



Asset Management Notice

To: All Owners and Managers

Notice # 2024-02

From: Bob Conroy, Director of Asset Management

Issued: March 1, 2024

In This Issue:

- I. TRACS Access/User Recertification/Security Awareness Training Requirements [External TRACS Users]
- II. HOTMA Guidance
- III. Notice Publishes Extending HOTMA Compliance Date for Tenant Selection Plan and Enterprise Income Verification Policies & Procedures
- IV. IRS Form 8703 – Annual Certification of a Residential Rental Project
- V. Existing Policy on Non-Rent Fees for Subsidized Multifamily Housing Programs Posted to Drafting Table
- VI. HUD Publishes Budget Based Rent Adjustments for Mark-to-Market (M2M) Properties Notice

I. TRACS Access/User Recertification/Security Awareness Training Requirements [External TRACS Users]

As notified by HUD on 2/7/2024, TRACS Access/User Recertification/Security Awareness Training Requirements [External Users] **MUST** be completed by March 14, 2024.

HUD encourages owners and agents of project-based rental assistance programs to read the newly updated guide “TRACS External Users Access/User Recertification/Security/Awareness Training Requirements – Revised February 5, 2024,” located at URL:

[TRACS FY2024 Access User Recertification Security Awareness Training Requirements v1 \(hud.gov\)](https://www.hud.gov/tracs-fy2024-access-user-recertification-security-awareness-training-requirements-v1)

REQUEST FOR TECHNICAL ASSISTANCE

If stakeholders have questions or request technical assistance regarding the security training, send an email to the Multifamily Housing Help Desk at:

Email Address: TRACS@hud.gov

Phone: 1-800-767-7588



II. HOTMA Guidance

HUD published important HOTMA Section 102 and 104 Implementation Guidance and Updated HOTMA Implementation Resources Information ([PIH 2023-27](#)). Changes from the prior version are described in section 2.1 of the revised Notice, which provides updates, clarifications, and corrections based on industry feedback. The revised notice makes clear that owners have discretion regarding whether to enforce the asset limitation for existing tenants <https://content.govdelivery.com/accounts/USHUDEFHA/bulletins/3886749>

HUD recommends that Owners align their own HOTMA implementation timeframe with the release of 203A (anticipated Summer 2024).

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.

III. Notice Publishes Extending HOTMA Compliance Date for Tenant Selection Plan and Enterprise Income Verification Policies & Procedures

The Office of Multifamily Housing Programs published a [Housing Notice](#) extending the HOTMA compliance date in Section 6.2 of [Notice H 2023-10](#) for owners to update their Tenant Selection Plan (TSP) and Enterprise Income Verification (EIV) Policies and Procedures (P&P) from March 31, 2024, to May 31, 2024.

For questions regarding this notice, please contact MFH_HOTMA@hud.gov.

As a reminder, Owner/Agent's must update their Tenant Selection Plans (TSP) and EIV Policies and Procedures to reflect HOTMA rules and discretionary policies.

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

IV. IRS Form 8703 – Annual Certification of a Residential Rental Project

The operator of a residential rental project for which an election was made under Section 142(d) of the Internal Revenue Code must file Form 8703 annually during the qualified project period. This form must be filed by March 31 after the close of the calendar year for which the certification is made. The latest revision of this Form (Rev. 9-2013) includes Part III which requests information about the Issuer and the tax-exempt financing that financed the project under section 142(d).

In order to assist in completing Part III of the form, MaineHousing has posted information on its Tax-Exempt Private Activity Bond Issues on our website at the links listed below.

To gather the information on your project, first open the “MaineHousing MF Project List” at [12-31-2023 MH Multi-Family Project List.xlsx \(mainehousing.org\)](#). Locate your project from the list and note the bond series in column C. Please note that it is possible for your project to be listed under more than one bond series. If it is listed under more than one bond series the Form 8703 will need to include information on each bond series. If your project was previously on the “MaineHousing MF Project List” and is no longer listed, you should consult your accountant to determine whether you still need to file a Form 8703 for the project.

