TRUECOMPLIANCE SOLUTIONS

AFFORDABLE HOUSING COMPLIANCE HANDBOOK

A practical guide for owners, managers, and site teams

Protect Assets. Reduce Risk. Preserve Value.

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Affordable Housing Compliance Handbook

A Practical Guide for Owners, Managers, and Site Teams

TrueCompliance Solutions | Protect Assets. Reduce Risk. Preserve Value.

> Important: This handbook is a general educational resource, not legal, tax, or program-specific advice. Requirements vary by funding source, state allocating agency, participating jurisdiction, loan documents, regulatory agreement, housing assistance contract, and later-issued guidance. Always follow the documents and rules governing the property and consult the appropriate agency or qualified professional when requirements conflict.

1. What Affordable Housing Compliance Means

Affordable housing compliance is the ongoing process of confirming that a property follows every requirement attached to its financing, subsidy, tax credits, and regulatory agreements. A compliant property must be able to show - not merely state - that eligible households were selected fairly, rents and utility allowances were correct, files were complete, units met required standards, and deadlines were met.

Common programs include:

- HUD multifamily housing and project-based Section 8
- Low-Income Housing Tax Credit (LIHTC)
- HOME Investment Partnerships Program (HOME)
- USDA Rural Development multifamily housing
- State and local affordable housing programs

Many properties are layered, meaning more than one program applies. Each layer must be reviewed separately. When requirements differ, the property should document which rule controls and obtain agency guidance when needed.

2. The Core Compliance Cycle

Before Move-In

1. Use the current, approved tenant selection plan and written screening criteria.
2. Process applicants in the proper waiting-list order, subject to approved preferences.
3. Provide fair housing, accessibility, language-access, and Violence Against Women Act notices when applicable.
4. Confirm household composition, student status when required, citizenship or eligible immigration status when applicable, income, assets, and other eligibility factors.
5. Complete required third-party or other acceptable verification.
6. Calculate anticipated income, rent, subsidy, utility allowance, and required deductions under the correct program rules.
7. Obtain all signatures and effective dates before or at the required time.
8. Confirm that the unit is eligible, ready, and inspected under the applicable standard.

During Tenancy

- Complete annual and interim recertifications when required.
- Track changes in household composition, income, assets, student status, and subsidy.
- Apply updated income limits, rent limits, and utility allowances on the correct effective dates.
- Maintain required notices, leases, addenda, inspection records, and correspondence.
- Process reasonable-accommodation and modification requests promptly and consistently.
- Protect personally identifiable information and limit access to tenant records.
- Correct deficiencies quickly and retain proof of the correction.

At Move-Out

- Document the move-out date and reason.
- Complete required unit and damage inspections.
- Reconcile charges, deposits, subsidy, and final certifications.
- Update the waiting list and occupancy records.
- Retain the file for the longest period required by any applicable program or governing document.

3. Tenant File Essentials

A well-organized file should tell a complete story from application through move-out. Depending on the program, the file may include:

- Application, date-and-time receipt record, and waiting-list history
- Eligibility and screening documentation
- Household composition and identification records
- Income, asset, and deduction verifications
- Student-status documentation
- Tenant Income Certification or program certification forms
- Rent, subsidy, and utility-allowance calculations
- Lease, required addenda, and house rules
- Initial, annual, interim, and move-out documents
- Required notices and proof of delivery
- Inspection reports and completed work orders
- Reasonable-accommodation records maintained with appropriate confidentiality
- Correspondence, repayment agreements, and correction documentation

Use a standardized file order and a quality-control checklist. Every form should be complete, legible, signed, dated, and consistent with the rest of the file.

4. Program-Specific Focus Areas

HUD Multifamily and Project-Based Section 8

Pay close attention to applicant eligibility, the tenant selection plan, EIV requirements, income and asset calculations, deductions, annual and interim recertifications, tenant notices, TRACS submissions, subsidy billing, security deposits, unit conditions, and termination procedures. Owners and agents should use HUD Handbook 4350.3 together with current HUD notices, regulations, contract terms, and HOTMA implementation guidance applicable to the property.

Low-Income Housing Tax Credit (LIHTC)

Monitor the elected minimum set-aside, applicable fraction, income and rent restrictions, utility allowances, student rules, unit transfers, the Available Unit Rule, the Vacant Unit Rule, general-public-use requirements, habitability, annual owner certifications, and state housing credit agency requirements. Each building's Form 8609 and the property's recorded extended-use agreement are essential controlling documents.

