



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

AMY HOVEY
EXECUTIVE DIRECTOR

Date September 22, 2023

TO: Owners & Management Agents

FROM: Cassandra Brown, Compliance Software and Policy Manager

RE: HOTMA (Housing Opportunity Through Modernization Act)

This memo is intended to outline changes to MSHDA programs only. This will not cover updates to deductions or deadlines for files submitted via TRACs.

Programs Affected:

- LIHTC
- TCAP
- 1602
- HOME
- HTF
- NSP
- MSHDA Bond Programs

MSHDA Scheduled Training

MSHDA is looking to hold a training session the first week of December 2023 to give an overview of the changes to income and asset calculations, along with a preview of updated forms and policies. This training will not cover all changes from HOTMA and it is suggested that owner/agents find additional trainings if needed.

Effective date

MSHDA is looking to have all HOTMA changes implemented by 1/1/2024 for any certifications completed on or after that date. This differs from HUD Section 8 programs where all changes must be implemented for certifications due 1/1/2024.

Please note that changes to the definition of included student financial assistance under Section 479B of the Higher Education Act take effect on July 1, 2024, for all programs.

Income changes Effective 1/1/2024

- Foster Children and Adults – all income received by fosters is excluded.

- Earned Income of Full-Time Student Dependents – the cap will increase annually based on CPI-W (COLA) increases in increments of \$25. This amount will still be \$480 annually for 2024.
- Adoption Assistance Payments - the cap will increase annually based on CPI-W (COLA) increases in increments of \$25. This amount will still be \$480 per adopted child for 2024.
- The following is a list of new and/or clarified income exclusions under HOTMA:
 - Loan proceeds
 - Gifts for birthdays, holidays, and special occasions
 - Federal and State tax refund payments
 - State or tribal kinship or guardianship care payments
 - Veterans Aid & Attendance
 - Distributions from 529 or 530 (Coverdell) educational savings plans
- Non-Monetary or In-Kind Donations - items that are donated to a household, other than cash, are excluded from income.
- Housing GAP Payments - happen when someone has been displaced from their unit because of a disaster, a rehabilitation, etc., and are excluded from income.
- Insurance Payments from Personal or Property Loss - reimbursements for a personal or property loss (typically through an insurance company) are excluded from income.
- Civil Settlements that Arose from an Action that Caused Someone to Become Disabled - monetary relief from the court is excluded from income.
- Civil Rights Settlements – monetary awards from civil right settlements are excluded from income.
- Distributions from a Trust that Pays Health and Medical Expenses of a Minor – are excluded from income.
- Distributions of Principle from Trust – principal withdrawals are excluded from income, however any interest or dividend payments must be included in income. (Agent Form Change Needed)
- Payments from State Medicaid-Managed Care Systems – Medicaid funds to provide monetary or other assistance to families who need assistance affording the care a disabled household member is excluded from income.

- Payments from State Agencies for In-Home Support of Disabled Individuals - Excluded if the care is being performed by a household member, for another household member. If care is for someone outside of the household, then it is included in income.

Income changes Effective 7/1/2024

- Student Financial Assistance in Excess of Tuition
 - If the only financial assistance being received is from awards under the Higher Education Act (HEA) Part 479B or the Bureau of Indian Education, these are excluded from income and excess income does not need to be calculated.

Below is a list of what is included in the Higher Education Act (HEA) Part 479B or the Bureau of Indian Education (this list is not exhaustive).

Assistance Covered Under HEA Part 479B

- Federal Pell Grants
- Teach Grants
- Federal Work-Study Programs
- Federal Perkins Loans

Assistance Covered Under The Bureau Of Indian Education

- Higher Education Tribal Grants
- Tribally Controlled Colleges or Universities Grant

- If there are other sources of financial assistance, excess income will need to be included as part of income. See below on how to calculate.

Below are examples of financial assistance that are subject to excess income requirements.

- Grants received from:
 - A State, Tribal, or local government
 - A private 501(c)(3) organization
 - A business entity
 - An institution of higher education
- Non-federal work-study
- Money from friends or family

- How to Calculate Financial Assistance In Excess of Tuition
 - Determine the Costs:
 - Tuition
 - Books and supplies, including supplies required by a disabled student
 - Room and board, including dormitory costs for a student dependent
 - Other fees charged by the institution of higher education
 - Deduct all HEA financial assistance **FIRST**:
 - If the HEA sources cover all costs, and there is income leftover from these sources, this is not income.
 - Deduct all other sources of financial assistance **SECOND**:
 - If the other sources cover all costs, and there is income leftover from these sources, this is income and must be counted on the TIC.

Asset changes Effective 1/1/2024

- Foster Children and Adults – all assets of a foster is excluded.
- Households with assets under \$50,000 can self-certify all assets for verification purposes (subject to inflationary adjustment).
 - At move-in or initial certification assets must be third-party verified.
 - Assets must be third-party verified every three years.
- The HUD Passbook Savings Rate is now subject to inflationary adjustments. This amount may still be 0.06% for 2024, but O/A's should monitor closely.
- Imputed Asset Income will only be triggered when total cash value of assets exceeds \$50,000 (subject to inflationary adjustments) and will only be calculated on assets whose actual income cannot be calculated.
- Total Value of all Non-Necessary Items of Personal Property are only counted if the total combined value exceeds \$50,000 (subject to inflationary adjustments).
- Households may not be eligible if they own real property that is suitable for occupancy, unless an exception applies. (If someone owns real property that does not render them ineligible for assistance, its cash value is still counted as an asset if they have the legal authority to sell it.)
 - The property is for sale
 - The property does not meet the disability-related needs for all members of the family, including the need for additional bedrooms, proximity to accessible transportation, etc.

- The property is jointly owned with another non-household member that does not reside with the family when that family member lives in the jointly-owned property
 - The property's geographical location makes it so that the distance or commuting time between the property and the family's place of work or school would create a financial hardship (at the O/A's discretion)
 - The property is commercial and/or cannot be legally lived in
 - The property is physically unsafe, and it is cost-prohibitive for the household to render it safe
 - A family member cannot access it because they are a victim of domestic violence, dating violence, sexual assault, or stalking.
- The following is a list of new and/or clarified asset exclusions under HOTMA:
- 529 or 530 (Coverdell) educational savings plans
 - Retirement savings accounts, such as 401(k)s, 403(b)s, and IRAs
 - Baby Bond accounts
 - Equity in property receiving assistance as part of an HCV program
 - Family Self-Sufficiency (FSS) accounts

Tenant Notifications

MSHDA recommends adding language to your annual certification notices that explains what will happen differently beginning with 2024's certification periods.

Forms & Manuals Updates

MSHDA is looking to update the following forms and parts of the LIHTC Compliance Manual. Updates will be posted by December 2023.

- Tenant Income Certification (TIC)
- MSHDA Income and Asset Checklist
- Affidavit of Income Self Certification
- Under \$5,000 Asset Certification
- Student Verification
- LIHTC Manual (Additional Chapters will be updated as needed)
 - Chapter 3
 - Chapter 6