

we make housing affordable
Florida Housing
 FINANCE CORPORATION

COMPLIANCE TRAINING WORKSHOP

www.floridahousing.org

227 North Bronough Street, Suite 6000
 Tallahassee, Florida 32301
 850.488.4197 • 850.488.9899 Fax

1

Florida Housing Compliance Department

David Hines
 Compliance Monitoring Administrator
 FHFCAssetMgt@floridahousing.org

Jan Peterson System Manager	Barbie Goodson Senior Analyst	Debbie Byrd Specialist		
Joketra Hall Senior Analyst	Debbie Wedoe Senior Analyst	Edny Thomas Senior Analyst	Sterling Taylor Senior Analyst	Pat Thompson Senior Analyst

2

Florida Housing
we make housing affordable

2

Florida Housing Finance Corporation Mission Statement

To help our fellow Floridians obtain safe, decent, affordable housing that might otherwise be unavailable to them.

3

Florida Housing
we make housing affordable

3

Compliance Monitor



Veronica (Ronnie) Repanti
National Compliance Manager
5130 Sunforest Drive, Suite 150
Tampa, FL 33634
(813) 282-4800 Ext. 1513
VRepanti@AmeriNatls.com

4



4

Compliance Monitor



Cynthia (Missy) Brooks
Senior Vice President
107 South Willow Avenue
Tampa, FL 33606
(813) 289-9410
CBrooks@FirstHousingFL.com

5



5

Compliance Monitor



Seltzer Management Group, Inc.

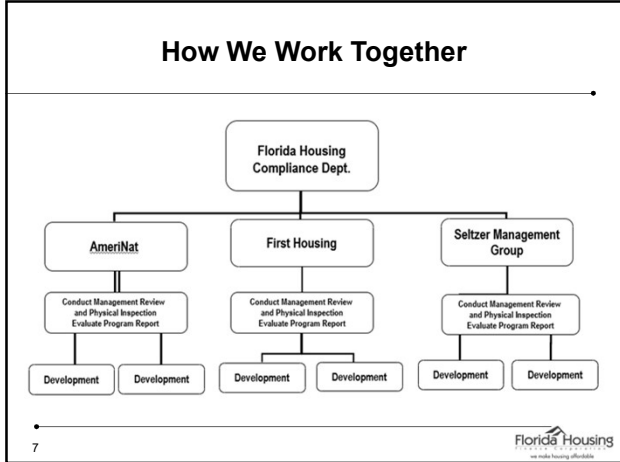
Dedicated to the Affordable Housing Industry

Tammy Fuori, Senior Compliance Manager
Leslie Gilman, Senior Compliance Manager
17633 Ashley Drive
Panama City Beach, FL 32413
(850) 233-3616
Tammy@SeltzerManagement.com
Leslie@SeltzerManagement.com

6



6



7

Florida Housing Responsibilities

- **Monitor owner's compliance with regulatory documents (LURA/ELIHA).**
- **Oversee compliance monitoring contracts.**
- **Report noncompliance to Board of Directors and IRS, when applicable; post noncompliance report on website.**

Florida Housing
we make housing affordable

8

Florida Housing Responsibilities

- **Prepare monthly occupancy report using program report data; post on website.**
- **Review and process requests from owners**
- **Liaison, as needed, between tenant, management/owner, and local and federal agencies**

Florida Housing
we make housing affordable

9

Compliance Monitor Responsibilities

- **Introductory Conference**
- **Program report collection and evaluation**
- **Management Review and Physical Inspection**
- **Report noncompliance to owner and Florida Housing**
- **Follow up for resolution of discrepancies and correction of noncompliance**

10



10

Compliance Monitoring

- **Programs**
- **Set-aside Requirements**
- **Income Limits**
- **Initial Certification**
- **Application**
- **Determining Income**
- **Assets**

11



11

Programs

12



12

Programs

- Community Development Block Grant – Disaster Recovery (CDBG-DR)
- HOME Investments Partnership (HOME)
- Housing Credit (HC)
- Multifamily Mortgage Revenue Bond (MMRB)
- National Housing Trust Fund (NHTF)
- Rental Recovery Loan Program (RRLP)
- State Apartment Incentive Loan (SAIL)
- Tax Credit Assistance Program (TCAP)
- Tax Credit Exchange Program (TCEP)

Florida Housing
we make housing affordable

13

Set-aside Requirements

Florida Housing
we make housing affordable

14

Set-aside Requirements

What does set-aside actually mean?

The occupancy requirements or restrictions for a Development.

The regulatory agreement (LURA/ELIHA) describes the applicable requirements.


Florida Housing
we make housing affordable

15

Where are program set asides found?

CDBG-DR	HOME
HOME ARP	MMRB
NHTF	RRLP
SAIL	TCAP

Land Use Restriction Agreement (LURA)


16 

16

Where are program set asides found?

Housing Credit (HC)
Tax Credit Exchange Program (TCEP)


Extended Low Income Housing Agreement
 (also referred to as EUA or
 Extended Use Agreement)

17 

17

Requirements in the ELIHA or LURA

- **Income set-asides**
- **Unit features**
- **Development amenities**
- **Resident programs**
 - Financial Programs
 - Computer Labs
 - Health Care
- **Special Needs Household requirements**
 - LINK to housing and supportive services

18 

18

What are "Special" set asides?

- Requirements that serve the needs of older persons (the elderly), farmworkers, homeless and other communities.
- Requirement that uses a memorandum of understanding (MOU) between the owner and a Florida Housing-designated Referral Agency to Link residents with special needs to housing and supportive services.

19



19

When is a unit counted as a set-aside unit?

- When income of the household has been properly verified and documented,
- After the Tenant Income Certification is executed by all adult members, and
- The household has occupied the unit.

Note: A vacated unit retains the qualification characteristics of the prior household until reoccupied.

