly as possible. WHEDA will note any compliance issues with HOTMA in our compliance letters but will not cite any HOTMA violations in 2024. Full Compliance with HOTMA is effective no later than 1/1/2025.

Q: I've heard that HOTMA did away with Y-T-D calculations. Is this true?
A: Section 8 calculations are concerned with determining the correct Tenant Portion of rent and rental subsidy as of the certification date and relying on Interim Certifications when income increases. HTC is required to calculate the anticipated income for the next 12 months rather than just the current income. In determining anticipated income, Y-T-D might offer the best method for calculating annual income. However, what is different is that you are no longer required to use the highest of the current income or Y-T-D simply because it is higher. Use the best method for determining anticipated income and document the file.

Q: But won't getting Y-T-D be cumbersome, especially since Verification of Employment (VOE) forms are the least recognized forms of verification under HOTMA?
A: It is true that HUD reversed the order of importance concerning verification forms from past guidance. However, 2 current consecutive paystubs are considered valid forms for verification under HOTMA. Most paystubs will have the Y-T-D figures available for the calculation, as well as other sources such as the work number which has a higher level of verification than paystubs. Use the information available to best determine anticipated income.

Q: Can I still use the Under $5,000 self-asset affidavit at move-in? Isn't HOTMA all about making it easier?
A: HOTMA supersedes the Under $5,000 affidavit, Rev Proc. 94-65, and replaced it with a Under $50,000 affidavit for recertifications. The Under $5,000 affidavit is no longer valid. Rev Proc 94-65 established that assets that were less than the threshold for imputing income could be self-certified by the

household. Consequently, the industry is satisfied assets that are now under the Imputed Asset Threshold of $50,000 could be self-certified. HOTMA also includes a provision that self-certification is only valid for 2 out of 3 years, requiring verification of assets in the third year of recertification. The IRS has not yet commented or issued further guidance concerning Rev Proc. 94-65 and HOTMA. WHEDA is behind efforts to receive further guidance from the IRS and industry partners to clarify the 3rd year verification requirement for Section 42, and whether under HOTMA, LIHTC can rely on self-certification of assets for all certifications.

WHEDA initially took the most conservative approach by requiring asset verification for the Initial certification and every 3rd year. We have listened to our partners and will now be allowing self-certification of assets under $50,000 for all certifications, with the understanding the IRS may issue additional guidance that negates this position, and may or may not impose compliance consequences. Owners / Agents are encouraged to seek guidance from their investors and tax advisors before instituting this change.

Q: Do we now need to include Financial Aid income, less costs, for HTC developments? Does it change based on whether the household receives Section 8 assistance (including HCV holders and Section 202/8)? How does age and having dependents change the calculation?

A: **Section 8 recipients.** While current Consolidated 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, with total educational costs offsetting the aid. Any excess assistance is counted as income. Exceptions exist for dependents of the household, and for people over age 23 with a dependent child. People meeting this age 23 exception are treated as non-Section 8 recipients.

Non-Section 8 recipients. HEA educational assistance is excluded from income. 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 offset by the costs, the excess is income.

Q: After reading your HOTMA changes you stated that WHEDA will not allow means testing. Does this mean we cannot use HTC Form 520 – Public Housing Authority Income Certification to verify income if a tenant is receiving Section 8?

A: HOTMA allows means testing for Section 8 programs from a variety of sources, including WIC and SSI. However, only income calculations from Public Housing Authorities for Section 8 voucher holders may be used in Wisconsin for Section 42. HTC Form 520 is available for that purpose.

Q: I have heard the terms Necessary Personal Property (NPP) and Non-Necessary Personal Property (NNPP)? How does this play into calculating Asset income?

A: Necessary Personal Property generally are the assets we didn't count before, such as personal jewelry and automobiles used for transportation. Non-Necessary Personal Property are checking and saving accounts, recreational equipment, collector cars, and jewelry held for investment purposes. In addition, HOTMA treats Real Estate separately from NNPP.

