

8-1-2009

To: Owners and Managers of Affordable Housing in Georgia

From: Colin Ferguson, Compliance Training Coordinator

Regarding: Change 3: Changes to the HUD Handbook - 4350.3

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*Memorandum*

Change 3 to HUD Handbook 4350.3 was issued on June 23, 2009, and the changes take effect on August 1, 2009. This memo reviews the changes to Chapter 5 (and the Live in Aid requirements from chapter 3) rules that affect the LIHTC and HOME programs. Other changes may affect programs at your site which are not monitored by the DCA-OAH Compliance Department. Please see full disclaimer on page two (2) below.

The major changes to the LIHTC program as a result of the Change 3 are as follows:

**Chapter Three -Live in Aide:** HUD has not removed the requirement that a live-in aide not be obligated for support of a household, meaning that a spouse may still not be a live-in aide.

**(REF 3-6E.3)**

**Student Income:** "All forms of student financial assistance (grants, scholarships, educational entitlements, work study programs, and financial aid packages) are excluded from annual income \*\*except for students receiving Section 8 assistance.\*\*" This is consistent with the previously published DCA recommendation. Financial aid should only be counted if the tenant receives Section 8. **(REF 5-6 E)**

**Income of Foster Children & Adults:** Earned and unearned income of **foster adults** is counted as income. For **foster children** (minors), unearned income (only) is counted as income. Employment income for foster children is not counted. **(REF Fig. 5-2)**

**Pensions:** Expanded excluded income to anyone with a pension of any type when part of the pension is paid to a former spouse by court order. This previously applied to only federal pensions. **(REF: 5-6L)**



**Deployment of Military Personnel to Active Duty** “Owners are encouraged to be as lenient as responsibly possible to support affected households in situation where persons are called to active duty in the Armed Forces. Specific actions that owners should undertake to support military households include, but are not limited to:

Allow a guardian to move into unit on a temporary basis to care for dependents. The income of guardian should not be counted as household income.” *(DCA requires owner/manager to maintain documents showing the addition and expected duration that the guardian will remain in unit. The file must be updated as needed.)*

“Allow a tenant to provide care for any dependents of persons called to active duty on a temporary basis. Income of the child should not be counted for the household” *(DCA requires owner/manager to maintain documents showing the addition and expected duration that the dependant(s) will remain in unit. The file must be updated as needed.)*

**(REF 5-6.C)**

Please also refer to the Soldiers and Sailors Civil Relief Act of 1940

**Assets disposed of for less than Fair Market Value:** clarifies that we only include that income for 24 months from the date of disposition. Since interim recertification is not done in the LIHTC program, there are times you may only count income **from assets disposed of for less than fair market value** for part of the year. **(REF 5-7 G8c)**

*This guidance is for Georgia DCA administrative compliance only; it in no way constitutes legal or tax advice pertaining to any individuals or properties. If you have questions as to how any laws, including IRS Code affect your project or particular facts, you should consult an experienced attorney of your choosing.*