20



20

Example

- 100 Unit Development
- Set-aside Requirement:
 - 40% of the units @ 60% of Area Median Income (AMI)
 How many units must be qualified to meet this requirement?
 - 40% x 100 units = 40

21



21

Example

- **Housing Credit:**
100% @ 60%
- **SAIL:**
30% @ 35% and 70% @ 60%
- **100 Unit Development**
 - 30% @ 35% x 100 units = 30 units
 - 70% @ 60% x 100 units = 70 units

Florida Housing
we make housing affordable

22

Income Limits

Florida Housing
we make housing affordable

23

Income Limits

- **Available schedules:**
 - Multifamily Rental Programs Combined Income Limit and Rent Limit Schedules
 - CDBG-DR Program Combined Income Limit and Rent Limit Schedules
 - NHTF Program Combined Income Limits and Rent Limit Schedules
 - HOME Program HUD Income Limit Schedules

<https://www.floridahousing.org/owners-and-managers/compliance/income-limits>

Florida Housing
we make housing affordable

24

Initial
Certification

25




25

Initial Certification

- **Qualification of Applicant**
 - Application and addendums
 - Annual income
 - Verifying income
 - Determining income


26



26

Application

27



27

Application

- Used to determine applicant qualifications
 When used as applicant's sworn declaration, must include penalties of perjury statement.
- Fully completed and executed
 - List all intended occupants/roommates
 - All sources and types of income
 - All assets and asset income

28



28

Application Addendums

- Used to determine applicant qualifications
 When used as applicant's sworn declaration, include penalties of perjury statement
- Child support
 - Household student status
 - Estranged spouse
 - Guarantors
 - Miscellaneous types of income
 - Zero income

29



29

Determining Income

30



30

Annual Household Income

- Use current circumstances to determine the amount anticipated to be received by a household during the upcoming 12 months.
- Income that may not last a full 12 months, such as unemployment or disability, is calculated as if current circumstances will continue for 12 months.
- Include an expected change, such as a raise or overtime, when verification of increase documentation is available.

31



31

Whose Income is Counted? Income of Household Members

- Adults: Head, spouse or co-head, and other adult members of the household including foster adults.
- Benefits or other unearned income of children under age 18, including foster children, is counted.

32



32

Whose Income is Not Counted?

- Employment income of children under age 18 including foster children
- Employment income in excess of \$480 when a full-time student is age 18 or older and is a dependent

33



33

Annual Household Income

Total amount of income earned prior to any deductions.

- Tips
- Overtime
- Bonuses
- Shift differential
- Commission
- Anticipated raise
(when increase can be documented)
- Hazardous Duty pay (Hostile Fire pay excluded)

Florida Housing
we make housing affordable

34

Employment

Employment includes:

- Gig employees
- Freelancers
- Independent contractors
- Education employees
- Nurses
- Servers & hair stylists

Florida Housing
we make housing affordable

35

Other Income

Disability and Retirement Compensation
Total amount received prior to any deductions.

- Social Security Retirement
- Social Security Disability
- Pension
- Child Support
- Regular Contribution or Gift
- Self-employment

Florida Housing
we make housing affordable

36

Verification of Income

- General requirements
- Timeframe
- Required verification and consent
- Methods
- Documenting
- Effective term of documentation
- Inconsistent information

Management shall verify income prior to tenant move-in date.

Florida Housing
we make housing affordable

37

Acceptable Forms of Verification:

Download example forms from:
www.floridahousing.org/owners-and-managers/compliance/forms

- Appendix J – Employment Verification
- Appendix K – Child Support Declaration
- Appendix L – Child Support Verification Form
- Appendix M – Zero Income Declaration
- Appendix N – Asset Declaration
- Appendix O – Student Status Declaration
- Appendix P – Student Verification Form
- Appendix Z – Declaration of Estrangement

Florida Housing
we make housing affordable

38

Appendix J – Employment Verification

<p>Appendix J – Employment Verification 1</p> <p>Date _____</p> <p>Applicant/Resident Name _____</p> <p>Development Name _____</p> <p>Unit Number/Identification _____</p> <p><small>This rental community has received funding from a program which requires documentation of income as part of the qualification process for household residency.</small></p> <p>TO: (Name and Address of Employer) _____ RETURN TO: (Rental Community Address) _____</p> <p>_____ _____ _____</p> <p><small>I hereby authorize release of the information requested below in order to determine my eligibility for residency at the above rental community in the upcoming year.</small></p> <p>Signature _____ Social Security # _____</p> <p><small>The following information is requested as part of the household qualification process. The information provided will remain confidential. Your assistance by completing this form and returning it in a timely manner will be greatly appreciated. Please call if you have questions.</small></p> <p>Signature _____ Telephone Number _____</p> <p>Printed Name _____ Title _____</p>	<p style="text-align: center;">THIS SECTION TO BE COMPLETED BY EMPLOYER</p> <p>Employee Name _____ Job Title _____</p> <p>Presently Employed? <input type="checkbox"/> Yes Date First Employed _____ <input type="checkbox"/> No Last Date Employed _____</p> <p>Compensation: \$ _____ (check one) <input type="checkbox"/> hourly <input type="checkbox"/> weekly <input type="checkbox"/> biweekly <input type="checkbox"/> semi-monthly <input type="checkbox"/> monthly <input type="checkbox"/> yearly <input type="checkbox"/> Other _____</p> <p>Average # regular hours per week _____ Average # of overtime hours per week _____</p> <p>Overtime Rate \$ _____ per hour Average # of overtime hours per week _____</p> <p>Shift Differential Rate \$ _____ per hour Average # of shift differential hours per week _____</p> <p>Commissions, tips, bonuses \$ _____ (check one) <input type="checkbox"/> hourly <input type="checkbox"/> weekly <input type="checkbox"/> biweekly <input type="checkbox"/> semi-monthly <input type="checkbox"/> monthly <input type="checkbox"/> yearly <input type="checkbox"/> Other _____</p> <p>List any anticipated change in the employee's rate of pay within next 12 months: Effective Date _____</p> <p>If the employee's work is seasonal or sporadic, please indicate layoff period(s): _____</p> <p>Additional Details:</p> <p>I hereby certify that the information supplied in this section is true and complete.</p> <p>Signature _____ Completion Date _____</p> <p>Printed Name _____ Title _____</p> <p>Firm Name _____ Telephone _____</p> <p style="text-align: center;">Florida Housing Finance Corporation June 2010</p> <p style="text-align: right;"><small>Florida Housing we make housing affordable</small></p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

39

Determining Anticipated Annual Household Income

Pay Stubs

- An original or authentic document generated by a third-party source that is dated within 120 days from the date of receipt by the owner.
- Require most recent four to six, consecutive pay stubs to illustrate variations in hours worked.
Caveat: HOME regulation Part 92.203(a)(1) requires examination of at least 2 months of source documents which may be greater than four to six pay stubs.
- Include pay stub quantity requirements in written rental criteria/tenant selection plan; apply consistently.

