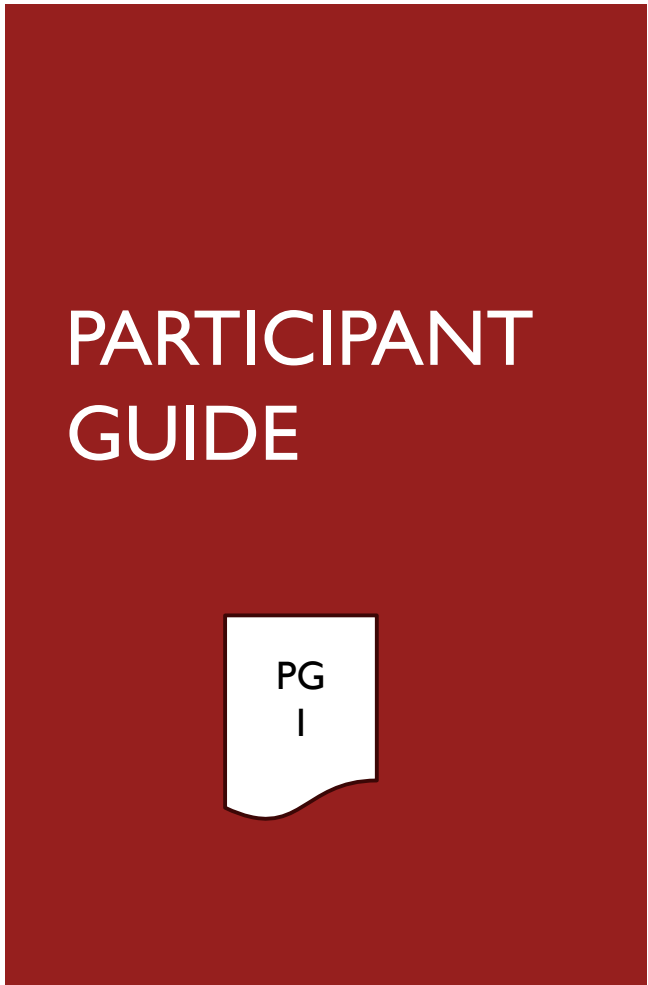
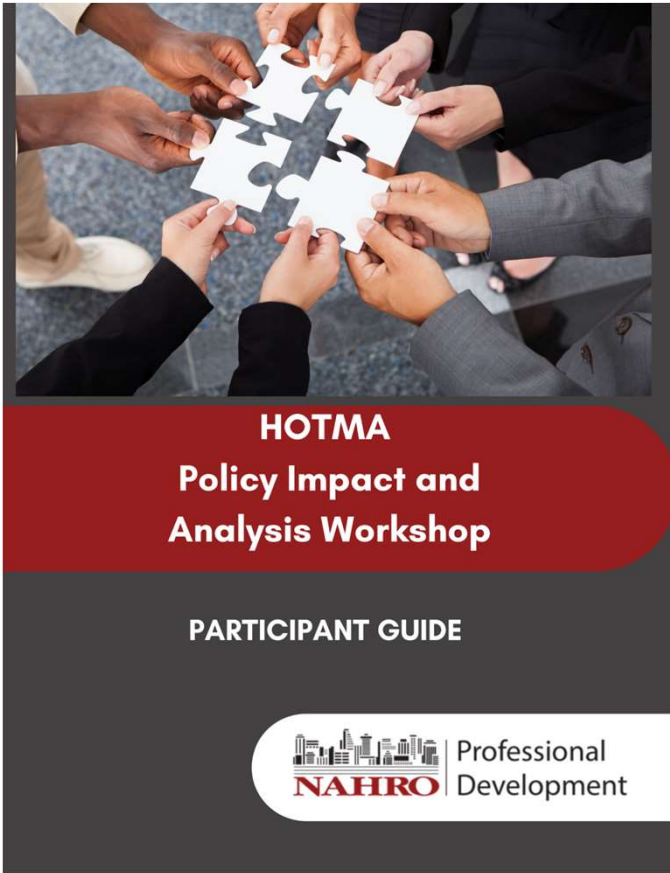


**HOTMA:
POLICY IMPACT AND ANALYSIS WORKSHOP**

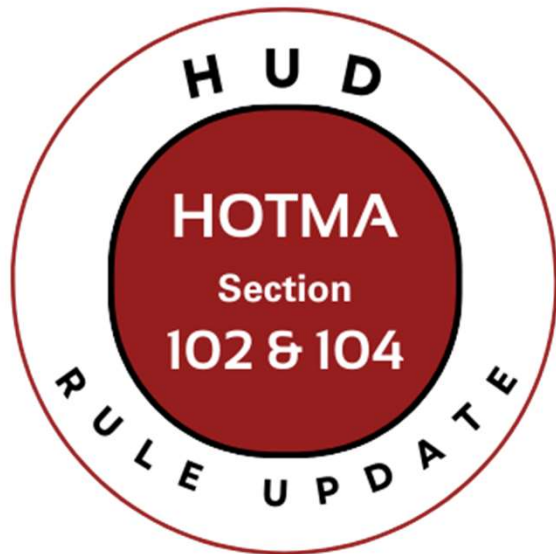
LEARNING AGREEMENTS

- ❖ Engage and Learn
- ❖ Ask questions & explore new ideas
- ❖ Stay focused
- ❖ Avoid acronyms
- ❖ Have fun!



Background

“HOUSING OPPORTUNITY THROUGH MODERNIZATION ACT”



- The Housing Opportunity Through Modernization Act (HOTMA) of 2016
 - Signed into law by President Obama in July 2016
- HUD responsible for implementation of the law
- Includes HUD’s Offices of Community Planning and Development (CPD) and Public and Indian Housing (PIH) among other offices

“HOUSING OPPORTUNITY THROUGH MODERNIZATION ACT”

Self-Implementing Provisions
(*Federal Register* Notice)

Limited Operating Fund and
Capital Fund Eligibility

Inspections of Dwelling Units –
Notice PIH 2017-20 (HA)

Units Owned by a PHA –
Notice PIH 2017-21 (HA)

Project-Owned Voucher –
Notice PIH 2017-21 (HA)

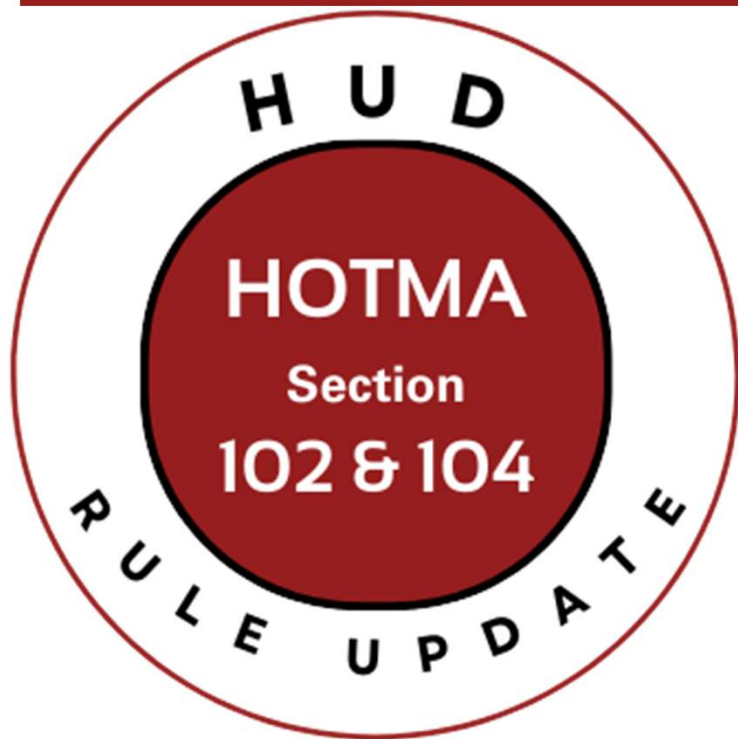
“Housing Opportunity Through
Modernization Act of 2016 –
Housing Choice Voucher (HCV)
and Project-Based Voucher
Implementation; Additional
Streamlining Changes” Proposed
Rule (Oct. 2020)

FINAL RULE: HOUSING OPPORTUNITY THROUGH MODERNIZATION ACT 2016 (HOTMA)

Additional Programs Impacted

- Multi-Family Housing (MFH)
- Community Development and Planning (CBD)
- Housing Opportunities for Persons with AIDS (HOPWA)
- The HOME Investment Partnerships Program (HOME)
- Housing Trust Fund (HTF)
- Housing Choice Voucher (HCV)
 - Includes: Special Purpose Vouchers: Mainstream, Family Unification, Foster Youth Program, etc.
- Public Housing (PH)
- Section 8 Project-Based Rental Assistance (PBRA)
- Section 202/811
- Housing Trust Funds

FINAL RULE: HOUSING OPPORTUNITY THROUGH MODERNIZATION ACT 2016 (HOTMA)



Effective: 1/1/2024

**Must be in Compliance
by: 1/1/25**

COMPLIANCE DATE AND REQUIRED ACTIONS (HCV/PH ONLY)

Compliance:

- All PHAs will be fully in compliance with the HOTMA final rule as early as January 1, 2024 but no later than January 1, 2025.
- To comply with HOTMA PHA's must be able to submit transactions into HIP.