Q: Is it true you only impute assets if the Net Family Assets are greater than $50,000, adjusted for inflation?

A: Yes. Only assets that do not have actual income may potentially require you to impute income. In addition, you consider Non-Necessary Personal Property (NNPP) separate from Real Estate.

As an example, you have Checking, Savings, a recreational vehicle/trailer, and a parcel of land.

To determine which assets to impute, first total the cash value of all the NNPP. If this total Is less than $50,000, adjusted for inflation, you do not impute any income for assets that do not have actual income. You also do NOT count the balances of any NNPP as Net Family Assets for the next step. Only actual income is carried forward.

Next, the cash value of all NNPP that is carried forward (If NNPP is greater than $50,000) and Real Estate is totaled. All Real Estate is counted regardless of the value. Again, if the total value is equal to or less than $50,000, none of the real estate is imputed.

Here is an example:

Asset	Value	Type	A/I	Income
Checking	1000	NNPP	A	10
Savings	2000	NNPP	A	20
Recreational	45000	NNPP	I	
Total NNPP	48000			30
Net Family Assets (NNPP)	0			
Land	60000	Real Property	I	240

NNPP	0	30
Real Property	60000	240
Total Net Family Assets	60000	270

NNPP total is 0 because NNPP is equal to or less than $50,000

Example 2:
In the above example, you would not impute Real Estate if Total Net Family Assets were less than or equal to $50,000. For example, if Real Estate was valued at $49,000, Net Family Assets would only be $49,000 and you would not impute Real Estate.

Example 3:
If the total value of all NNPP was greater than $50,000, you would impute the Recreational Vehicle. For

example, if the Savings were valued at $5,000, total NNPP would be $51,000. In this case, you would impute the Recreational Equipment. You would also impute the Real Estate valued at $49,000 because Total Net Family Assets would equal $100,000.

Net Family Assets also plays a part in determining if the assets must be verified. Net Family Assets greater than the $50,000 threshold, adjusted for inflation, must be verified. HTC Form 600 B will step you through this determination process.

Q: If a household lists imputed assets on their application or have Net Family Assets equal to or under the HUD Asset Threshold of $50,000, adjusted for inflation, do I need to list the-assets on the TIC?
A: Yes, you do need to document all assets on the TIC (Form 300) OR in conjunction with the Asset Affidavit (Form 600 A & B), but the assets that do not have actual income will not show any imputed income if total Net Family Assets are less than or equal to $50,000 or the current HUD Imputed Asset Threshold.

You no longer need to list retirement accounts under assets. However, income such as RMD or periodic payments must be included in the income portion of the TIC.

Q: General Release Form – is WHEDA going to be providing a form or guidance on what is required to create this form? This change seems to stem from the changes to HUDs form 9887-9887a being only required once at move-in vs annually but as far as I'm aware, there has never been a requirement to have this for tax credit or WHEDA in the past.

A: Currently, WHEDA is not contemplating the creation of a new form for HTC. Although the form has not been a requirement of the IRS, for logistical reasons, it has been our understanding Management Agents have their own applicant authorization form that has been in-place for many years.

Q: Self-Certification of Social Security Number - we've never needed to obtain verification of SS numbers in the past with tax credit/WHEDA. It's always been a Section 8 requirement, so I'm not sure if this is stating that we now must try to obtain that verification first and document that we tried prior methods before accepting self-certification? Or that we can still just accept self-certification of the SS numbers on their application/certification questionnaire?

A: HOTMA lists new requirements for documenting the SSN. The IRS does not have any requirements; however, HUD has some reporting requirements for HTC properties. Satisfying the requirements for HTC can be as easy as asking to see their SSN card or a document that contains the number. Self-certification is still acceptable for HTC if the applicant is unable to provide documentation. There is no requirement to maintain verification methods or documentation in the HTC file.