40



Determining Anticipated Annual Household Income

Pay Stubs

- Pay stub quantity requirements may vary according to frequency of pay. Be mindful of source-document age restriction (particularly when pay frequency is monthly).
- Take into consideration year-to-date (YTD) income when it is present. Require explanation when annualized YTD:
 - Is greater than annualized current income;
 - Is less than annualized current income.
- Use annualized YTD only when explanation reveals the reason for the variance is anticipated to continue for the upcoming year; include clarification in the resident file. Use YTD only when it is the appropriate amount not simply because it is the lowest (or highest) amount.

41



Methods for Calculating Income

Frequency of Pay	
Monthly	Calculate monthly income X 12
Twice a Month	Calculate bi-monthly income X 24
Every 2 Weeks	Calculate bi-weekly income X 26
Weekly	Calculate weekly income X 52

42



**Example 1:
Calculating Annual Household Income**

Ron, a public-school teacher, earns \$27,000/year. Although the school is in session for only nine months, Ron receives the remaining parts of his salary when school breaks for the summer. His employment verification from the District School Board supports this figure with the following calculation:

9 months X \$2,500	= \$22,500
3 months X \$1,500	= \$ 4,500
Annual Household Income	= \$27,000

43
Florida Housing
we make housing affordable

43

**Example 1 (Cont'd)
Calculating Annual Household Income**

Upon further research it was found that during the summer months, Ron tutors and earns on average \$2,150 per year.

9 months X \$2,500	= \$22,500
3 months X \$1,500	= \$ 4,500
Summer months tutoring	= \$ 2,150
Actual Annual Household Income	= \$29,150

44
Florida Housing
we make housing affordable

44

**Example 2
Calculating Annual Household Income**

Mary, a sales representative for a pharmaceutical supply firm, has a third-party verification form showing her gross salary as \$32,897 per year.

The verification document also shows Mary is eligible for bonuses that are capped at 10% of her yearly salary.

Gross salary	= \$32,897.00
Bonuses	= \$ 3,289.70
Annual Household Income	= \$36,186.70

45
Florida Housing
we make housing affordable

45

**Example 3
Calculating Annual Household Income**

Rachel works part-time at a department store. The third-party verification states that her pay per hour is \$15.00 and she works 15 to 20 hours per week, 52 weeks per year.

To determine Rachel's gross salary, which calculation would you use?

A = \$15.00 x 15 x 52

B = \$15.00 x 17.5 x 52

C = \$15.00 x 20 x 52

46



46

**Example 3 (cont'd)
Calculating Annual Household Income**

Upon further review, it was observed that Rachel was awarded child support in the amount of \$200 per month through a court order. Rachel stated that she hasn't received any payments in the past year; however, she is unable to provide documentation of attempts to collect.

Would you include the amount listed on the court order?

47



47

**Example 3 (cont'd)
Calculating Annual Household Income**

Yes, you would include the amount as listed on the court order.

Aggregate income calculation:

Gross Salary from Employment = \$ 15,600.00

Child Support = \$ 2,400.00

Annual Household Income = \$ 18,000.00

48



48

Example 4 Calculating Annual Household Income

A Military Professional applies and provides a copy of the LES statement. It is indicated that in addition to earned income (\$25,000 per year), there is a clothing allowance and hostile fire pay.

Calculation is as follows:

Total earned income is	= \$25,000
Clothing Allowance	= \$2,000
Hostile Fire Pay (\$500 a month)	= \$6,000
Hostile Fire Pay is not included as income	(\$ 6,000)
Annual Income appears to total	= \$27,000

49



49

Example 4 (cont'd) Calculating Annual Household Income

Upon further review, it is determined the LES statement does not include the housing allowance (BAH) that will be paid once the service member moves into your community.

Calculation is as follows:

Total Earned Income	= \$ 25,000
Clothing Allowance	= \$ 2,000
Hostile Fire Pay (\$500 a month)	= \$ 6,000
Hostile Fire Pay is not included as income	(\$ 6,000)
Housing allowance (\$900 a month)	= \$ 10,800
Annual Income appears to total	= \$ 37,800

50



50

Assets

51



51

What is an Asset?

Items of value, other than necessary personal items, which are considered in determining the aggregate income of the household.

52



52

What is the Value of an Asset?

The cash value of an asset is the market value less reasonable expenses that would be incurred in selling or converting the asset to cash.

53



53

Assets from Real Estate

The equity in real estate is the asset.

Equity = value reduced by what is owed.

- A. Is the real estate being sold?
- B. Is there rental income from the real estate?

Rental income is reduced by expenses such as interest, taxes and insurance.

54



54

Example 1
Calculating Income From Assets Under \$5000

<p>Household Assets:</p> <p>Checking Account Avg. 6 mo. bal. = \$ 2,500</p> <p>Savings Account Current bal. = \$ 1,200</p> <p>Certificate of Deposit Amount = \$ 500</p> <p>Total Assets = \$ 4,200</p>	<p>Income from Assets:</p> <p>Checking Account $\frac{1}{2}\%$ interest = \$12.50</p> <p>Savings Account 1% interest = \$12.00</p> <p>Certificate of Deposit 2.5% interest = \$12.50</p> <p>Total Income = \$37.00</p>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

55 Florida Housing
www.floridahousing.org

55

Example 2
Calculating Income From Assets Over \$5000

<p>Household Assets:</p> <p>Checking Account Avg. 6 mo. bal. = \$ 3,500</p> <p>Savings Account Current bal. = \$ 3,800</p> <p>Certificate of Deposit Amount = \$ 5,000</p> <p>Total Assets = \$ 12,300</p>	<p>Income from Assets:</p> <p>Checking Account $\frac{1}{2}\%$ interest = \$17.50</p> <p>Savings Account 1% interest = \$38.00</p> <p>Certificate of Deposit 2.5% interest = \$125.00</p> <p>Total Income = \$180.50</p> <p>Imputed Income = \$ 7.38</p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

56 Florida Housing
www.floridahousing.org

56

Verification of Assets and Asset Income
Aggregate Asset Value Above \$5,000

Initial Certification

- All programs
 - Requires third-party verification of all assets and asset income.