PHA Plans Update:

- Dependent on PHA's Fiscal Year Start Date taking into consideration the PHA's compliance date.
- Regulation: requires that PHA submit its plan 75 days prior to the start of the fiscal year.
- Updated plans will reflect HOTMA rules and discretionary decisions, including public notification and review—indicating that policies will not be effective until the PHA's compliance date.

[Email to PHA Executive Directors Update.pdf \(hud.gov\)](#)

[PIH 2023-27 & H-2023-10](#)

HOTMA COMPLIANCE EXAMPLE

SOFTWARE

- PHA's software vendor says they will be ready to submit to HIP in June 2024.

COMPLIANCE DATE

- PHA set compliance date: August 1, 2024
- Timing recert packets that reflect HOTMA changes in April 2024 for families with an August 1, 2024, annual reexamination effective date.

ANNUAL PLAN

- PHA's fiscal year start date is October 1, 2024.
- Must submit their updated Annual Plan to HUD by May 18, 2024.

NOTICES

- PHA posts a Web site notice that they will apply the new HOTMA effective August 1, 2024.
- Sent out notifications to participants, so they understand the new rules for reporting interim changes.

CHANGES



Definitions

- Changes, adjustments, clarifications
- Update (if in your plan)
 - Glossaries
 - Definitions
 - CFR References

Policy

- New policy requirements
- Mandatory, Discretionary/Optional
- Amendments & Adjustments

POLICY EFFECTIVE DATES

For policies to be implemented at
HOTMA Recommended language

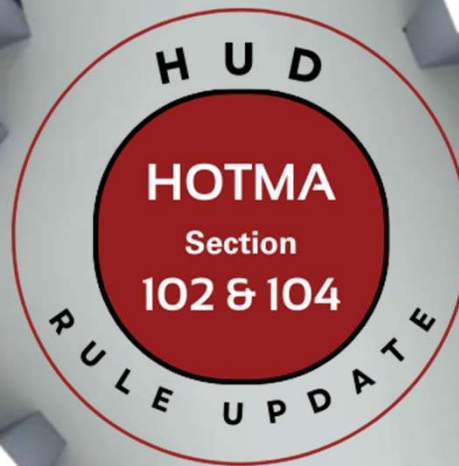
HOTMA is in effect as of January 1, 2024. PHAs
have until January 1, 2025 to become in compliance
with HOTMA

Policy will be in effect when the PHA
implements HOTMA (this date will be
publicly announced when available).

Policy will be in effect when the PHA is ready
to fully implement HOTMA. Save for a few
exceptions, agencies are required to implement
new HOTMA policies at the same time.

TEAMWORK!

OPINIONS



STAFF AND
COMMUNITY
INPUT

POLICY
CONSIDERATIONS

INFLATION ADJUSTMENTS

- **HUD will annually publish the eight inflation-adjusted items no later than September 1, and published at [HUDUser Web site](#).**
- **The revised amounts will be effective on January 1 of the following year starting January 1, 2025.**
- **If listing amounts in plan include: “adjusted annually for inflation”**

Net Family Assets

Imputed Assets

Threshold for non-necessary personal property

Asset Self certification threshold

Mandatory deductions for Elderly and Disabled Families

Mandatory deduction for a dependent

Income Exclusion for dependent Full-Time Students

Income Exclusion for adoption assistance payments

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INCOME REVISIONS REGULATIONS

- Earned Income – 5.100
- Annual Income Definition – 5.609(a)
- Annual Income Exclusions – 5.609(b)
- Annual Income Calculation & Reexaminations – 5.609(c)
- Adjusted Income Mandatory Deductions – 5.611(a)
- Adjusted Income Annual Deductions – 5.611(b)
- Adjusted Income Financial Hardship Exemptions – 5.611(c)
- Income reexaminations – 5.657
- Enterprise Income Verification System – 5.233
- Net Family Assets Definition – 5.603
- Asset restriction – 5.618

TECHNICAL CORRECTIONS

Housing Opportunity Through Modernization Act of 2016—Housing Choice Voucher (HCV) and Project-Based Voucher Implementation; Additional Streamlining Changes

Published via federal register on 05/07/2024

24 CFR 982-Housing Choice Voucher Program

&

24 CFR 983-Project Based Voucher Program

- Removes all references to the Section 8 Certificate Program
- All references are to the Housing Choice Voucher Program

Many sections have been renumbered.
When updating the Administrative Plan, verify all regulatory citations

HUD NOTICE PIH 2023-27/H 2023-10 SUPERSEDES

- **HCV Guidebook chapters to be updated:**
 - Eligibility Determination and Denial of Assistance
 - Reexaminations
- **Public Housing Occupancy Guidebook chapters to be updated:**
 - Eligibility Determination and Denial of Assistance
 - Income Determination
 - Reexaminations
- **HUD Handbook 4350.3: Occupancy Requirements of Subsidized Multifamily Housing Programs chapters to be updated:**
 - Chapter 3. Eligibility for Assistance and Occupancy
 - Chapter 4. Waiting List and Tenant Selection
 - Chapter 5. Determining Income and Calculating Rent
 - Chapter 7. Recertification, Unit Transfers, and Gross Rent Changes
 - Chapter 9: Enterprise Income Verification (EIV)
 - Glossary

HUD NOTICE PIH 2023-27/H 2023-10 SUPERSEDES

- **This notice supersedes and replaces the guidance provided in the following program notices:**
 - *Exclusion from Annual Income of Temporary Employment from the U.S. Census Bureau (H 2020–06)*
 - *Verification of Social Security Numbers (SSNs), Social Security (SS) and Supplemental Security Income (SSI) Benefits; and Effective Use of the Enterprise Income Verification (EIV) System’s Identity Verification Report (PIH 2018–24)*
 - *Administrative Guidance for Effective and Mandated Use of the Enterprise Income Verification (EIV) System (PIH 2018–18)*
 - *Income exclusion under temporary Census employment and Census access (PIH 2017–05)*
 - *Passbook Savings Rate Effective February 1, 2016 (H 2016–01)*
 - *Amendment to the Definition of Tuition (PIH 2015–21/H 2015–12)*
 - *Guidance on Verification of Excluded Income (PIH 2013–04 (HA))*
 - *Establishing the Passbook Savings Rate (PIH 2012–29)*
 - *Housing Choice Voucher – Homeownership Option 10 Year Asset Exclusion (PIH 2012–03)*
 - *Income Exclusion of Kinship, Kin-GAP and Other Guardianship Care Payments (PIH 2012–01 (HA))*

HUD NOTICE PIH 2023-27/H 2023-10 SUPERSEDES

Housing and PIH Notices

- HUD is rescinding PIH Notice 2012–15.
- The following sections of *Streamlining Program Regulations for Programs Administered by Public Housing Agencies* (Notice PIH 2016–05) are rescinded: C:“Exclusion of mandatory education fees from income” E:“Earned income disregard”
- F:“Family declaration of assets under \$5,000” N:“Family income and composition: regular and interim examinations” The following Housing notices are partially rescinded by this notice:
- *Streamlining Administrative Regulations for Multifamily Housing Programs* (H 2016–09)
 - “24 CFR 5.216 – Verification of Social Security Numbers” (Section IV). This section of the notice states that an interim reexamination is required to add or update a household member’s Social Security Number (SSN).
 - “24 CFR 5.609 – Definition Change – Exclusion of mandatory education fees from income” (Section VI). This section of the notice references the outdated income exclusion in 24 CFR § 5.609(b)(9).
- *Section 811 Project Rental Assistance (PRA) Occupancy Interim Notice* (H 2013–24)
 - “Annual Recertification” (Section IV.F). This section of the notice states that MFH Owners must conduct interim reexaminations as described in HUD Handbook 4350.3 REV-1, Chapter 7.
- *Enterprise Income Verification (EIV) System* (H 2013–06)
 - “Using EIV Reports” (Section VII). This section of the notice states that MFH Owners are required to use EIV Income Reports as a third-party source to verify a tenant’s employment and income information during interim reexaminations.
 - “Use of EIV Reports” (Attachment 6). This attachment to the notice states that the use of EIV Reports (Income Report, Income Discrepancy Report, and Summary Report) is mandatory at interim reexaminations.

