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**HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**

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March 25, 2010

TO: Project Owners and Managing Agents  
FROM: *DK Ueki*  
Darren K. Ueki  
Finance Branch  
SUBJECT: Determining and Verifying Income Eligibility  
Low Income Housing Tax Credit (LIHTC)  
Hula Mae Multi-Family Bond (HMMF)  
Rental Assistance Program (RAP)  
Rental Assistance Revolving Fund (RARF)  
Rental Housing Trust Fund (RHTF)

These guidelines apply to the subject programs administered by the Hawaii Housing Finance and Development Corporation:

Determining and Verifying Income Eligibility

- Project owners are required to certify tenants' incomes, to ensure that they are income eligible and that the project is in compliance with occupancy requirements.
- Owners must have tenants certify their income, and obtain supporting documentation. This documentation must be kept in project unit files for review by the monitoring agencies or its authorized delegate(s).
- Projects with multiple funding sources shall comply with all programs by meeting the stricter program requirements.

Income Definitions

- The Section 8 Program definition of annual (gross) income is used to determine income eligibility.
- References:
  - HUD 24 CFR Part 5.609, and
  - Occupancy Requirements of Subsidized Multifamily Housing Programs (4350.3)  
<http://www.hud.gov/offices/adm/hudclips/handbooks/hsg/4350.3/index.cfm>
    - ◆ Chapter 5: Determining Income and Calculating Rent

- ◆ Exhibit 5-1: Income Inclusions and Exclusions
- ◆ Exhibit 5-2: Assets

### Initial Income Verifications

- Before a tenant occupies a unit, tenant eligibility must be documented with source documents, such as wage statements, interest statements and unemployment compensation statements. Information must be current at move-in. The project owner is responsible for collecting this information and determining eligibility.

### Annual Recertification of Income

- Owners must establish systems to recertify tenant incomes on an annual basis. Owners are responsible to complete each tenant's annual recertification within one year of last recertification.
- Allowable Methods of Recertification:
  1. Tenant eligibility may be documented with source documents, such as wage statements, interest statements and unemployment compensation statements. The project owner is responsible for collecting this information and determining eligibility.
  2. A written statement may be obtained from the administrator of the Section 8 program. The statement must indicate the household/family size and state the amount of the household/family's annual gross income. The annual gross income shall be current and determined within valid verification period with a complete initial certification or annual recertification.
    - Completed Section 8 Income Verification forms are acceptable under this method.
  3. Option for 100% LIHTC ONLY Projects for second and subsequent Annual Recertifications - A written statement from the family indicating family size and annual income is acceptable. This must include a certification from the family that information is complete and accurate, and must indicate that source documents will be provided upon request.
    - Completed Self-Certifications of Annual Income Forms are acceptable under this method.

### Verifications

- Verifications are valid for 120 days per HUD 4350.3 unless otherwise stated in the project documents and/or program rules. Many Declarations specify that verifications are valid for a period of 90 days. Please review the requirements of your Declaration(s).

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Required and sample forms are available for download from [www.spectrumlihtc.com](http://www.spectrumlihtc.com).

If you have questions, please contact Donna Ho at (808) 587-0522 or e-mail [donna.m.ho@hawaii.gov](mailto:donna.m.ho@hawaii.gov). Your cooperation is appreciated.