Recertification

- HOME, NHTF and CDBG-DR
 - Third-party verification of all assets and asset income each year.

57 Florida Housing
www.floridahousing.org

57

**Verification of Assets and Asset Income
Aggregate Asset Value Above \$5,000**

Recertification

- **Housing Credit, MMRB, RRLP, SAIL, TCEP and TCAP when NOT 100% low income**
 - Requires third-party verification of all assets and asset income every year.
- **Housing Credit, MMRB, RRLP, SAIL, TCEP and TCAP when 100% low income**
 - Third-party verification of all assets and asset income at year two (the first anniversary); no further asset or asset income determination.

58



58

**Verification of Assets and Asset Income
Aggregate Asset Value \$5,000 or Less**

Initial Certification

- **HOME, MMRB, NHTF and CDBG-DR**
 - Third-party verification of all assets and asset income.
- **Housing Credit, RRLP, SAIL, TCEP and TCAP**
 - Family (self) certification of all assets and asset income by sworn declaration.

59



59

**Verification of Assets and Asset Income
Aggregate Asset Value \$5,000 or Less**

Recertification

- **HOME, NHTF and CDBG-DR**
 - Third-party verification required every year.
- **MMRB when NOT 100% low income**
 - Family (self) certification by sworn declaration at year two and three of each 3-year period; full third-party verification every three years.
- **Housing Credit, SAIL, TCEP and TCAP when NOT 100% low income**
 - Family (self) certification by sworn declaration every year.

60




60

Verification of Assets and Asset Income
Aggregate Asset Value \$5,000 or Less


Recertification when 100% Low Income
MMRB, Housing Credit, SAIL, TCEP and TCAP

- Family (self) certification of all assets and asset income by sworn declaration at year two (the first anniversary); no subsequent recertification.

61 

61

Rent Limits


62 

62

Rent Limits

- **Available schedules:**
 - Multifamily Rental Programs Combined Income Limit and Rent Limit Schedules
 - (used for HC, SAIL, TCAP and TCEP rent limits)
 - CDBG-DR Program Combined Income Limit and Rent Limit Schedules
 - NHTF Program Combined Income Limits and Rent Limit Schedules
 - HOME Program HUD Rent Limit Schedules

<https://www.floridahousing.org/owners-and-managers/compliance/rent-limits>

63 

63

Utility Allowance

64




64

Utility Allowance Requirements

- Documentation of utility allowance shall be readily available to any interested party.
- The Public Housing Authority (PHA) utility allowance for Section 8 vouchers is the default utility allowance.
- IRS regulations (26 CFR 1.42-10) require that the utility allowance be used to calculate restricted rents due 90 days after the effective date of a new PHA utility allowance.

65



65

PHA Utility Allowance Example


Utility Allowance Schedule PHA Department of Housing and Urban Development OHA Agreement No. 2017-0146
 See Public Reporting and Instructions on back. Office of Public and Public Housing 09/01/2022

The following allowances are used to determine the total cost of tenant's combined utilities and appliances.

Utility: **Florida City Housing Authority, FL** Unit Type: **Apartment** Date (mm/dd/yyyy): **09/01/2022**

Utility or Service:	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating						
A. Natural Gas	\$20.00	\$20.00	\$20.00	\$27.00	\$38.00	\$50.00
B. Electric Gas/Propane	\$48.00	\$56.00	\$60.00	\$64.00	\$68.00	\$76.00
C. Electric (avg)	\$15.00	\$11.00	\$10.00	\$16.00	\$18.00	\$20.00
D. Electric (peak during (avg)	\$8.00	\$7.00	\$7.00	\$11.00	\$14.00	\$16.00
E. Oil						
Cooling						
A. Natural Gas	\$5.00	\$5.00	\$8.00	\$8.00	\$14.00	\$14.00
B. Electric Gas/Propane	\$12.00	\$12.00	\$16.00	\$16.00	\$16.00	\$20.00
C. Electric (avg)	\$4.00	\$7.00	\$10.00	\$10.00	\$16.00	\$16.00
Other Electric & Cooling						
Other Electric Cooling & Appliances (avg)	\$22.00	\$26.00	\$26.00	\$46.00	\$55.00	\$65.00
Air Conditioning (avg)	\$16.00	\$18.00	\$26.00	\$30.00	\$40.00	\$47.00
Water Heating						
A. Natural Gas	\$11.00	\$12.00	\$18.00	\$23.00	\$28.00	\$34.00
B. Electric Gas/Propane	\$28.00	\$32.00	\$40.00	\$46.00	\$52.00	\$60.00
C. Electric (avg)	\$13.00	\$15.00	\$18.00	\$23.00	\$28.00	\$32.00
E. Oil						
Water, Sewer, Trash Collection						
Water (avg)	\$26.00	\$27.00	\$30.00	\$38.00	\$45.00	\$52.00
Sewer (avg)	\$16.00	\$11.00	\$8.00	\$7.00	\$8.00	\$9.00
Trash Collection (avg)	\$27.00	\$27.00	\$27.00	\$27.00	\$27.00	\$27.00
Tenant-supplied Appliances						
Range (Microwave, Stove) supplied	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00
Refrigerator (tenant supplied)	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00
Other tenant Monthly Charges	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00
Electric Charge \$11.00 (avg)	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00
Natural Gas Charge \$10.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00

66



66

Utility Allowance Requirements

- IRS regulations (26 CFR 1.42-10) require a 90-day minimum notice to existing tenants prior to implementation of a new utility company estimate (provider letter) or energy consumption model (ECM) utility allowance.

67



67

Utility Allowance Requirements

How often must a utility allowance be updated?

- Housing Credit, RRLP, SAIL, TCAP or TCEP
- must be updated at least once during each calendar year.
 - When a PHA utility allowance is the type used, because a PHA may not update its utility allowance at the same time each year, more frequent confirmation may be necessary in order to implement within 90 days of the allowance becoming effective.
- HOME, CDBG-DR or NHTF
- must be updated at least annually

68



68

Energy Consumption Model

Utility Allowance Estimate

- An owner may calculate a utility allowance estimate using an energy and water and sewage consumption and analysis model.
- The model must take into account factors including unit size, building orientation, design and materials, mechanical systems, appliances, and characteristics of the building location.

