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# 2024 CAHEC Partners Conference

**“The Housing Torch is HOTMA”**

**State Agency Updates on HOTMA & NSPIRE**

**Tuesday, June 4, 2024 3:30-4:30 p.m.**

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# Agency Discussion

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# NSPIRE Updates

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- Applies to all Agency property inspections effective October 1, 2023

[National Standards for the Physical Inspection of Real Estate \(NSPIRE\) | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)

Deficiency Correction Periods Change – 24 hour, 30 days, or 60 days

Changes the deficiency ratings from 1, 2, 3, to Low, Moderate, Severe, and Life Threatening

- Three Inspectable Areas – Outside, Inside, and Unit

Confirm location of GFCI, Smoke Detectors, and Water Heater Installation

Ensure property signage and building addresses are visible and legible

**Properties should continue to use best practice methods of following preventative maintenance plans and ensuring all property features are in good working order and operate as intended.**

# Changes from UPCS to NSPIRE



## Changes from UPCS to NSPIRE



**Mastering the NSPIRE standards will require learning a new framework**

- **More Emphasis on:**

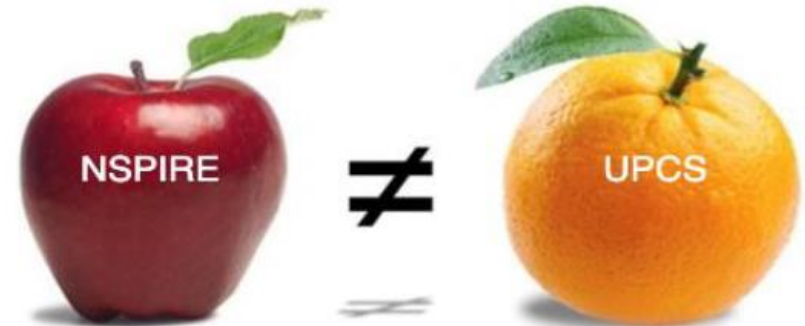
- Health, safety, and functional defects
- Areas that impact residents – their units

- **Less Emphasis on:**

- Condition and appearance defects
- Inspectable areas outside units

- **Objective Deficiency Criteria**

- Criticality levels do not exist within NSPIRE
- Removed subjective deficiency criteria based on feedback



# Smoke Detectors & Carbon Monoxide

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- Hardwired or equipped with a sealed 10-year battery required by December 29, 2024
- Installation of fire alarms on each level and inside each sleeping area - aligned with fire code standards.

Evaluate your current smoke detectors and plan your upgrades accordingly.

## Carbon Monoxide

In general, carbon monoxide detectors will be required only if a fuel-burning appliance or fireplace is directly attached to or within the unit or if an unventilated garage is attached to the unit.

# NSPIRE Health and Safety



## Core Health & Safety Focus



The eight focus areas are critical to the habitability and safety of residents





# NSPIRE Inspection Ratings



## Defect Examples



	Outside	Inside	Unit
<b>Life-Threatening</b>	Gas dryer exhaust ventilation system has restricted airflow.	Structural system exhibits signs of serious failure.	Flammable or combustible material is on or near an ignition source.
<b>Severe</b>	A sharp edge that can result in a cut or puncture hazard is present.	Fire labeled door does not close and latch or self-close and latch.	Call-for-aid system is blocked.
<b>Moderate</b>	Trip hazard on walking surface.	Plumbing leak that allows for water intrusion in unintended areas.	Refrigerator component is damaged such that it impacts functionality.
<b>Low</b>	Water runoff is unable to flow through the site drainage system.	Auxiliary lighting component is damaged or missing.	Presence of mold-like substance at very low levels is observed visually.