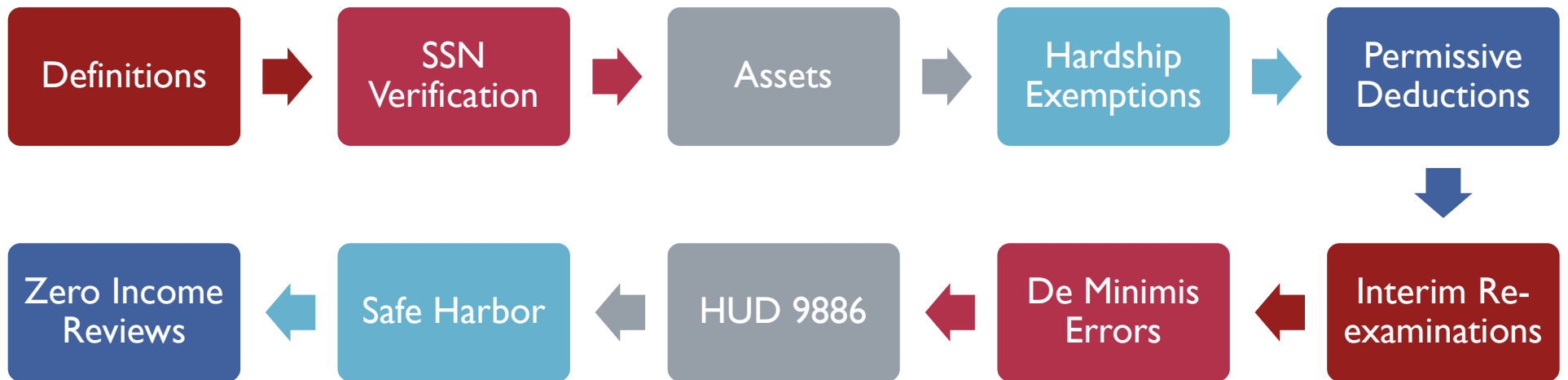
POLL/QUESTION



I work with the following programs:

- a) Public Housing
- b) Housing Choice Voucher
- c) Multi-family
- d) Combination of a, b, or c

AREAS OF CHANGE





24 CFR 5.403(I) FAMILY DEFINITION



- *Family* includes, but is not limited to, regardless of marital status, actual or perceived sexual orientation, or gender identity, the following:

- ii. An otherwise eligible youth who has attained at least 18 years of age and not more than 24 years of age and who has left foster care, or will leave foster care within 90 days, and is homeless or is at risk of becoming homeless at age 16 or older;

← Add this new definition in PHA/Owner plans.

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24 CFR 5.603 EARNED INCOME



Earned Income:

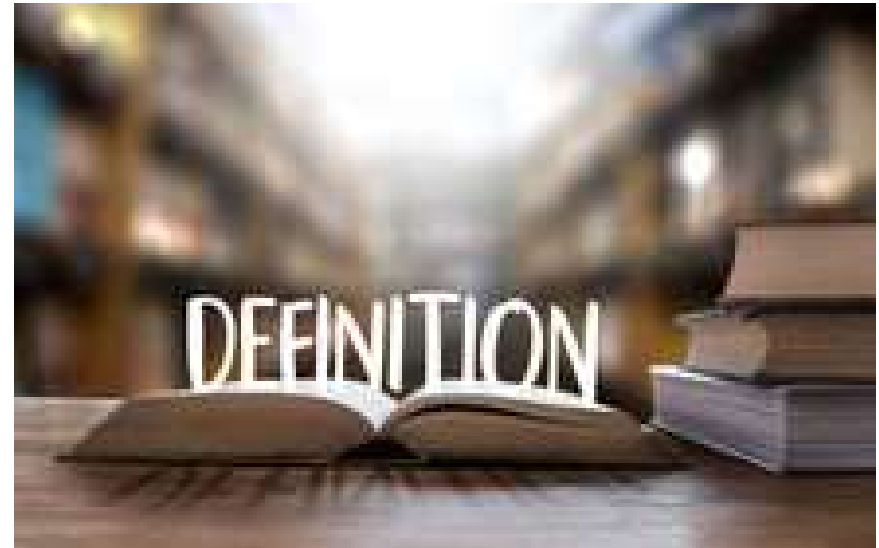
- Wages, tips, salaries, other employee compensation, and net income from self-employment
- Self employment includes:
 - **Independent contractor:** An individual who qualifies as an independent contractor, instead of an employee, under IRS federal income tax requirements and whose earnings are subject to the self-employment tax
 - **Day Laborer:** An individual hired and paid one day at a time without an agreement that the individual will be hired or work again in the future
 - **Seasonal Worker:** An individual who is hired for a short-term position where employment begins about the same time each year. Typically, they are hired to address seasonal demands



24 CFR 982.4 - DEFINITIONS

New or revised definitions include:

- Building
- Foster adult and foster child
- Housing Quality Standards
- Independent Entity
- Request for Tenancy Approval
- Small Area Fair Market Rents
- Tenant Paid Utilities



REGULATION:

24 CFR § 5.216(G)(1) 891.105;
891.410(B)-(C) AND (G);
891.610(B)-(C) AND (G)

VERIFICATION OF SOCIAL SECURITY NUMBER (SSN)



Background

- It has become increasingly difficult for applicants to meet HUD's SSN disclosure requirements, particularly for those individuals experiencing homelessness.
- To help protect individuals' privacy, many federal, state, and local agencies no longer print an individual's SSN on official documentation.
- HUD is adjusting what the Department considers acceptable documentation of SSN to make it easier for applicants to access programs.

24 CFR 5.216(G)(1)
**VERIFICATION OF
SOCIAL SECURITY
NUMBER (SSN)**



PHAs must attempt to gather third-party verification of SSN prior to admission

Option: to accept a tenant declaration and a third-party document with the applicant's name printed on it to satisfy the requirement.

Verification of Social Security Numbers

When accepting a tenant declaration of SSN, PHAs must:

1. State the circumstances in which they will resort to using tenant declaration of SSN in their ACOP/Admin Plan
2. Review the Failed SSA Identity Report monthly to identify any participants whose identity is not verified.

24 CFR 5.216(G)(1) VERIFICATION OF SOCIAL SECURITY NUMBER (SSN)

DISCRETIONARY POLICY



SAMPLE LANGUAGE

PHA requires that each family member (except non-eligible family members in mixed families) provide their Social Security number (SSN) and proof that the SSN belongs to that person.

If a member of the family is unable to provide a Social Security card or other evidence of their SSN, *PHA* will accept a document stating the person's name and a declaration from the person stating 1) why they cannot obtain their Social Security card and 2) what their SSN is.

If *PHA* has accepted any declarations as evidence of a SSN, *PHA* will review the Failed SSA Identity Report monthly to quickly identify any participants whose identity is not verified.

ASSETS



- 1. IMPUTED ASSET THRESHOLD**
- 2. HUD PASSBOOK RATE**
- 3. SELF-CERTIFICATION OF ASSETS**
- 4. NECESSARY PERSONAL PROPERTY**
- 5. ASSET LIMITS**



DEFINITION UPDATE: IMPUTED ASSETS

Income from Assets

- Calculate actual returns (if possible), if not possible and assets are over **\$50,000** (adjusted annually for inflation), the PHA must impute income for the asset **(based on current passbook savings rate)**
- PHAs were previously permitted to set their own passbook rates within a HUD-published range; effective with the final rule, PHAs/MFH Owners will be required to use the HUD-published passbook rate. For 2024 it is .40% effective with agency HOTMA implementation.

POLICY UPDATE: IMPUTING INCOME FROM ASSETS



- When net family assets are \$50,000 (adjusted annually for inflation) or less, PHA will include in annual income the actual income anticipated to be derived from the assets. When the family has net family assets in excess of \$50,000 (adjusted annually for inflation), PHA will include in annual income the greater of:
 - (1) the actual income derived from the assets or
 - (2) the imputed income
- Imputed income from assets is calculated by multiplying the total cash value of all family assets by the current HUD-established passbook savings rate.





ASSETS: BANK STATEMENTS DISCRETIONARY POLICIES

When fully verifying assets, the PHA may choose to require more than one account statement for some or all interest-accruing accounts.