69



69

Energy Consumption Model (ECM) Utility Allowance Estimate

- The estimate must be calculated by an independent licensed engineer or qualified professional approved by Florida Housing.
- Florida Housing staff must approve this owner estimate prior to implementation.
- Find the procedures and list of approved providers at the following URL:
 - www.floridahousing.org/owners-and-managers/compliance/utility-allowance

70



70

Tenant Income Certification and Lease

- All occupants of the household named
- Rental amount
- Actual move-in date and lease term
- Minimum initial six-month lease term except HOME which requires initial and ongoing one-year terms.

71



71

Annual Recertification

72



72

**Annual Recertification
WHO, WHAT, WHEN**

- **WHO?**
 - All Florida Housing programs shall recertify their residents' income and student eligibility.
- **WHAT?**
 - The same items verified at Initial Certification.
- **WHEN?**
 - For convenience, it is suggested that the recertification be completed by the 1st day of the anniversary month of initial occupancy but never later than the actual anniversary date.

73 Florida Housing
we make housing affordable

73

**Annual Recertification
EXCEPTION**

- A development which certifies 100% of its units as low-income performs only one income redetermination which is effective on the 1st anniversary of move-in or initial certification.
- Annual determination of student status shall be required for all households.

NOTE: Exception not applicable to HOME, CDBG-DR or NHTF units

74 Florida Housing
we make housing affordable

74

Annual Recertification


- **Recertification Questionnaire**
- **New occupant application, when applicable**
- **Employment Verification**
- **Student Sworn Declaration or 3rd party**
- **Asset Sworn Declaration or 3rd party**
- **Child Support Sworn Declaration or 3rd party**
- **Zero Income Sworn Declaration**

75 Florida Housing
we make housing affordable

75

Annual Recertification

- Tenant Income Certification - Appendix Q
- Instructions Appendix R




Florida Housing
we make housing affordable

76

**Annual Recertification
HOME without Housing Credits
When Income Exceeds 80% HOME Limit**

Requirement for 100% of units as HOME (Fixed Units)

- Over-income household must pay as rent 30% of income with adjustments pursuant to HOME regulation Part 92.252(i)(2).
- Guidance for making income adjustment is found in the HUD 4350.3 Occupancy Handbook, Chapter 5, Section 2.
- No utility allowance is provided.




Florida Housing
we make housing affordable

77

**Annual Recertification
HOME without Housing Credits
When Income Exceeds 80% HOME Limit**

Requirement for LESS THAN 100% of units as HOME

- Over-income household pays as rent the fair market rent for comparable unassisted units.
- Must rent to low-income households ALL comparable units that come available until the temporary noncompliance is corrected.
- The HOME designation of the over-income household floats to the replacement unit.
- Once replaced, Lease determines amount of rent for over-income household.





Florida Housing
we make housing affordable

78

**Annual Recertification
HOME *with* Housing Credits
When Income Exceeds 80% HOME Limit**


- **Over-income household must pay rent governed by Section 42.**




79 

79

**Next
Available Unit**




80 


80

Next Available Unit Rule

WHO?

- **All rental housing programs administered by Florida Housing Finance Corporation (MMRB, SAIL, RRLP, HC, TCEP, TCAP and HOME, CDBG-DR, NHTF)**



81 

81

Next Available Unit Rule

WHEN?

- A certified household vacates a unit
- At recertification, a household's aggregate income exceeds program over-income limit
 - 140% of the applicable low-income limit (MMRB, RRLP, HC, TCEP and TCAP);
 - 140% of the applicable very low-income limit (SAIL, RRLP);
 - HOME low-income (80%) limit (HOME);
 - applicable program income limit (CDBG-DR, NHTF).

82



82

Next Available Unit Rule

HOW TO COMPLY?

Over-income household continues to qualify when:

- All comparable units in the Development that become available are rented to a household at the applicable income-limit category until the temporary noncompliance is corrected (HOME, CDBG-DR, NHTF, MMRB and SAIL without HC), or
- All units of same or smaller size in the building that become available are rented to a low-income household (HC, MMRB, TCEP and TCAP), or

83



83

Next Available Unit Rule

HOW TO COMPLY? (cont'd)

- Rent remains restricted according to program rules (all programs).
 - Once replaced, Lease determines amount of rent for over-income household.
- Document the unit which satisfies the Next Available Unit requirement for a household found to be over-income upon recertification

84



84


Program Reports

85 

85

Reporting Requirements Chapter 11

- The initial Program Report shall be prepared as of the last day of the month during which the first unit is occupied and is due no later than the 15th of the following month to Florida Housing and the monitoring agent (ALL programs).
 - When a Development is occupied at closing, closing is deemed the date the first unit is occupied.
- Subsequent Program Reports shall be prepared as of the last day of each calendar month and are due to Florida Housing no later than the 15th of each following month (ALL programs).
- Florida Housing or the Compliance Monitor may request Program Reports and/or resident information at any time during the monitoring year.
- Tenant Income Certification (TIC) copies for ten percent (10%) of the executed TICs that were effective during the period being evaluated are submitted only to the Monitoring Agent.

86 


86

Program Report Submission to Monitoring Agent

Monthly submission to the monitoring agent in addition to Florida Housing:

- MMRB
- RRLP
- SAIL

MONTHLY PROGRAM REPORTING SCHEDULE			
Report Month	Period Covered		Due Dates
January	January 1	- January 31	February 15
February	February 1	- February 28 (29)	March 15

87 

87

Record Keeping

- **Multiple Programs**
 - Use the most stringent rule
- **HC, TCEP and TCAP**
 - Maintain records on a building-by-building basis
 - Retain first year files for at least 6 years beyond due date of tax filing for last year of Compliance Period for the last building (approximately 21 years).
 - All other files are kept 6 years past due date for filing that year's taxes

103



103

Record Keeping

- **SAIL/RRLP/BOND**
 - 6 years after tenant moves out, or applicant is rejected
- **HOME/CDBG-DR/NHTF**
 - Later of: LURA Term or 5 years after affordability period ends (minimum affordability is 15 years for rehabilitation and 20 years for new construction).