# Prepare for NSPIRE Inspections

- Get trained!
  - focusing on safety and avoiding normal wear and tear issues
  - Provide staff with uniform training on NSPIRE standards
  - focus on new standards
- Integrate NSPIRE standards with Standard Operating Procedures
  - Update your annual inspections
- Keep an eye out for HUD updates and resources



**NSPIRE@hud.gov**  
**or search for “HUD NSPIRE” found on HUD.gov**





# Agency HOTMA Discussion

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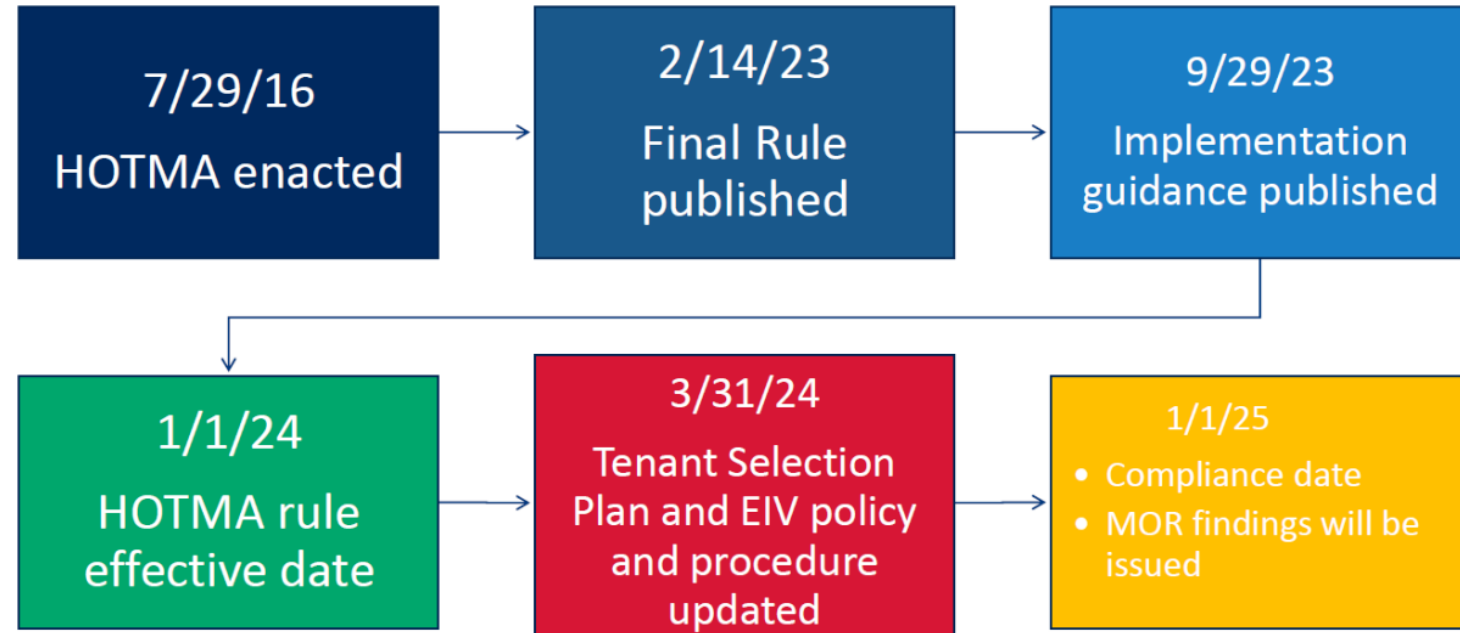
# HOTMA

## Housing Opportunity Through Modernization Act

# 2016-2024

Implemented to simplify and standardize  
verification and documentation  
procedures across all HUD programs

## HOTMA Timeline



2023 September – Extension Until 10/1/2024 for the Housing Choice Voucher (HCV) and Project Based Voucher (PBV) **Does not Apply to the Tax Credit Program**

# HOTMA for LIHTC Properties

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## What applies to LIHTC?