POLICY SAMPLE:

- When fully verifying assets, PHA will obtain a minimum of [one] account statement to verify the balance and any interest on accounts, including any checking and savings accounts.



PASSBOOK RATE

PHAs were previously permitted to set their own passbook rates within a HUD-published range; effective with the final rule, PHAs will be required to use the HUD-published passbook rate.

2024* HUD Passbook Rate: 0.40%

FDIC Monthly Update, Date of Publication	National Deposit Rate, Savings Accounts
4/17/2023	0.39 percent
5/15/2023	0.40 percent
6/20/2023	0.42 percent
HUD Passbook Rate (average of 3 months of FDIC National Deposit Rates)	0.40 percent

**HCV/PH: May continue to set own rate until HOTMA is implemented.
Multi-Family: Use .06 until HOTMA implementation**

**POLICY OPTION:
SELF-
CERTIFICATION OF
NET FAMILY ASSETS**

Households may self-certify if assets under \$50,000 (adjusted for inflation)

Accepts
self cert:

Required to fully verify net family assets every three years.

Families can also self-certify that they do not have any present ownership interest in any real property

Does
Not:

Must verify a family's net assets annually

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**POLICY
CONSIDERATIONS:**

**SELF-CERTIFICATION
OF NET FAMILY ASSETS**

- Accepting self-certifications streamlines reexaminations and may be less burdensome for the PHA.
- Accepting self-certification at admission may reduce the initial burden on applicants and speed up the leasing process.
- Consider the local needs and priorities in their communities along with the potential risks, including the requirement to repay funds for participants who are later found to be ineligible.

Sample 1:

It is the policy of **PHA** to determine each family's net family assets at the time of admission and at annual and interim reexaminations.

Sample 2:

It is the policy of the PHA to accept a family's self-certification of net family assets equal to or less than the threshold above which imputed returns must be calculated on net family assets at admission (only for new admissions effective on or after PHA HOTMA Effective date) and at reexamination.

Sample 3:

Upon the agencies implementation of HOTMA, existing participants will be able to self-certify assets valued at or below the HUD threshold or less. PHA reserves the right to request additional documentation. Every three years, HPD will require third party verification of all assets, including those valued at below the threshold which imputed returns must be calculated on net family assets

Self Certification SAMPLE LANGUAGE

PHAs must include in their ACOPs or Admin Plans whether they will accept a family's self-certification of net family assets equal to or less than \$50,000 at admission (only for new admissions effective on or after HOTMA Implementation) and at reexamination.

Sample 4:

PHA will determine net family assets and anticipated income earned from assets at new admission. By fully verifying the information reported by the family, regardless of the family having assets that are equal to or less than the HUD threshold which imputed returns must be calculated on net family assets.

Sample 5:

After a family's assets of at or below the HUD threshold have been self-certified for two years in a row, at the next annual reexamination, PHA will fully verify net family assets and anticipated income earned from assets. After fully verifying the family's net family assets, PHA will resume accepting self-certification until the third annual reexam following the most recent full verification. If net family assets are greater than the HUD threshold assets will be fully verified.

Self-Certification SAMPLE LANGUAGE (continued)

POLL/QUESTION

Will your agency be accepting self certifications of net family assets?

Yes

No



ASSET LIMITS

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INITIAL ELIGIBILITY REQUIREMENTS

ASSETS RESTRICTIONS: CASH VALUE OF ASSETS



Families are ineligible for public housing or Section 8 assistance if they have net assets over \$100,000

- Adjusted each year for inflation based on the Consumer Price Index- For Urban Wage Earners And Clerical Workers (CPI-W) starting in 2025

PHA Policy:

Must include this admission and termination/eviction policy in their ACOPs or Admin Plans.

Multi-Family

Optional policy.

INITIAL ELIGIBILITY REQUIREMENTS REAL PROPERTY



PHA Policy:

Must include this admission and termination/eviction policy in their ACOPs or Admin Plans.

Multi-Family
Optional policy.

- Families would be ineligible for assistance if they have real property suitable for occupancy that the family has ownership interest, legal right to reside in, and authority to sell
- If family has property, they must demonstrate that they do not have a present ownership interest in, legal right to reside in, or the legal authority to sell the property
 - Ability to sell is based on the State and local laws of the property's jurisdiction

SAMPLE POLICY DEFINING PROPERTY NOT SUITABLE FOR OCCUPANCY



- The property is not capable of meeting the disability-related needs of all members of the family (e.g., does not meet physical accessibility requirements, family has disability-related need for additional bedrooms, family needs proximity to accessible transportation). Documentary requirements to establish disability-related needs must comply with applicable fair housing and civil rights requirements.
- The property is not sufficient for the size of the family. **A PHA/MFH Owner's occupancy standards may be used for such a determination.**
- The family does not have the legal right to reside in the property.



SAMPLE POLICY

DEFINING PROPERTY NOT SUITABLE FOR OCCUPANCY (CONT)

- The property is geographically located so that it creates a hardship for the family
- In written policies, **PHAs/MFH Owners may set parameters on what constitutes such a hardship, but they must consider the specific circumstances of the family, including information provided by the family, in making a determination.**
 - e.g., the distance or commuting time between the property and the family's place of work or school would place a hardship on the family, as determined by the PHA/MFH Owner.
 - Distance or commute time to school/work are illustrative, but not exhaustive examples of geographic hardships.
- The property is not safe to reside in because of its physical condition (e.g., the property's physical condition poses a risk to the family's health and safety and the condition of the property cannot be easily remedied). Unsafe property conditions could include external circumstances or environmental factors outside the control of the family. The property may be deemed not suitable for occupancy if the alterations that would be needed to make it safe to live in are cost prohibitive.

ELIGIBILITY REQUIREMENTS REAL PROPERTY: EXCLUSIONS



Exclusions:

- A manufactured home for which the family is receiving Section 8 assistance
- Families that receive homeownership assistance from the PHA
- Any property jointly owned by a family member and another individual who does not live with the family but who resides at the jointly owned property.
- Any property owned by a family that includes a person who is a victim of domestic violence, dating violence, sexual assault, or stalking.
- Any property that the family is offering for sale. Documentary evidence of the sales process could include, for example, a contract with a real estate agent or a current real estate listing.

ELIGIBILITY REQUIREMENTS

REAL PROPERTY: NON-RESIDENTIAL

- If the family owns property that cannot be legally occupied as a residence, such as a commercial establishment (e.g., convenience store or retail establishment):
 - Considered unsuitable for occupancy
 - BUT! The real property's value under HOTMA is the net cash value of the real property after deducting reasonable costs that would be incurred in disposing of the family's real property:
 - Repayment of mortgage debt or other monetary liens on the real property
 - This amount would be considered annual income and in determining if the family has assets over \$100,000

24 CFR § 5.603 NON-NECESSARY PROPERTY



All assets are categorized as either real property (e.g., land, a home) or personal property.

Personal property includes tangible items, like boats, as well as intangible items, like bank accounts.

For example, a family could have non-necessary personal property with a combined value that does not exceed \$50,000 but also own real property such as a parcel of land.

Even though the non-necessary personal property would be excluded from net family assets, the real property would be included in net family assets regardless of its value unless the real property meets a different exclusion under 24 CFR § 5.603.

Non-necessary items of personal property if the combined total value does not exceed \$50,000* are excluded from assets.

NET FAMILY ASSETS

Net family assets do not include the value of personal property, except for items of “significant value” that are non-necessary.



Necessary	Non-Necessary
Cars/Vehicles for transportation—for personal or business use	Recreational Vehicles not needed for day-to-day transport (campers, motorhomes, etc.)
Wedding and Engagement Rings	Recreational boat/watercraft
Medical Equipment and supplies	Collectibles
Clothing	Gems, antique cars, artwork



24 CFR § 5.603

NON-NECESSARY PROPERTY

1. Non-Necessary Personal Property: This category includes items that are not essential for daily living. Examples of non-necessary personal property include:

1. Campers
2. Motorhomes
3. Travel trailers (if not used for day-to-day transportation)
4. All-terrain vehicles (ATVs) that are not for regular transportation
5. Bank accounts
6. Financial investments
7. Recreational boats
8. Expensive jewelry without religious or cultural value
9. Collectibles
10. Equipment not generating business income
11. Luxury items

2. Exclusion Threshold: Non-necessary personal property is excluded if the **combined value** of such property does not exceed **\$50,000**. This threshold is adjusted annually for inflation

POLICY CONSIDERATIONS:

How to establish current value?