104



104

Improper File Storage



105



105

First Occupancy Files

- **Proper File Storage Must Be:**
 - Offsite
 - Secure
 - Flood Proof
 - Fireproof

Failure to BACKUP and securely store First Occupancy File's can result in TAX CREDIT LOSS

Florida Housing
we make housing affordable

106

Introductory Conference

Prior to leasing of any unit, the compliance monitor provides instruction for the following aspects of compliance:

- Determining and documenting eligibility of residents, initially and at recertification
- Income limits and rent limits
- Utility allowance
- Management units
- Program Reports
- Program requirements and provisions of the applicable regulatory agreement(s)
- Affirmative Fair Housing Marketing requirements (HOME, CDBG-DR, NHTF)

Florida Housing
we make housing affordable

107

Management Review and Physical Inspection

An on-site review of tenant files, management company administrative procedures and inspection of the property.

- A report is provided to the owner and Florida Housing.
- Legal signatory for owner must execute acknowledgement for receipt of review.
- Close-out letter issued when all discrepancies and noncompliance have been corrected and corrections documented.

Florida Housing
we make housing affordable

108

Management Review and Physical Inspection


- Administrative procedures
- File inspection
- Physical inspection
- Management Review Report
- Response to Management Review

109 

109

Examination of Records


- Rent Roll
- Rent Limits and Income Limits
- Utility Allowance
- Resident Program and Services

110 

110

Files Inspected

- Tenant Income Certification
- Application
- Verification of Income
- Tenant Rent ledgers
- Lease
- Recertification
- Student Verification
- Homeownership opportunity program acknowledgement/lease addendum

111 

111

Resident Programs and Services

- **What type of documentation can be used to show compliance with required resident programs and services?**
 - Notice of the activity provided to residents (flyer)
 - Sign-in sheet
 - Pictures
 - Dates within required timeframe

112



112

PHYSICAL CONDITION STANDARDS

Decent, Safe, Sanitary and in Good Repair

- **Violations include, but are not limited to:**
 - All smoke detectors in unit do not work
 - One or more stove burners do not work
 - Bed bugs or other pest infestation
 - Blocked egress
 - Units unsuitable for occupancy
 - Tripping hazards

113



113

National Standards for the Physical Inspection of Real Estate

- **HUD NSPIRE model prioritizes health, safety, and functional defects over appearance.**
 - Implements inspections that better reflect the true physical conditions of the property.
 - Supports the adoption of sound, year-round maintenance practices.
- **Florida Housing will begin implementation of the NSPIRE Inspection Protocol on 10/1/2024**

114



114



115



116



117



118



119



120



121



122



123



124



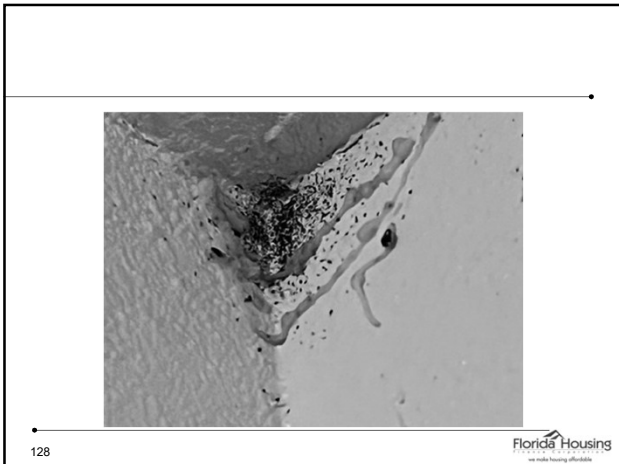
125



126



127



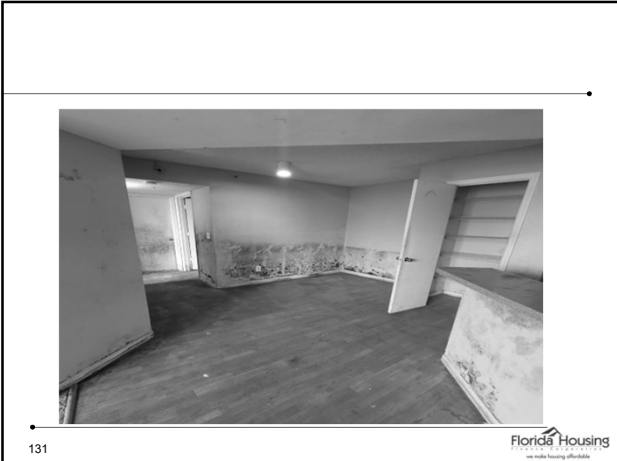
128



129



130



131



132

Management Review Report

133



133

Response to Management Review Report

- Acknowledgement due within 10 days
- Response due within 30 days
- Response letter must be sent to the Monitoring Agent with a copy to Florida Housing
- Send back-up documentation to **ONLY** the Monitoring Agent along with your written response.

134



134

Examples of Noncompliance

- Income exceeds income limit
- Rent charges exceed maximum allowed
- Units unsuitable for occupancy
- Pest infestation
- Expired fire extinguisher
- Inoperable smoke detector

135




135

136

Noncompliance Issues

What could happen if noncompliance is not cured within a reasonable time?

136




136

137

Correcting Noncompliance

Florida Housing and the Monitoring Agents are committed to working with the owners and management personnel to effectively resolve noncompliance issues in a timely manner.

137




137

Florida Housing Approval or Acknowledgement Requests and Changes

FHFCAssetMgt@floridahousing.org

- Approval for proposed management company selection
- Acknowledgment that a unit is exempted from certification requirements to provide a residence for a full-time manager/maintenance employee (EM) or security officer (ES)

138




138

Florida Housing Approval or Acknowledgement Requests and Changes

FHFCAssetMgt@floridahousing.org

- **Notification of signatory authority for MMRB Certificate of Continuing Program Compliance (CCPC),**
- **Affirmative Fair Housing Marketing Plan (AFHMP)**
- **Approval to implement/renew utility allowance based upon an Energy Consumption Model estimate (ECM)**

139 

139

Management Company Selection

- **Selection must be made by legal signatory for owner.**
- **Approval of selection by Florida Housing required prior to management company becoming responsible for Development.**
 - Requires real estate licensure.
 - Requires Florida state business registration
 - Requires completion of management company questionnaire; executed by legal signatory for management company.
 - Requires submission of document examples.


