



## MEMO

**To: Owners and Agents of Rhode Island Tax Credit Projects**  
**From: Hope Lanphear, Assistant Director, Leased Housing**  
**Date: December 26, 2024**  
**Subject: HOTMA for Tax Credit Properties**

The purpose of this Memo is to provide HOTMA guidance for Tax Credit Properties. The policy is below. We anticipate providing further information as questions arise and HUD/IRS provide additional guidance.

RI Housing will allow Tax Credit sites to implement HOTMA regulations concerning verifying income and assets under the following conditions:

- The site uses the new HOTMA rules for all units and tenants. If the site is mixed PBCA Section 8 and Tax Credit the site must use HOTMA rules and verifications the same way across programs. Therefore, until Section 8 is able to fully implement HOTMA, blended sites should not use HOTMA for their tax credit units.
- The site must implement all parts of HOTMA, not select pieces.
- The site must notify their Asset Manager of this change and include a cover page in tenant files to indicate HOTMA has been adopted and used for the certification.
- The site uses RI Housing’s updated forms (or forms containing the same information) including:
  - Updated Tenant Income Certification
  - Asset Self certification
  - Student Self-Certification
  - Student Financial Affidavit
  - Child Support Affidavit

Find forms here under “New HOTMA compliant forms for LIHTC”:  
<https://www.rihousing.com/compliance/>

In addition, we strongly recommend that sites update their tenant selection plan to incorporate any changes. We also recommend attending a HOTMA training. 8823s will not be issued for HOTMA errors unless it results in ineligibility of the household.

HOTMA items that need HFA clarification are detailed below:

- Verification of income hierarchy will be allowed as written in HOTMA guidance. [This can be found in Attachment J of this document here.](#) Please note that EIV verification reports should



not be shared except as allowed for HUD purposes and would not be able to be used for TC certifications.

- Paystubs – RI Housing will continue to require two consecutive months of paystubs. **This is different than the two-stub minimum requirement in HOTMA.**
- For fixed-income sources, a statement dated within the appropriate benefit year is acceptable documentation.
- Income tax returns - Returns with corresponding official tax forms and schedules attached and including third-party receipt of transmission for income tax return filed (such as the tax preparer's transmittal receipt, a summary of transmittal from online source, etc.) are an acceptable form of written, third-party verification.
- Checking accounts - When verification of assets is required, Owners are now required to obtain a minimum of one statement that reflects the current balance of banking/financial accounts. Owners were previously required to average the balance of six checking account statements to determine the cash value of a checking account.
- PHA Verifications- The allowance to verify income with the PHA for a tenant who also has subsidy from the PHA is permitted. If you would like a copy of your tenant's 50058 and it was issued by RI Housing you can contact your tenant's specialist. If they are not able to recall their specialist you may reach out to [HCVP@rihousing.com](mailto:HCVP@rihousing.com). You will need to provide a copy of the [authorization for release of information](#). Other means-tested determinations of income safe harbor as listed in HOTMA guidance will also be accepted.
- Child Support or Alimony - In the past, the full amount of awarded child support or alimony had to be counted, unless the recipient could prove that they were making all reasonable attempts to collect the full amount. With HOTMA, only amounts actually received are counted, without respect to any court-ordered amounts.
- Asset verification - If assets do not exceed \$50,000, a household can self-certify the total value and income of their assets (including at move-in). The pre-HOTMA threshold was \$5,000.

Please note. Implementation at this time is optional. However, it will likely be required no later than HUD's required date (currently 7/1/2025).

Please submit any questions to your asset manager or to Hope Lanphear, Assistant Director at [hlanphear@rihousing.com](mailto:hlanphear@rihousing.com).

For further information please see:

- IRS Reg 1.42-5 (b) (1) (vii)
- HOTMA Notice 2023-10 J.5.a.
- HOTMA Notice 2023-10 Table J2
- 24 CFR 5.609(c)(3)