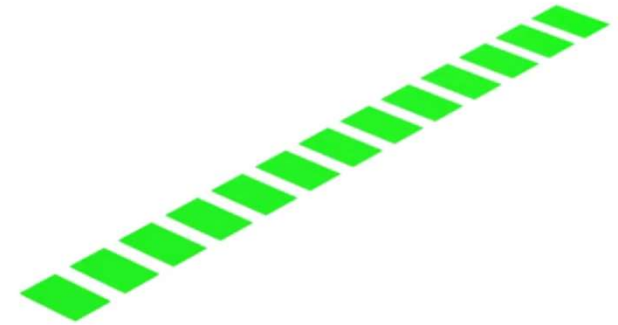
- Copies of real estate tax statements; copies of real estate closing documents that indicate distribution of sales proceeds and settlement costs; mortgage statements, a copy of a deed, utility bills for rental property and any other documents to establish the current value of any property.
- In a situation where an asset is owned by more than one person, only the percentage owned by the participant will be counted as the asset.
- In a situation where an applicant or participant has any ownership interest in property, even if in name only, the property will be calculated as owned by the participant or applicant. Documentation of change in ownership will be required to remove the property from calculation
- Zillow, Redfin and other sites?

Other Non-necessary property:

- Appraised value? Fair Market Value? Kelly Blue Book? Tenant Declaration?

QUESTION/POLL

How do you establish
current value?





24 CFR 5.603(B) PARA. (I) NET FAMILY ASSETS

The net cash value of all assets owned by the family, after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment



25 CFR 5.603(B) PARA (3) AND (4) EXCLUDED ASSETS

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(3) Excluded from the calculation of net family assets are:

- (i) The value of necessary items of personal property;
- (ii) The combined value of all non-necessary items of personal property if the combined total value does not exceed \$50,000 (which amount will be adjusted by HUD in accordance with the Consumer Price Index for Urban Wage Earners and Clerical Workers);
- (iii) The value of any account under a retirement plan recognized as such by the Internal Revenue Service, including individual retirement arrangements (IRAs), employer retirement plans, and retirement plans for self-employed individuals;
- (iv) The value of real property that the family does not have the effective legal authority to sell in the jurisdiction in which the property is located;
- (v) Any amounts recovered in any civil action or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a family member arising out of law, that resulted in a family member being a person with a disability;
- (vi) The value of any Coverdell education savings account under section 530 of the Internal Revenue Code of 1986, the value of any qualified tuition program under section 529 of such Code, the value of any Achieving a Better Life Experience (ABLE) account authorized under Section 529A of such Code, and the value of any “baby bond” account created, authorized, or funded by Federal, State, or local government.
- (vii) Interests in Indian trust land;
- (viii) Equity in a manufactured home where the family receives assistance under [24 CFR part 982](#);
- (ix) Equity in property under the Homeownership Option for which a family receives assistance under [24 CFR part 982](#);
- (x) Family Self-Sufficiency Accounts; and
- (xi) Federal tax refunds or refundable tax credits for a period of 12 months after receipt by the family.

(4) In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the trust fund is not a family asset and the value of the trust is not included in the calculation of net family assets, so long as the fund continues to be held in a trust that is not revocable by, or under the control of, any member of the family or household.

ASSET LIMITS: INITIAL ELIGIBILITY



PHAs/MFH Owners must establish written screening criteria in their Administrative Plans, ACOPs, or Tenant Selection Plans, as applicable, to prohibit the admission of applicants who own net family assets that exceed \$100,000 (as adjusted for inflation) and/or real property that is suitable for occupancy. Policies should indicate the general parameters PHAs/MFH Owners will use when determining whether the location of real property constitutes a geographic hardship.

PHAs/MFH Owners **do not have the discretion** to not enforce or provide limited enforcement of the asset limitation at admission.



COMPLIANCE AT NEW ADMISSION: MFH AND RAD

MFH programs only:

- MFH Owners must enforce the asset limitation at initial certification for families who lost their assistance because they failed to recertify timely or began to pay market rent, remained in the unit, and then lost income, once again requiring assistance.

RAD Conversion:

- Families residing in units converting to Section 8 PBRA or PBV through the Rental Assistance Demonstration (RAD) may not be rescreened upon conversion pursuant to the RAD statute; therefore, not subject to the asset limitation provision **at conversion**.
- Families residing in units converting under the First or Second Component of RAD to PBRA or PBV will be subject to the PHA/MFH Owner's discretionary asset limitation policies at their next annual or interim reexamination after conversion, whichever is sooner.

ASSET LIMITS AT RE-EXAMINATION



PHAs/MFH Owners may adopt a written policy of either:

- Total non-enforcement
- Enforcement
- Limited enforcement
- Combined policy with exceptions

ASSET LIMITS

PHA POLICY OPTIONS FOR CURRENT PARTICIPANTS



Option #1: Total Non-Enforcement:

- PHAs/MFH Owners may choose not to enforce the asset limitation, if they establish a written non-enforcement policy.

■ Sample Policy:

The PHA has non-enforcement policy at re-examination for families with net assets over \$100,000 (adjusted annually for inflation) and for families with real property suitable for occupancy that the family has ownership interest, legal right to reside in, and authority to sell. This applies to all program participants prior to the PHA's implementation of HOTMA [add date if available].

ASSET LIMITS

PHA POLICY OPTIONS FOR CURRENT PARTICIPANTS



Option #2: Enforcement:

- PHAs/MFH Owners with an enforcement policy at reexamination must initiate termination or eviction proceedings within six months of the income examination that determined the family was out of compliance.

■ Sample Policy:

The PHA will enforce the asset limit policy for all families with net assets over \$100,000 (adjusted annually for inflation) and for families with real property suitable for occupancy that the family has ownership interest, legal right to reside in, and authority to sell.

The PHA will initiate termination or eviction proceedings within [six months] of the income examination that determined the family was out of compliance.

OPTION 2: TERMINATION OR EVICTION OF ASSISTANCE BY PROGRAM:

- **Section 8 Project-Based Rental Assistance program, including the Section 202/8 program:**
 - Participants who are not compliant with the asset limitation must either pay the contract rent for the unit or vacate the unit after termination of assistance.
- **Housing Choice Voucher program:**
 - participants who are not compliant with the asset limitation are subject to termination of assistance, but there is no requirement that the unit owner initiate eviction because of non-compliance with the asset limitation.
- **Public Housing program**
 - participants who are not compliant with the asset limitation are subject to termination of assistance and eviction from the unit, if they fail to vacate the unit voluntarily. There is no general provision that allows such families to remain and pay an alternative rent.

OPTION 2: TERMINATION OR EVICTION OF ASSISTANCE BY PROGRAM:

■ **Section 8 Project-Based Voucher program:**

- Participants who are not compliant with the asset limitation are subject to termination of assistance.
- The PHA and owner may agree to remove the unit from the HAP contract, at which point the unit becomes an unassisted unit, and the owner may choose to allow the family to stay and pay the market rent. (The owner may charge the family a rent that is below-market rate, in which case it would be considered a landlord-assisted unit for rent reasonableness purposes.)
- When the family subsequently vacates the unit, the unit may be added back to the HAP contract.
- If the project is partially assisted, the PHA and owner may substitute a different unit for the unit removed due to the ineligibility of the tenant, consistent with the requirements for adding units to the HAP contract.
- Alternatively, if the owner refuses to agree to remove the unit from the HAP contract, the owner must evict the family, if they fail to vacate the unit voluntarily. In this case, the owner may not enter into a new lease with the now-ineligible family for that PBV-assisted unit, and the PBV unit must be leased to an eligible family.

OPTION 2: TERMINATION OR EVICTION OF ASSISTANCE BY PROGRAM:

- **Section 8 Moderate Rehabilitation program:**
 - participants who are not compliant with the asset limitation are no longer eligible for assistance.
 - 24 CFR § 882.512 expressly allows that families who were eligible at admission but subsequently become ineligible may remain in HAP contract units.
 - However, if the owner fails to have at least 90 percent of the assisted units leased or available for leasing by eligible families, the PHA may reduce the number of units covered by the HAP contract.
 - The PHA will agree to an amendment of the HAP contract to provide for subsequent restoration of any reduction in units if the PHA determines that the restoration is justified by demand, the owner otherwise has a record of compliance with obligations under the HAP contract, and contract authority is available.