140 

140

Units Exempt from Certification

Florida Housing acknowledgement required prior to move-in of exempted employee/courtesy officer at beginning of unit exemption status.

- **After acknowledgement:**
 - List unit(s) on program report; designation may float from one unit to another
 - Unit vacancy noted on program report
- **When reason for exemption no longer exists, unit must be occupied by an income-qualified household.**
 - Changes in the need for the unit are documented on program report

141 

141

**Management Unit
Exempt from Income Certification**

IRS Revenue Ruling 92-61 allows owner to provide a residence for full-time manager or maintenance employees.

- Notify Florida Housing in writing (made by owner or management, not on-site staff)
- Request must include employee's position and reason for living on site
- Not interchangeable with Security Officer exemption

Florida Housing
we make housing affordable

142

**Courtesy (Security) Officer Units
Chapter 5, Page 8**

IRS Revenue Ruling 2004-82 provides guidance

- Request in writing by owner or management
- Must be reasonably required for operation of the Development
- Provide documentation of area criminal activity

Not interchangeable with Management exemption

Florida Housing
we make housing affordable

143

Affirmative Fair Housing Marketing Plan

- What is it?
 - Plan that includes affirmative steps to market to those who are least likely to apply for the housing being developed.
- When is it required?
 - For all developments funded with HOME, CDBG-DR or NHTF funds when 5 or more units are set aside.
- Why is it required?
 - Proactive measure to eliminate segregation in housing financed by HUD.
- How often is the Plan Reviewed/Updated?
 - Every five (5) years.
- Is Training Required?
 - Yes, staff should be trained on Fair Housing laws and regulations by a HUD sponsor or Fair Housing Professional.

Florida Housing
we make housing affordable

144

Affirmative Fair Housing Marketing Plan

Changes from HUD Guidance of 09/22/2014

- **No AFHMP Update required, if owner determines:**
 - The population(s) least likely to apply for housing are identified in the current AFHMP; and
 - The advertising, publicity or outreach activities described in the current AFHMP satisfactorily target the least likely to apply population(s) identified in the owner's analysis.

145



145

Affirmative Fair Housing Marketing Plan

Documentation Required - AFHMP Update

- A completed Form HUD-935.2A with required supporting documentation

Documentation Required- NO AFHMP Update

- Owner's certification that analysis demonstrated that current marketing and outreach strategies target least-likely to apply population(s) identified in current AFHMP. (Certification form to be provided by Florida Housing)
- Owner's analysis of housing market area determining least likely to apply population(s)

146



146

Affirmative Fair Housing Marketing Plan

- **URL to form HUD-935.2A and Instructions**
 - <http://portal.hud.gov/hudportal/documents/huddoc?id=935-2a.pdf>
- **URL to HUD's 9/22/2014 Guidance on AFHMP**
 - https://portal.hud.gov/hudportal/documents/huddoc?id=Clarification_AFHMPs.pdf
- **Need Technical Assistance?**
 - Contact: FHFCAssetMgt@FloridaHousing.org

147



147

Link Compliance

- **Maintain Florida Housing-approved MOU.**
- **Maintain record of email contact between property manager and Referral Agency.**
- **Maintain appropriate number of units occupied by a referred ELI special needs household.**
 - Report Link-household occupancy and identify applicable Referral Agency on Program Report Recap columns 11a and 11b.
 - Household must be referred by a Florida Housing-designated agency to count towards set-aside requirement.

Florida Housing
we make housing affordable

148

**Florida Housing Finance Corporation
(Florida Housing) Information Updates**

- **Email Program Reports to:**
 - Compliance.Reporting@floridahousing.org
- **Email Management Review response letters (without supporting documentation) to:**
 - ComplianceReview@floridahousing.org
- **Email Program Report-related correspondence to:**
 - ComplianceMail@floridahousing.org
- **Find your Development's unique key number:**
 - www.floridahousing.org/Owners-and-Managers/Compliance/Forms
- **Request key number if not found on the list**
 - FHFCAssetMgt@floridahousing.org

Florida Housing
we make housing affordable

149

**Stay Connected
via Florida Housing's eNews**

**Go to floridahousing.org and scroll to the bottom of the main page to
Subscribe to Asset Management!**

Sign up for Florida Housing's E-News

Click SUBSCRIBE to sign up for notifications from Florida Housing about programs, funding and other information

Florida Housing
we make housing affordable

150

Stay Connected via Florida Housing's eNews

- A request to subscribe to the ASSETMANAGEMENT list requires confirmation.
- A confirmation link will be sent to the enrolled email address.
- Click on the link in the email to confirm that you want to subscribe.
- When your enrollment is accepted, another automated email is generated.
- You are now subscribed to ASSETMANAGEMENT.

151



151

HOTMA Implementation

- Florida Housing is implementing HOTMA in a manner consistent with HUD implementation for its assistance programs.
 - When an owner has implemented HOTMA for a Development, monitoring will be consistent with HOTMA
 - When an owner has not yet implemented HOTMA for a Development, monitoring will be the same as in the past.
- A uniform set of HOTMA-related requirements will be implemented across all programs (MMRB, HOME, HC, etc.) unless a regulatory conflict exists.
 - Subject to change if IRS or HUD issues differing guidance.
 - Regulatory conflict regarding verification of wage income continues to exist for HUD CPD programs.

152



152

HOTMA Implementation

- Prior to January 1, 2025, FHFC will not cite owners for noncompliance with HOTMA-related tenant file errors discovered as part of a management review.
 - The monitoring agent will issue observations with corrective actions for all HOTMA-related errors discovered prior to 1/1/2025 HOTMA enforcement.
 - If correction is not completed before 1/1/2025 a noncompliance notification will result.
 - When a Housing Credit Development is within the 15-year federal Compliance Period, noncompliance notification for HOTMA errors noted but not corrected before 1/1/2025 will be reported to IRS.

153



153

HOTMA - Income

- **Income inclusion list is removed**
 - Annual income is:
 - All amounts **received** by head of household, co-head, or spouse, regardless of age, from all sources.
 - income as Day Laborer, Independent Contractor, Seasonal Worker whether received for a full 12 months or not.
 - an amount a family was legally entitled to receive but did not receive is not income.
 - All amounts received from all sources by each member of the family 18 years or older.
 - Unearned income received by or on behalf of each dependent under the age of 18 years.