HOME

Track HOME-assisted units, household income eligibility, High HOME and Low HOME rent limits, utility allowances, fixed or floating unit designations, property standards, tenant protections, inspections, and the full affordability period. Owners must also follow the written agreement and the policies of the participating jurisdiction. HUD's revised HOME rule has compliance dates and transition provisions, so confirm which requirements apply to each project.

USDA Rural Development Multifamily Housing

Review tenant eligibility, income and asset calculations, occupancy rules, waiting-list management, rental assistance, certification and recertification requirements, leases, utility allowances, unit conditions, servicing requirements, and required Agency approvals. Use 7 CFR Part 3560, the applicable Rural Development handbooks, current Agency notices, and the project's loan and management documents.

5. Fair Housing and Resident Protections

Compliance must be administered consistently and without discrimination. The Fair Housing Act identifies race, color, national origin, religion, sex, familial status, and disability as protected characteristics. State and local laws may add protected classes, and other federal civil-rights requirements may also apply.

- Apply written policies consistently.
- Provide reasonable accommodations and permit reasonable modifications when legally required.
- Make communications accessible and provide meaningful language access when applicable.
- Follow approved affirmative fair housing marketing requirements.
- Maintain required VAWA notices, emergency-transfer procedures, and confidentiality protections for covered housing programs.
- Avoid retaliation, steering, selective enforcement, or inconsistent screening.

6. Common Compliance Risks

- Missing, late, or inconsistent verifications
- Incorrect income, asset, deduction, rent, or utility-allowance calculations

- Unresolved discrepancies between documents or electronic systems
- Late recertifications or tenant notices
- Failure to follow waiting-list order or approved preferences
- Missing student-status documentation
- Using expired forms, limits, or policies
- Incorrect unit designations or transfers at layered properties
- Incomplete inspection or work-order follow-up
- Weak documentation of corrections
- Failure to report or correct known noncompliance

7. A Simple Internal Review Process

Monthly

- Review upcoming recertifications and notice deadlines.
- Reconcile certifications, rent rolls, subsidy systems, and vacancy records.
- Review open work orders, inspection deficiencies, and accommodation requests.
- Confirm that current limits, utility allowances, and forms are in use.

Quarterly

- Audit a sample of move-in, recertification, transfer, and move-out files.
- Review waiting-list activity and applicant denials.
- Confirm that required posters, plans, logs, and policies are current.
- Track repeat findings and assign corrective actions.

Annually

- Review each property's regulatory layers and governing documents.
- Update policies, checklists, forms, and training.
- Prepare for owner certifications, agency reporting, inspections, and monitoring reviews.
- Perform a broader file and physical-compliance audit before an agency review.

8. Correcting a Finding

1. Confirm the governing requirement and the scope of the issue.
2. Stop the error from continuing.
3. Correct the affected file, rent, subsidy, unit condition, system record, or policy as permitted.
4. Notify the responsible agency or administrator when required.
5. Keep dated proof of the correction and any repayment or resident communication.
6. Determine the root cause and retrain staff or revise the process.
7. Recheck similar files to determine whether the issue is isolated or systemic.

> Never backdate, recreate, or alter records in a misleading way. Use a dated clarification or correction memo that preserves the original record.

9. Official Resources

Use these official resources together with the property's governing documents and current agency instructions.

HUD Handbook 4350.3 - Occupancy Requirements of Subsidized Multifamily Housing Programs
https://www.hud.gov/hudclips/handbooks/housing-4350-3

HUD Multifamily Housing TRACS
https://www.hud.gov/hud-partners/multifamily-tracs

HUD Exchange - HOME Rental Housing Resources
https://www.hudexchange.info/programs/home/topics/rental-housing/

HUD Exchange - 2025 HOME Final Rule Training
https://www.hudexchange.info/trainings/courses/home-final-rule-training/

IRS - Audit Techniques Guides, including the Guide for Completing Form 8823
https://www.irs.gov/businesses/small-businesses-self-employed/audit-techniques-guides-atgs

IRS - Form 8609, Low-Income Housing Credit Allocation and Certification
https://www.irs.gov/forms-pubs/about-form-8609

USDA Rural Development - Multifamily Housing Handbooks
https://www.rd.usda.gov/resources/directives/handbooks

eCFR - 7 CFR Part 3560, Direct Multifamily Housing Loans and Grants
https://www.ecfr.gov/current/title-7/subtitle-B/chapter-XXXV/part-3560

HUD - Fair Housing Act Overview
https://www.hud.gov/helping-americans/fair-housing-act-overview

HUD - Violence Against Women Act Resources
https://www.hud.gov/vawa

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