SPECIAL CONSIDERATIONS FOR TERMINATING ASSISTANCE OR EVICTING FAMILIES FOR NON-COMPLIANCE WITH THE ASSET LIMITATION

- Even if PHAs/MFH Owners do not adopt a non-enforcement or limited enforcement policy and/or exception policy, they may delay for a period of up to six months the initiation of termination or eviction of assistance proceedings.
- They are not required to initiate termination or eviction of assistance proceedings immediately upon determining the family is out of compliance with the asset limitation, nor are they required to begin the proceedings during the six-month period in order to have a termination of assistance or eviction completed at the six-month mark.
- PHAs/MFH Owners are encouraged to set policies for the initiation of termination or eviction of assistance proceedings that provide families adequate opportunity to find new housing.
- What it means to initiate termination or eviction of assistance proceedings due to non-compliance with the asset limitation will vary by program.

ASSET LIMITS (CONTINUED)

PHA POLICY OPTIONS FOR CURRENT PARTICIPANTS



Option #3: Limited Enforcement: Option to Cure

- All families who are found to be out of compliance at reexamination would be provided the same opportunity to come back into compliance. Families would have up to but no longer than six months, depending on the limited enforcement policy that the PHA/MFH Owner adopts, to demonstrate that they have come back into compliance. If the family does demonstrate they have come back into compliance within that period, the PHA/MFH Owner would not initiate termination or eviction proceedings.

SAMPLE LIMITED ENFORCEMENT OPTION TO CURE (OPTION 3)

- **Sample Policy A:**

All participant families non-compliant with the asset limitation, the PHA/MFH Owner will provide families [six] months to cure noncompliance. Such families will be subject to termination or eviction proceedings due to non-compliance with the asset limitation should they fail to cure non-compliance.

Families will be required to demonstrate and provide proof of compliance within [six] months, families that fail to comply will be subject to termination or eviction proceedings due to non-compliance with asset limitations.

- **Sample Policy B:**

All families will be given six months to cure their non-compliance with the asset limitation, as stated in the PHA/MFH Owner's policies.

Families will be required to demonstrate and provide proof of compliance within [six] months, families that fail to comply will be subject to termination or eviction proceedings due to non-compliance with asset limitations.

ASSET LIMITS (CONTINUED)

PHA POLICY OPTIONS FOR CURRENT PARTICIPANTS

Option 4: Combined Policy with exceptions



- PHAs/MFH Owners may choose to combine a limited enforcement policy (which applies to all families) with an exception policy for families in the specified exception categories.

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SAMPLE COMBINED POLICY WITH EXCEPTIONS (OPTION 4)

- **Sample Policy A:**

For all families that meet the definition of extremely low income at reexamination and are found to be non-compliant with the asset limitation, the PHA/MFH Owner will not enforce the asset limitation at reexamination. Such families will not be subject to termination or eviction proceedings due to non-compliance with the asset limitation at reexamination. All other families will be subject to a limited enforcement policy and provided six months to cure noncompliance.

- **Sample Policy B:**

For all families that meet the definition of extremely low income at reexamination and are found to be non-compliant with the asset limitation, the PHA/MFH Owner will not enforce the asset limitation at reexamination. Such families will not be subject to termination or eviction proceedings due to non-compliance with the asset limitation at reexamination. All other families will be subject to the enforcement policy.

PIH 2023-27

SAMPLE COMBINED POLICY WITH EXCEPTIONS (OPTION 4)

- **Sample Policy C:**

Families with an elderly family member or a member with a disability will be given six months to cure their non-compliance with the asset limitation, as stated in the PHA/MFH Owner's policies. All other families will be subject to a limited enforcement policy and provided four months to cure noncompliance.

- **Sample Policy D:**

Families with an elderly family member or a member with a disability will be given six months to cure their non-compliance with the asset limitation, as stated in the PHA/MFH Owner's policies. All other families will be subject to the enforcement policy

POLL/QUESTION

Which asset limits policy will your agency adopt?

Total non-enforcement

Enforcement

Limited enforcement

Combined policy with exceptions



ELIGIBLE ACTIVITIES FOR CHILD CARE ALLOWANCE

- *Furthering Education*
- *Gainful Employment*

HOTMA removed provision to provide child care allowance for individuals seeking employment.



Allowable expense cannot exceed earned income (except for when the expense is incurred to permit education or training).

CHILD CARE ALLOWANCE SAMPLE POLICY



PHA will verify that the family member(s) that the family has identified as being enabled to seek work, pursue education, or be gainfully employed, are actually pursuing those activities. Allowable expense cannot exceed earned income (except for when the expense is incurred to permit education or training)

Information to be Gathered

PHA will verify information about how the schedule for the claimed activity relates to the hours of care provided, the time required for transportation, the time required for study (for students), the relationship of the family member(s) to the child, and any special needs of the child that might help determine which family member is enabled to pursue an eligible activity.

■ *Seeking Work*

~~Whenever possible PHA will use documentation from a state or local agency that monitors work-related requirements (e.g., welfare or unemployment). In such cases PHA will request verification from the agency of the member's job seeking efforts to date and require the family to submit to PHA any reports provided to the other agency. In the event third-party verification is not available, PHA will provide the family with a form on which the family member must record job search efforts. PHA will review this information at each subsequent reexamination for which this deduction is claimed.~~

■ *Furthering Education*

PHA will request third-party documentation to verify that the person permitted to further his or her education by the childcare is enrolled and provide information about the timing of classes for which the person is registered. The documentation may be provided by the family.

■ *Gainful Employment*

PHA will seek third-party verification of the work schedule of the person who is permitted to work by the childcare. In cases in which two or more family members could be permitted to work, the work schedules for all relevant family members may be verified. The documentation may be provided by the family.



24 CFR 5.611(A)(3)

MEDICAL & HEALTH EXPENSES

ATTENDANT CARE OR AUXILIARY APPARATUSES



Deductions for amounts over 10% of annual income

- Unreimbursed medical and health expenses for elderly/disabled households
- Unreimbursed attendant care or auxiliary apparatuses needed by disabled families for purposes of employment*

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PHA Action: Notify Families of the changes in health and medical expense deductions

*Income cannot exceed the combined earned income of the adults allowed to work by this allowance.



MEDICAL EXPENSES

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Definition/Glossary update:

- Medical expenses incurred for the diagnosis, cure, mitigation, treatment, or prevention of disease or payments for treatments affecting any structure or function of the body and medical insurance premiums and long-term care premiums that are **paid or anticipated** during the period for which annual income is computed and that are not covered by insurance. (A deduction for elderly or disabled families only.) These allowances are given when calculating adjusted income for medical expenses in excess of 10% of annual income.

24 CFR § 5.603

WHAT ARE MEDICAL EXPENSES?

IRS Publication 502

- PHAs/MFH Owners **cannot align policies** with IRS Publication 502 for determining deductions for health and medical care expenses.
- PHAs/MFH Owners must review each expense to determine eligibility with HUD's definition of health and medical care expenses.

Many administrative plans state:

The most current IRS Publication 502, *Medical and Dental Expenses*, will be used to determine the costs that qualify as medical expenses.

24 CFR 5.611(C)(1) AND 5.611(C)(2) HARDSHIP POLICIES



1. Health/Medical Care Expenses & Reasonable Attendant Care and Auxiliary Apparatus Expenses
2. Child care expenses

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UNREIMBURSED HEALTH AND MEDICAL CARE AND/OR REASONABLE ATTENDANT CARE OR AUXILIARY APPARATUS EXPENSES

Category 1: Phase in

- 24-month phased-in relief at their next annual or interim reexamination, whichever occurs first after the PHA implements HOTMA
- Provides hardships for families who are affected due to the increased threshold of health and medical/attendant care and auxiliary apparatus expense deductions.
- 5% threshold applied for approved hardship based on need.

Category 2: General Hardship

- Relief ends when the circumstances that made the family eligible for relief are no longer applicable OR after 90-days
- May extend exemptions for additional 90-day periods at PHA discretion

CATEGORY I: PHASED IN RELIEF SAMPLE POLICY



All families who received a deduction for unreimbursed health and medical care and/or reasonable attendant care or auxiliary apparatus expenses based on their most recent income examination prior to HOTMA implementation, will begin receiving the 24-month phased-in relief at their next annual or interim reexamination, whichever occurs first after the PHA implements HOTMA (this date will be publicly announced when available).

- Families who receive this phased-in relief will have eligible expenses deducted as follows:
 - 1st twelve months– in excess of 5% of annual income.
 - 2nd twelve months – in excess of 7.5% of annual income.
 - After 24 months – in excess of 10% threshold will phase in and remain in effect unless the family qualifies for general hardship relief.

Once a family chooses to obtain General Relief, a family may no longer receive the phased-in relief.