154



154

HOTMA – Income Exclusions

- **List of Income Exclusions 24 CFR §§ 5.609(b)**
 - Interest earned from any retirement account recognized by the Internal Revenue Service.
 - All income (earned or unearned) and assets of foster children and foster adults.
 - Earned income of dependent full-time students in excess of the amount of the deduction for a dependent in § 5.611 (currently \$480) is excluded from annual income.
 - Full-time students must be dependent family members for this exclusion to apply; cannot be head of household, spouse, or co-head.

155



155

HOTMA – Income Exclusions

- **List of Income Exclusions 24 CFR §§ 5.609(b)**
 - Income that will not be repeated beyond the coming year (for less than 12 months following the effective date of the certification) and which cannot be extended.

Refer to HUD Notice H 2023-10, Attachment, G for a list of income exclusions.

156



156

HOTMA - Income Verification

- **Verification of wages requires a minimum of two current and consecutive paystubs**
 - *Note: HUD CPD programs (HOME/HOME-ARP/NHTF and CDBG-DR) continue to require examination of at least 2 months of source documents.*
- **Verification of child support requires a payment history from the local child support office to document the actual payment amounts received.**

157



157

HOTMA - Annual Household Income

- **Initial certification: use current circumstances to determine the amount anticipated to be received during the upcoming 12 months.**
- **Recertification:**
 - When no change since last determination, use income for past year.
 - When there is a change since last determination, use amount anticipated to be received during the upcoming 12 months.
- **Income that may not last a full 12 months, such as unemployment or disability, is calculated as if current circumstances will continue for 12 months.**

158



158

HOTMA - Student Income Changes

- **Earned income in excess of the \$480 deduction for dependent, full-time student is excluded from annual income**
 - Under HOTMA, deduction will be adjusted annually in accordance with the CPI-W
- **Any benefits, income, or distributions from any Coverdell educational savings account of any qualified tuition program under IRS sections 529 and 530 are excluded from income.**


159



159

HOTMA - Assets


- **Asset Categories**
 - **Necessary Personal Property**
 - Income received from NPP is not considered.
 - **Non-Necessary Personal Property**
 - Exclude cash value when combined value of all NNPP assets does not exceed \$50,000.
 - When combined total NNPP assets exceed \$50,000 and actual income from ALL assets can be determined, no imputed income calculation is required.
 - When combined NNPP assets do not exceed \$50,000, imputed income calculation is not required; include only actual income.
 - **Real Property**
 - Include cash value of real property (RP). Impute income only when RP itself exceeds \$50,000

160 

160

HOTMA - Assets


- **Examples of Non-Necessary Personal Property includes but is not limited to:**
 - **Recreational Vehicles**
 - **Bank accounts or other financial investments (checking account, savings account, stock/bonds)**
 - **Expensive jewelry without religious or cultural value**
 - **Collectibles**
 - **Equipment/machinery not used to generate income**
 - **Gems, precious metals, antique cars, artwork, etc.**

161 

161

HOTMA - Assets

- **Examples of Necessary Personal Property includes but is not limited to:**
 - **Cars/vehicles used for personal or business purposes**
 - **Furniture, carpets, linens, kitchenware**
 - **Common electronics - radio, television, DVD player**
 - **Wedding and engagement rings**
 - **Jewelry used in religious/cultural celebrations**
 - **Religious and cultural items**
 - **Medical equipment and supplies**
 - **Musical instruments used by the family**

162 

162

HOTMA - Assets

- **Net family assets exceed \$50,000**
 - Include actual income for any and all assets for which income can be determined.
 - When actual income for any asset cannot be determined asset income for that asset must be imputed using the current HUD Passbook Rate (which HUD will annually adjusted for inflation).

Florida Housing
we make housing affordable

163

HOTMA - Assets

Florida Housing
we make housing affordable

164

HOTMA – Asset Breakdown

Asset	Value	Type of Asset
Checking account	\$2,400, with 0% interest	NNPP
Savings account	\$48,000, with 1.5% interest	NNPP
Real Estate	\$62,000, with no income	Real Property

Part IV: Income from Assets

HH / MBR	(F) Type of Asset	(G) C / D	(H) Cash Value of Asset	(I) A / I	(J) Annual Income from Asset
1	Checking	C	\$ 2,400.00	A	\$0.00
1	Savings	C	\$ 48,000.00	A	\$720.00
1	Real Estate	C	\$ 62,000.00	I	\$248.00
			Totals:		\$ 112,400.00
					\$968.00

Florida Housing
we make housing affordable

165

HOTMA - Assets

- In the example, because the combined amount of NNPP exceeds \$50,000 the NNPP has to be included.
- Real Property is always an asset. Because the combined total of ALL Net Family Assets (NNPP and Real Property) exceeded \$50,000 it is necessary to impute asset income for the Real Property because actual income could not be determined.
- A comparison of imputed versus actual is no longer made. Actual, when available, is added to imputed, when necessary to impute, with the sum of the two being the annual income from assets.

166



166

HOTMA – Asset Exclusions

- Asset Exclusions include but are not limited to:
 - Value of necessary items of personal property.
 - Combined value of all non-necessary items of personal property with total combined value of \$50,000 or less.
 - Value of any retirement plan recognized by the Internal Revenue Service.
 - Federal tax refunds or refundable tax credits for a period of 12 months after receipt by the family.
 - Value of any Coverdell education savings account under section 530 of the Internal Revenue Code (IRC), qualified tuition program under IRC section 529, such as Florida Prepaid Plan and Achieving a Better Life Experience (ABLE) account (IRC section 529A).
 - HUD Notice H 2023-10, Attachment F, lists asset exclusions

167



167

HOTMA - Asset Verification

- Checking and Savings accounts - One statement that reflects the current balance.
- Combined net family asset value (NNPP and RP) exceeds \$50,000, full third-party verification required.
- Self-certification of assets when net family assets (NNPP and RP) is equal to or less than \$50,000.
- Third-party verification is required when net family assets exceed \$50,000, and for all net family assets every three years.

168



168

we make housing affordable
Florida Housing
FINANCE CORPORATION

Thank You!

www.floridahousing.org

227 North Bronough Street, Suite 6000
Tallahassee, Florida 32301
850.488.4197 • 850.488.9899 Fax
