



# Asset Management Notice

To: All Owners and Managers

Notice # 2024-01

From: Bob Conroy, Director of Asset Management

Issued: January 29, 2024

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## I. HOTMA Update

HUD published guidance on 9/29/2023 ([Notice PIH 2023-27/H 2023-10 Implementation Guidance: Sections 102 and 104 of HOTMA](#)) indicating that the new HOTMA rules were effective 1/1/2024 but would not be enforceable until 1/1/2025.

HOTMA affects several federal programs including but not limited to: Public Housing, Section 8 (HCV, PBV and Multifamily), HOME, HOPWA, Housing Trust Fund, CDBG, 202/811 and Low Income Housing Tax Credit. The HOTMA rules that apply will vary by federal program.

MaineHousing is preparing guidance on the impacts of HOTMA on the non-Section 8 housing programs under our purview, outlining what applies under each, as well as updating the various forms utilized within those programs. This guidance will be forthcoming in the next several weeks.

For all programs impacted by HOTMA, MaineHousing will be following the implementation guidance outlined in the latest HUD Notice - effective date of the requirements is 1/1/2024 but properties will not be held to compliance to the implementation of changes until 1/1/2025.

There are however, some items owner/managers are required to move forward with before the enforcement date:

O/A's must update their Tenant Selection Plans (TSP) and EIV Policies and Procedures to reflect HOTMA rules and discretionary policies **no later than March 31, 2024**.

The discretionary items requiring update in the TSP include:

- De minimus errors
- Self-certification of new family assets



- Hardship exemptions for health and medical care/disability assistance expenses and child care
- When and if Interim certs will be completed including the triggers (increases, decreases) and the required reporting
- Revocation of consent
- Determination of family income using Safe Harbor verifications

The items needing to be updated in the EIV Policies and Procedures includes:

- Use during Interims – earned income increases and
- Use of Income reports when using Safe Harbor Verifications

HUD Guidance on the above required updates can be found here: [MFH List of Discretionary Policies to Implement HOTMA \(hud.gov\)](#)

Once the O/A's software is compliant with HOTMA, the O/A must:

- Provide a 60-day notice that tenants' leases will be modified at the end of their lease term or after the expiration of the 60 days' notice. Then the O/A will use the new HUD Model Lease
- Notify tenants that their income determinations will be made consistent with HOTMA requirements
- Provide the new Fact Sheets ("How Your Rent is Determined")

In the programs where the HOTMA asset limitation applies, Owners **must not** implement enforcement of the asset limitation or the real property exemption until both the owner's software is HOTMA compliant (with TRACS 203A), and the family has signed a model lease detailing the new HOTMA provisions. HUD will be releasing additional guidance on this topic.

## II. LIHTC Allocating Agency Utility Allowances Updated 1/1/2024

The LIHTC Allocating Agency Utility Allowance charts for Tenant-Furnished Utilities and Other Services has been updated effective 1/1/2024.

Please follow the provided [link](#) to get to our Partners, Asset Management section of our website. You will find the latest charts available under Rent & Income Charts- LIHTC Allocating Agency Utility Estimates Effective 1/1/2024. To determine which region the property is designated to, we have provided a [list](#) of towns and locations with a region designation assigned. The following links will take you to the corresponding page based on region.

[Region 1](#)

[Region 2](#)

[Region 3](#)

If you have questions concerning this information, please contact your Asset Manager.

### III. Management Fee Policy Changes

In recognition of increasing management costs, effective **January 1, 2024**, MaineHousing has increased the maximum eligible all-inclusive Management Fee limit from the current **12% of effective net income (ENI)** to **14% ENI** for new multifamily housing properties currently under development with the MaineHousing Development Division and subject to the *MaineHousing Rental Loan Program* requirements

**For new properties** (LIHTC, Bond, HOME) the methodology of calculating the fee remains the same as is currently stated in the *MaineHousing Rental Loan Program Guide*.

This methodology is shown below:

**Actual Project Detail** - 30 Unit Property  
18 - 50% 1BR units – \$750mo.  
12 - 60% 1BR units - \$900mo.

Annual gross potential rent = **\$291,600**  
Less Vacancy 2% = \$5832  
ENI - \$285,768

MH then determines allowable total management costs using the maximum 60% LIHTC rents for all the affordable units.

**Maximum Fee Calculation** – 30 Unit property  
30 – 60% units - \$900mo. rents

Annual gross rent potential = \$324,000 Annual gross potential  
Less 2% vacancy= \$6,480  
ENI = \$317,520

$\$317,520 \times 14\% =$  **\$44,453 Max Allowable Fee**

This is then converted to a percentage of actual net income to be recognized by the project using the actual income targets.

**Actual Calculation** – 30 Unit Property  
18 - 50% 1BR units – \$750mo.  
12 - 60% 1BR units - \$900mo.

Annual gross potential rent = **\$291,600**  
Less Vacancy 2% = \$5832  
ENI - \$285,768

$\$44,453 =$  **15.56%** of actual income total of \$285,768

Actual Eligible fee percentage “cap”= **15.56%**



**Note: If the proposed management fees utilized in the underwriting are lower than the maximum allowable, the management fee will be “capped” to the actual percentage reflected in the underwriting and not the maximum allowable.**

**Example** – proposed total mgmt. costs reflected in the final project underwriting for the above example comes in at \$40,650 instead of the maximum allowable of \$44,453.

30 Unit Property

18 - 50% 1BR units – \$750mo.

12 - 60% 1BR units - \$900mo.

Annual gross potential rent = **\$291,600**

Less Vacancy 2% = \$5832

ENI - \$285,768

mgmt. fee used in underwriting actual - \$40,650

Mgmt. fee will be locked at 14.22% (\$40,650/\$285,768) instead of the 15.56%.

**For existing properties** that have been placed in service for a minimum of three (3) fiscal years, the owner may request an increase in fee subject to the following review criteria:

**Project Criteria**

Currently meeting or exceeding original underwriting criteria:

- >Meets 1.15 Debt Service Coverage
- >Net cash flow of \$400 per unit or greater
- >Fully funded Project Reserves
- >Satisfactory Project condition (satisfactory inspections)
- >No record of default of other enforcement actions

**Management Agent Criteria**

- >Satisfactory performance scores
- >No defaults or enforcement actions
- >No unreimbursed, unallowable fees taken the past 3yrs.

\*MH reserves the right to include additional criteria in its project analysis

Please contact your Asset Manager if you are considering a management fee increase for your property.



*Please note that MaineHousing provides notices as a service to our partners. Notices are not intended to replace ongoing training and do not encompass all compliance and regulatory changes that may occur on the wide arrange of housing programs in which we work. MaineHousing recommends partners establish an ongoing training program for their staff.*

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