CATEGORY 2: HARDSHIP POLICY CONSIDERATIONS:

HEALTH OR MEDICAL
CARE EXPENSES,
REASONABLE
ATTENDANT CARE,
OR AUXILIARY
APPARATUS EXPENSES

Mandatory Policy

PHAs must develop policies requiring families to report if the circumstances that made the family eligible for the hardship exemption are no longer applicable.

- Define what constitutes a qualifying hardship for General Relief and how PHA will verify the hardship and family reporting requirements.
- What types of circumstances that will allow a family to qualify for financial hardship and when such deductions may be eligible for additional 90-day extensions.
- Will you allow extensions of the 90-day hardship period while the family's hardship condition continues and the maximum number of 90-day extension periods (if establishing a maximum policy) that a family may receive. PHAs are not limited by HUD to a maximum number of 90-day extension periods.

CATEGORY 2: HARDSHIP

HEALTH OR MEDICAL CARE EXPENSES, REASONABLE ATTENDANT CARE, OR AUXILIARY APPARATUS EXPENSES

SAMPLE LANGUAGE

A family may request a hardship exemption for health or medical care expenses, reasonable attendant care, or auxiliary apparatus expenses.

- **Eligibility:** A family must demonstrate that their applicable expenses increased or they experienced a change in circumstances that resulted in a financial hardship, as defined below, that would not otherwise trigger an interim reexamination. This relief is available regardless of whether the family previously received health and medical deductions or is currently receiving, or previously received, a phased-in hardship exemption under 5.611(c)(1). If the family chooses general relief, they will be ineligible for continued phased-in relief.
- A change in circumstances includes the need for new, qualifying, health / medical, reasonable attendant care and auxiliary apparatus expenses or an increase in the cost of qualifying expenses so that qualifying expenses exceed 5% of the family's annual income.

SAMPLE POLICY



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Participant Guide

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24 CFR 5.611(A)(4) HARDSHIP POLICY: CHILD CARE EXPENSES



Provides hardships for families to maintain child care deduction if the family no longer has a member that is employed or furthering their education.

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24 CFR 5.611(A)(4)
HARDSHIP POLICY:
CHILD CARE
EXPENSES



Policy Considerations:

The PHA/Owner must have an established policy for determining a family's inability to pay the rent if they request a child care hardship exemption.

PHAs must develop policies requiring families to report if the circumstances that made the family eligible for the hardship exemption are no longer applicable.

Hardship provision would expire after 90-days
PHA could extend for additional 90-day periods at its discretion

24 CFR 5.611(A)(4)

HARDSHIP POLICY PROVISIONS: CHILD CARE EXPENSES



- Family would have to demonstrate they are unable to pay their rent because of the loss of the childcare expense deduction
- Childcare is still necessary even though the family member is no longer employed furthering education.
- For example:
 - The parent who was working due to the child care had to leave their job to care for a sick family member. In order to provide this unpaid care they continue to need childcare.

SAMPLE POLICY: CHILD CARE HARDSHIP



It is the policy of **PHA** to extend the child care expense deduction for additional 90-day periods if the family demonstrates that they are unable to pay their rent because of loss of the child care expense deduction, and the child care expense is still necessary even though the family member is no longer employed, looking for work, or furthering his or her education.

PHA may extend the hardship exemption for additional 90-day periods based on family circumstances.

PHA may terminate the hardship exemption if it is determined that the family no longer needs the exemption.

The child care deduction may continue to be necessary when the family has a hardship so that they continue to need child care.

**DISCRETIONARY
POLICY:
DETERMINATION OF
THE FAMILY'S
INABILITY TO PAY
RENT**



HARDSHIP: Discretionary Policy

PHAs have discretion to establish policies for the purpose of determining eligibility for general hardship relief for the health and medical care expense deduction and for the child care expenses hardship exemption.

PHAs must establish policies on how they define what constitutes a hardship triggering eligibility for a hardship exemption i.e., when a family is unable to pay rent.

PHAs must describe these policies in their ACOP / Admin Plan, as applicable.

SAMPLE POLICY HARDSHIP SITUATIONS



It is the policy of **PHA** to offer general hardship relief for the regular health and medical expenses deduction and the child care deduction. Hardship includes the following situations:

Child care

A death has occurred in the family. In order to qualify under this provision, a family must describe how the death has created a need for child care.

A health/ medical issue in the family which has created the need for child care. In order to qualify under this provision, a family must describe how the health or medical issues have created a need for child care.

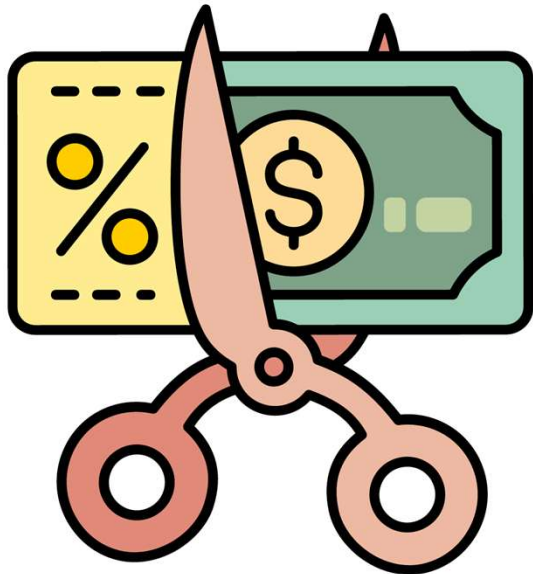
A family is considered to have a hardship when:

The household's family share of total housing costs exceeds 35 percent of adjusted household income.

Or when the family would be evicted because it is unable to pay the tenant portion of the rent.

24 CFR § 5.611(B)(1) OPTION: ADDITIONAL DEDUCTIONS

PHAs may adopt additional deductions from annual income



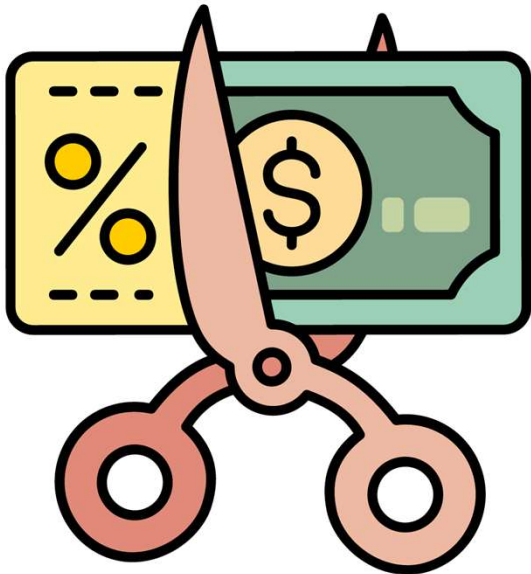
- Those deductions cannot materially increase Federal expenditures
- PHAs that adopt permissive deductions would not be eligible to receive any program funding to cover the increased cost to the impacted program
- The PHA would have to identify the additional cost of the deduction to HUD and cover the cost
- Only PHAs, not owners that happen to be PHAs, may adopt additional deductions

Not applicable for MFH Housing

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EXAMPLES: BASIS FOR ADDITIONAL DEDUCTIONS



Additional deductions may be for any amount, established at the discretion of the PHA, which may be based on:

- The amount of income received from a certain source, e.g. Guaranteed Basic Income, or of a particular type, e.g. \$500 for any family member that receives earned income.
- Families having certain characteristics, or
- The amount received by families or members during certain periods or from certain sources.

POLICY
CONSIDERATIONS

ADDITIONAL
DEDUCTIONS

PUBLIC HOUSING



Public housing:

A PHA that adopts such deductions will not be eligible for an increase in Capital Fund and Operating Fund formula grants based on the application of such deductions. The PHA must establish a written policy for such deductions.

ADDITIONAL DEDUCTIONS

POLICY CONSIDERATIONS:

HCV, MOD REHAB, SRO



HCV, moderate rehabilitation, and moderate rehabilitation Single-Room Occupancy (SRO) programs:

A PHA that adopts such deductions must have sufficient funding to cover the increased housing assistance payment cost of the deductions.

A PHA will not be eligible for an increase in HCV renewal funding or moderate rehabilitation program funding for subsidy costs resulting from such deductions.

ADDITIONAL DEDUCTIONS

POLICY CONSIDERATIONS:

HCV, MOD REHAB, SRO



HCV, moderate rehabilitation, and moderate rehabilitation Single-Room Occupancy (SRO) programs:

PHAs operating a public housing program may have previously adopted permissive deductions which incentivize or encourage self-sufficiency and economic mobility and may consider utilizing the same deductions in HCV, moderate rehabilitation, and moderate rehabilitation Single-Room Occupancy (SRO) programs.