<b>Yes</b>	Net family assets definition	24 CFR 5.603
<b>Yes</b>	Annual income definition	24 CFR 5.609(a)
<b>Yes</b>	Annual income exclusions	24 CFR 5.609(b)

## What does not apply to LIHTC?

<b>No</b>	Adjusted income mandatory and additional deductions and hardships	24 CFR 5.611(a)(b)
<b>No</b>	Asset limitation	24 CFR 5.618

## What does this mean?

- Lots of changes to how residents' income will be calculated
- Will need intensive staff training on new income calculation procedures
- Will need to message income calculation changes to residents

# HOTMA for LIHTC Properties

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## What Needs to be updated for LIHTC?

- State agency TIC
- State agency compliance manual
  - Need to describe HOTMA implementation plan
- Required and/or recommended forms

## What about software?

LIHTC software also needs to be updated

- Software companies are tasked with multiple large-scale changes due to HOTMA for MF and PIH programs
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# HOTMA – Annual Income Determination

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## New Definition of Annual Income

- Extensively revised definition of annual income
- Regulation lists income that is excluded
  - Previous version listed both inclusions and exclusions
  - All income is included unless specifically excluded

## Annual Income

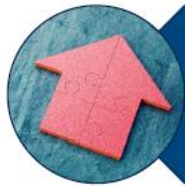
- Annual income includes “all amounts received,” not the amount that a family may be legally entitled to receive but did not receive
    - For example, a family’s child support or alimony income must be based on payments received, not the amounts to which the family is entitled by court or agency orders
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# HOTMA – Treatment of Assets

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## Real Property vs Personal Property

HUD categorizes all assets as either:



Real Property



Personal Property

## Personal Property

HUD categorizes personal property as either:



Necessary



Non-necessary

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# HOTMA Necessary Personal Property

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## Necessary Personal Property

Necessary personal property is **excluded** from assets

- Includes items essential for use & occupancy of home, personal effects, items that assist a household member with a disability

Items of personal property that do not qualify as necessary are classified as **non-necessary**

- HUD considers bank accounts non-necessary personal property
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# HOTMA – Asset Inclusions & Exclusions

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## Asset Exclusions and Inclusions

**Necessary** personal property is always excluded from assets

**Non-necessary** personal property with a combined total value **less than \$50,000** is not considered part of net family assets

**Real property** that the family does not have effective legal authority to sell is not considered part of net family assets

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# HOTMA Key Points

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- Generally, all income is included unless it is specifically excluded
  - New Definition of Assets
    - Real Estate
    - Necessary or Non-necessary Personal Property
  - Work with Property Management Software Vendors to Implement HOTMA Eligibility Requirements
  - Definition of Household Occupancy vs Family for Eligibility
  - Income Deductions and Exemptions do not apply to the LIHTC properties
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# Prepare for HOTMA Inspections

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- Get trained!
- Update your software
- Update your policies and forms
- Keep an eye out for HUD updates and resources



**HUD resources:** [https://www.hud.gov/program\\_offices/housing/mfh/hotma](https://www.hud.gov/program_offices/housing/mfh/hotma)  
**Dedicated HOTMA email address:** [MFH\\_HOTMA@hud.gov](mailto:MFH_HOTMA@hud.gov)



# Key Takeaways

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# Best Practices for Property Operators

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- Training, Training, and more Training!
  - Unit conditions have a higher priority under NSPIRE scoring.
  - Procedures for multi-layered review of documentation verifying initial or ongoing program eligibility, as required.
  - Confirm accurate reporting of tenant certifications as required by your Agency. Agencies are required to report LIHTC data to HUD annually and we need all properties to do their part.
  - Implement procedures for maintaining the tenant certification records and property condition **before** a scheduled compliance monitoring visit.
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# Best Practices for Property Operators

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Do not hesitate to call your Agency with “hypothetical” questions for assistance.

We are all managing unparalleled program changes including:

- New tenant eligibility criteria and property habitability standards,
  - An aging affordable housing portfolio with increased property financial needs or expiration of affordability after the Extended Use Period (30+ years)
  - Complex blended and unique program requirements.
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