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From: Housing Tax Credit Team  
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HTC Compliance Coordinator

**IMPORTANT INFORMATION-**  
**PLEASE READ CAREFULLY!**

To: Tax Credit Owners and Managers

Subject: Change in Section 8 Regulations Affecting Full and Part Time Students

***PLEASE MAKE SUFFICIENT COPIES OF THIS MEMORANDUM FOR YOUR PROPERTY MANAGERS  
AND/OR VARIOUS SITE STAFF.***

On December 30, 2005 the Federal Register published a **Final Rule** that changes student eligibility for Section 8 programs. The change was enacted in the 2006 HUD appropriation and is effective January 30, 2006. The Final Rule applies to both full and part time students. Visit [http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?position=all&page=77743&dbname=2005\\_register](http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?position=all&page=77743&dbname=2005_register) (use the "next page" button in the bottom right hand side of the screen to go to pages 77744 and 77745 for the rest of the rule).

The rule amends §5.609 "Annual Income", and adds §5.612 "Restrictions on assistance to student enrolled in an institution of higher education", and other conforming amendments to various program regulations.

The part of the ruling that impacts the Housing Tax Credit Program has to do with the calculation of Gross Annual Income. We must now count as income to full or part time students enrolled in institutions of higher education, any financial assistance they receive from any source that is in excess of tuition. There are two exceptions to this rule: (1) loans do not count as financial assistance and (2) if a person over 23 has a dependent child. A Student Financial Aid Verification form is available at:

[http://www.mhfa.state.mn.us/managers/HTCcompliance\\_tenant\\_certification.htm](http://www.mhfa.state.mn.us/managers/HTCcompliance_tenant_certification.htm). In addition, since the HTC Eligibility Application did not have an income question for student financial aid, it was necessary to update the form (also available at the above site).

If you have a fully completed and signed certification or recertification, it is not necessary to re-do it. Any certifications and recertifications that are in process (TIC is not signed), must be completed in compliance with the new rules, if applicable to the household.

A separate memorandum is being issued to Section 8 property owners and managers from MHFA's Section 8 staff to inform them of the new ruling regarding student eligibility in Section 8 properties. For your information, under Section 5.612 students who are enrolled in institutions of higher education are ineligible to receive **Section 8 housing assistance** if they:

- Are younger than 24,
- Are not veterans,
- Are not married,
- Do not have a dependent child
- Are not otherwise eligible, or
- Have parents (individually or jointly) who are not eligible, on the basis of income, to receive assistance under Section 8.

The Section 8 rules for student eligibility do not impact tax credits, only the part of the ruling regarding income.