



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

901 P Street, Suite 213A
Sacramento, CA 95814
p (916) 654-6340
f (916) 654-6033
www.treasurer.ca.gov/ctcac

MEMBERS
FIONA MA, CPA, CHAIR
State Treasurer

MALIA M. COHEN
State Controller

JOE STEPHENSHAW
Director of Finance

GUSTAVO VELASQUEZ
Director of HCD

VACANT
Executive Director of CalHFA

EXECUTIVE DIRECTOR
MARINA WIANT

DATE: February 7, 2025

TO: Low Income Housing Tax Credit Project Owners and Property Managers

FROM: California Tax Credit Allocation Committee – Compliance Section

RE: VA Service-Connected Disability Benefits Exclusion for Veterans

This Memorandum (“Memo”) provides guidance to Low Income Housing Tax Credit (“LIHTC”) project owners and property managers in response to Internal Revenue Service (“IRS”) Revenue Procedure [2024-38](#) (“Rev. Proc. 2024-38”).

Background

On August 13, 2024, the Department of Housing and Urban Development (“HUD”) published “Section 8 Housing Choice Vouchers: Revised Implementation of the HUD Veterans Affairs Supporting Housing Program” ([FR-6476-N-01](#)) providing new requirements to exclude veterans’ service-connected disability benefits from household income calculations for the purpose of determining HUD-VASH applicants’ income eligibility for both project-based and tenant-based vouchers. Under this HUD-VASH special rule, VA service-connected disability benefits are excluded only for the purposes of determining income eligibility but are included when calculating the tenant-paid portion of rent. This alternate income requirement applies specifically to the HUD-VASH program and is not applicable to other HUD Section 8 Housing Choice Voucher programs. This ensures homeless veterans are not excluded from the HUD-VASH program because of their VA service-connected disability benefits.

Final determination from the IRS

On September 24, 2024, Treasury followed suit and issued Rev. Proc. 2024-38 that applies the same waiver for all LIHTC projects by excluding VA service-connected disability benefits only from determining income eligibility, not rent determination, for prospective and current tenants approved to receive or currently receiving assistance under the HUD-VASH program and to whom the HUD-VASH income eligibility waiver applies. The waiver applies to income determinations occurring on or after October 24, 2024 for LIHTC projects.

February 7, 2025

LIHTC File Review - HUD-VASH Projects

LIHTC project owners and property managers shall verify income for HUD-VASH recipients and include the verified service-connected disability benefits documentation in tenant files. Tenants shall complete the Certification of Zero Income form identifying how rent and other necessities will be paid.

For any questions, please contact Compliance Section Chiefs Elizabeth Gutierrez-Ramos at egutierrez@treasurer.ca.gov or Mayra Lozano at mlozano@treasurer.ca.gov.