Once you know the bond series, open the “MaineHousing Master Bond List” at [12-31-2023 MH Master Bond List.xlsx \(mainehousing.org\)](#). This list contains the information on each bond series that is needed to complete part III of Form 8703 and corresponds with boxes 14 – 20 on the form.

Please note the bond information for your project will not necessarily stay the same for the life of the project. This information will need to be reviewed on an annual basis.

MaineHousing does not provide tax advice. If you have questions related to the filing of this form you may want to consult your tax professional or contact the IRS at <https://www.irs.gov/tax-exempt-bonds/tax-exempt-bonds-customer-services> or mail questions to:

Internal Revenue Service
TE/GE Division, Customer Service
P.O. Box 2508
Cincinnati, OH 45201

V. Existing Policy on Non-Rent Fees for Subsidized Multifamily Housing Programs Posted to Drafting Table

Owners and Operators,

This [guidance](#) provides a summary of existing policy regarding the fees that owners of HUD-subsidized multifamily properties are permitted and not permitted to charge tenants. None of the guidance set forth in the chart is new or reflects a change in federal law, regulation, or policy. In

addition to outlining the Office of Multifamily Housing Programs' existing policy regarding different types of fees and charges for its subsidized programs, the chart includes citations to applicable regulations and HUD-issued guidance that will provide owners and tenants with more detailed information. This guidance does not address applicable state or local laws, which may permit or prohibit non-rent fees.

The Office of Multifamily Housing Programs is seeking feedback from stakeholders regarding its existing policy on non-rent fees for HUD-subsidized multifamily housing programs. We would appreciate comments on the existing guidance related to each type of fee or charge contained in the chart. In addition, we are interested in input from owners and tenants on whether there are fees that are not addressed in our existing guidance.

Please provide your comments on the feedback worksheet and email the worksheet to AssetManagementPolicy@hud.gov. The deadline for responses is March 29, 2024.

VI. HUD Publishes Budget Based Rent Adjustments for Mark-to-Market (M2M) Properties Notice

On February 29, 2024, HUD's Office of Multifamily Housing Programs published [Housing Notice 2024-05](#) which implements HUD's authority to make budget-based rent adjustments (BBRA) for Section 8 project-based rental assistance housing assistance payment contracts at properties subject to a M2M Use Agreement. This notice sets forth the eligibility requirements and HUD's policies and procedures for reviewing BBRA applications.

Due to limited funding, HUD is prioritizing BBRA's where the need is determined to be the greatest. Accordingly, the notice identifies the 1st Priority Group invited to apply for a BBRA. **Owners with a M2M property/properties that meet notice eligibility requirements and one (1) of the criteria defined as "Group A Properties" are invited to apply now.** At this time, only properties that meet the requirements of the 1st Priority Group are eligible to apply.

If you have a M2M property that meets HUD's definition of the 1st Priority Group, please submit the Initial Submission through the form available on HUD's [Post M2M website](#). Requests will be reviewed on a first-come-first served basis, but applications received within the next 28 days (before 11:59 PM EST on March 28, 2024,) will be deemed received simultaneously. HUD will invite owners that qualify to submit a Final Submission, pending funding availability. The Final Submission will contain all the necessary documentation to confirm eligibility and allows HUD to conduct a complete evaluation of the project to assess the needed BBRA.

BBRA's will increase contract rents; however, assisted residents will continue to pay only 30 percent of their income for rent and utilities. The monthly PBRA subsidy payment to owners covers the difference between the tenant contribution and the contract rent.

HUD is planning a training on the notice on March 12th at 1PM EST. Use [this registration link](#) to enroll. If you have any questions about the notice, please email bbra@hud.gov.

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.

MaineHousing does not discriminate on the basis of race, color, religion, sex or gender, sexual orientation, gender identity or expression, national origin, ancestry, disability, age, marital status or receipt of public assistance in the admission or access to or treatment in its programs and activities. In employment, MaineHousing does not discriminate on the basis of race, color, religion, sex or gender, sexual orientation, gender identity or expression, national origin, ancestry, age, disability or genetic information. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances: Lauren Bustard, Maine State Housing Authority, 26 Edison Drive, Augusta, Maine 04330, Telephone Number 1-800-452-4668 (voice in state only), (207) 626-4600 (voice) or Maine Relay 711.

