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To: Real Estate Department Partners

Notice: **RED-15-26**

From: Real Estate Department- Compliance and Asset Management

Date: August 14, 2015

Re: **Federal Programs Ongoing Rental Compliance Manual: 3<sup>rd</sup> Edition Now Available**

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IHCDA is pleased to announce that the updated *Federal Programs Ongoing Rental Compliance Manual 3rd Edition* is now available online at the [Compliance Manuals webpage](#). This manual covers the ongoing compliance requirements for HOME, CDBG, CDBG-D, and NSP rental projects. A summary of changes is also posted.

Please note: Additional revisions are being made to some of the compliance forms included in Appendix B. An updated Appendix B will be posted by the end of the month. At that time, a separate notice with a summary of changes will be released to explain any revisions to the forms.



## **Summary of Changes for Federal Programs Ongoing Rental Compliance Manual: 3<sup>rd</sup> Edition**

Minor formatting, wording, or grammatical changes are not identified in this list. In addition to the items below, all website links referenced in the manual have been revalidated and updated where appropriate.

- 1.6- added reference to the HOME student rule
- 2.2(J)- clarified that the rule for replacing temporarily noncompliant units over 80% AMI applies only to HOME-assisted units
- 2.2(L)- rewrote language on Affirmative Fair Housing Marketing Plans to more accurately reflect the requirements and questions on the most current version of the form
- 2.2(L)- updated language on Fair Housing brochure to reflect name of most current brochure
- 3.2- added requirement that all HOME-assisted properties must annually submit a HOME Rent Update Form to IHCD when new rent limits are released (per HOME Final Rule requirements that the PJ annually approve rents to be charged at each HOME-assisted rental property)
- 3.2(A)- removed incorrect reference to a hold harmless rent limit. This appeared to have been mistakenly copied over into the previous edition of the manual from language in the *Rental Housing Tax Credit Compliance Manual*. The concept was not referenced anywhere else within the manual.
- 3.2(B)(1) & (2)- clarified SRO rent limits with additional information
- 3.2(D) Tables 1 & 2- clarified the over 80% income rules do not apply to RHTC /HOME combos
- 3.3(A)- added note about when to include the line items for range/microwave and refrigerator from HUD Form HUD-52667 “Allowances for Tenant-Furnished Utilities and Other Services” for purposes of correctly calculating a utility allowance.
- 3.3(B)(3)- added note that the use of the PHA utility allowance was removed in the 2013 HOME Final Rule but that implementation has been delayed pending further guidance
- 3.3(B)(4) & 3.3(C)- removed the utility allowance option for a “utility company estimate” since the 2013 HOME Final Rule now requires project-specific utility allowances
- 4.1(B)- updated information on foster children and adults included as household members in accordance with HUD Handbook 4350.3 Change 4
- 4.1(E)- updated information on foster children and adults included as household members in accordance with HUD Handbook 4350.3 Change 4
- 4.1(G)- added new section on HOME student rule
- 4.2(G)- added new section on the Violence Against Women Reauthorization Act of 2013 (existing policy from *Award Manual* that was just not incorporated into previous version of this manual)
- 4.2(H)- added new section on Meaningful Access for Persons with Limited English Proficiency (existing policy from *Award Manual* that was just not incorporated into previous version of this manual)
- 4.2(I)- added new section on Religious and Faith-Based Organizations (existing policy from *Award Manual* that was just not incorporated into previous version of this manual)
- 4.3(B)(1)- clarified that annual income recertification requirements do not apply to CDBG, CDBG-D, or NSP assisted units unless the unit is also HOME-assisted.
- 4.3(B)(4)- changed the required amount of paystubs from 3 full months to 2 full months in accordance with the requirements of the 2013 HOME Final Rule.

- 4.3(B)(5)- added note that the passbook savings rate may now be different between the RHTC program and federal programs (HOME/CDBG/NSP) and that IHCD will annually publish a notice with the rate for each set of programs
- 4.3(B)(6)- added note that public housing authority statements of income are not valid income verification documents for HOME-assisted units
- 4.3(C)(2)- added reference to HOME student rule
- 4.3(D)(1)- updated language on Fair Housing brochure to reflect name of most current brochure
- 4.4- added new section on projects with IHCD Development Fund as a funding source
- 5.1 / 5.1(A)- clarified that annual income recertification requirements do not apply to CDBG, CDBG-D, or NSP assisted unit unless the unit is also HOME-assisted
- 5.1(A)(5)- added reference to HOME student rule
- 5.1(B)- noted that the current version of the Tenant Income Certification (Form #38) is the May 2015 Revision
- 5.2- added reference to HOME student rule
- 5.3(B)- section completely updated to note that tenant-provided documents (formerly called second party source documents) are now considered third-party income verification
- 5.3(B)(4)- corrected language to indicate that HOME-assisted units cannot rely on public housing authority verifications of income (per Technical Guide for Determining Income and Allowances for the HOME Program)
- 5.3(D)(1) updated language on Social Security verifications and Direct Express Debit Cards
- 5.3(D)(1) added COLA increases for 2013-2015
- 5.3(D)(4) changed the required amount of paystubs from 3 full months to 2 full months in accordance with the requirements of the 2013 HOME Final Rule.
- 5.3(D)(7)- added clarification note on treating periodic payments and withdrawals as an income source and not as an asset
- 5.4(C)- added note on special debit cards for benefits counted as assets
- 5.4(C)- added new language about the passbook savings rate being updated annually
- 5.5(A) clarified the income recertification requirements only apply to HOME-assisted units
- 5.5(B) clarified required recertification items for CDBG/CDBG-D/NSP units
- 5.6(B) added additional prohibited lease language about mandatory services per 2013 HOME Final Rule
- 5.6(C) added language about Indiana Code security deposit requirements
- 5.6(E)(1)- updated section with examples of good cause specific to transitional housing
- 5.6(E)(2)- updated section on items not considered good-cause for termination of tenancy
- 6.4(A)- added reference to HOME student rule
- 6.4(A)- for desktop monitoring reviews added option to submit tenant files electronically to IHCD via FTP site
- 6.6(C)- added section on modification fees- this has been existing IHCD policy but was not previously included in this manual
- 6.7- added section on amendments to compliance monitoring procedures
- 7.1- added reference to HOME student rule

## **APPENDICES**

- Appendix G- Added 2013 HOME Final Rule, Final Rule Summary, and Final Rule Applicability Chart
- Deleted former Appendix H- Home Again Program- this program no longer exists
- Added new Appendix H with Fair Housing guidance and materials