For the HCV program, the PHA must include such deductions in its Admin Plan. For moderate rehabilitation, the PHA must establish a written policy for such deductions.



SAFE HARBOR VERIFICATIONS

DETERMINATION OF INCOME USING OTHER MEANS TESTED PUBLIC ASSISTANCE

OPTIONAL POLICY:

PHAs/MFH Owners may determine a family's annual income, including income from assets, prior to the application of any deductions based on income determinations made within the previous 12-month period, using income determinations from means-tested federal public assistance programs.

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LIST OF MEANS-TESTED FEDERAL PUBLIC ASSISTANCE PROGRAMS

- The Temporary Assistance for Needy Families block grant (42 U.S.C. 601, et seq.).
- Medicaid (42 U.S.C. 1396 et seq.).
- The Supplemental Nutrition Assistance Program (42 U.S.C. 2011 et seq.).
- The Earned Income Tax Credit (26 U.S.C. 32).
- The Low Income Housing Tax Credit (26 U.S.C. 42).
- The Special Supplemental Nutrition Program for Woman, Infants, and Children (42 U.S.C. 1786).
- Supplemental Security Income (42 U.S.C. 1381 et seq.).
- Other programs administered by the Secretary.
- Other means-tested forms of federal public assistance for which HUD has established a memorandum of understanding.
- Other federal benefit determinations made by other means-tested federal programs that the Secretary determines to have comparable reliability and announces through a *Federal Register* notice.

SAFE HARBOR SAMPLE DISCRETIONARY POLICY



Safe Harbor verification must be obtained by means of third-party verification and must state the family size, must be for the entire family (i.e., the family members listed in the documentation must match the family composition in the assisted unit) and must state the amount of the family's annual income.

Discretionary Policy

PHAs that choose to implement such a "Safe Harbor" determination must:

Establish in policy when they will accept Safe Harbor income determinations, including which programs they will accept income determinations from; and

Create policies that outline the course of action when families present multiple verifications from the same or different acceptable Safe Harbor programs.

PHAs must include in their ACOP/Admin Plan, as applicable, whether they will accept Safe Harbor income determinations, along with the accompanying policies described above, if applicable.

SAMPLE POLICY SAFE HARBOR



PHA may determine the family's income prior to the application of any deductions based on income calculation information from other means-tested forms of federal public assistance programs or agencies, listed below, made within the previous 12-month period.

The **PHA** will use third-party verification, which must include the family size and composition and state the family's annual income. The verification must be dated within the time frame specified for the type of verification, including within the previous 12-month period for purposes of the specified means-tested forms of federal public assistance. The family members listed in the third-party verification must match the family composition in the assisted unit. The annual income need not be broken down by family members nor income type.

Given that annual income includes income earned from assets, when using Safe Harbor to verify a family's income, **PHA** will not inquire as to a family's net family assets, nor the income earned from those assets except with respect to whether the family owns assets which exceed the asset limitation in 24 CFR § 5.618.

If multiple determinations are available that meet all of the minimum verification criteria, **PHA** will use the most recent determination (if completed more than 3 months apart). If determinations were completed within 3 months, **PHA** will use them in the following order:

- The Low-Income Housing Tax Credit program (26 U.S.C. 42).
 - The Supplemental Nutrition Assistance Program (42 U.S.C. 2011 et seq.).
- (Can add more...minimum of 1)

If **PHA** cannot obtain the required third-party verification, or if the family disputes the determination, the **PHA** will calculate the family's annual income using the methods established in 5.609(c)(1) and (2) or in the applicable program regulations.

INCOME EXCLUSIONS

- ✓ Update exhibits/lists in plan
- ✓ Full list on 24 CFR § 5.609(b)
- ✓ Page 24 of participant guide



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24 CFR § 5.609(b) INCOME EXCLUSIONS-HIGHLIGHTS



State Payments to Allow Individuals with Disabilities to Live at Home

- Payments must be made by or authorized by a state Medicaid managed care system, other state agency services, authorized entity, for caregiving to enable a family member with a disability to live in the assisted unit.

24 CFR § 5.609(b) INCOME EXCLUSIONS-HIGHLIGHTS

Retirement Plans



- Income received from any account under an IRS-recognized retirement plan.
- Any distribution of **periodic payments** from these accounts shall be income at the time they are received by the family.
- Retirement accounts include:
 - Individual retirement arrangements (IRAs)
 - Employer retirement plans, and
 - Retirement plans for self-employed individual

24 CFR § 5.609(b) INCOME EXCLUSIONS-HIGHLIGHTS

Reimbursements for Health and Medical Care Expenses

- Amounts received by the family that are specifically for, or in reimbursement of, the cost of health and medical care expenses for any family member.

Insurance payments and settlements for personal or property loss

- Including, but not limited to: payments through health insurance, motor vehicle insurance, and workers' compensation.



ANNUAL RE-EXAMINATIONS

PHA will conduct a reexamination of family income and composition at least [annually].

This includes gathering and verifying current **and prior year** information about family composition, income, and expenses.

Based on this information, the family's income and rent will be recalculated.

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NOTICE PIH 2023-27 ANNUAL REEXAMINATIONS



The **PHA** must determine the family income for the previous 12-months for certain income types.

- **Use current/anticipated income for fixed income sources**
- **Use prior year income when available**
- **Taking into account any redetermination from an interim reexamination and any other changes in income**

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GU0 Revised reference and revised for clarity

Guest User, 2024-02-05T13:27:30.436

GU1 May wish to note this is new under HOTMA

Guest User, 2024-02-05T13:30:36.038

GU2 May wish to note this is for PHAs not using Safe Harbor income determinations or streamlined income determinations.

Guest User, 2024-02-05T13:36:49.085

STEPS TO CONDUCTING ANNUAL REVIEW

Step 1: Review

- EIV
- Recent 50058
- Family certification on documents

Step 2: Determine if any Interims occurred

- If yes, go to step 3
- If No and family reported an interim that was not processed, go to step 3.
- If No and no changes, go to Step 4

Step 3: Use current income to calculate

Step 4: If no changes, use prior year income to calculate



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- GU0** Recommend specifying that reviewing EIV includes a review of the EIV Income Report, IVT Report, and New Hires Report.
Guest User, 2024-02-05T13:28:17.282
- GU1** For step 2, a family's circumstances may have changed where no interim was required or reported, but still must be taken into account.
Guest User, 2024-02-05T13:29:58.442
- GU2** For step 3, recommend acknowledging verification must be obtained for current income
Guest User, 2024-02-05T13:32:29.230

24 CFR 5.609(C)

ANNUAL REEXAMINATIONS (UNLESS USING STREAMLINED VERIFICATIONS)

Overview of Calculating Annual Income at Annual Reexamination

- PHA will determine the annual income for the previous 12-month period as defined at 24 CFR § 5.609(a) and (b). If there have been no changes to income beyond this calculation, then this is the amount that will be used to determine the family's rental assistance for all non-COLA income.
- The PHA will review the following information to determine prior-year income:
 - The EIV Income Report (must be pulled within 120 days of the effective date of the annual reexamination to be considered current);
 - The income reported on the most recent reexamination HUD-50058/HUD-50059; and
 - What the family certified to on the PHA/MFH Owner's current annual reexamination paperwork for prior-year income, if available.

ANNUAL RE- EXAMINATION: ESTABLISHING PATTERNS

- PHA will review all family income at annual reexamination, PHA will exclude Lump-Sum Additions to Net Family Assets as non-recurring sources of income, but, at the subsequent annual re-examination if the PHA/MFH Owner can establish a pattern, the income should be included in the annual income calculation.

SAMPLE POLICY: APPLYING COLA INCREASES



Background:

Annually in October, the Social Security Administration (SSA) announces the cost-of-living adjustment (COLA) by which federal SS and SSI benefits are adjusted to reflect the increase, if any, in the cost of living as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers prepared by the Bureau of Labor Statistics. The purpose of the COLA is to ensure that the purchasing power of SS and SSI benefits are not eroded by inflation. The federal COLA does not apply to state-paid disability benefits. Additional information regarding the SSA COLA is available online at www.socialsecurity.gov.

Policy:

Cost of living increases will be applied the day after the announcement to all annual and interim re-examinations that have not yet been completed and will be effective January 1 or later of the upcoming year.



INTERIM RE-EXAMINATIONS

24 CFR §§ 960.257(B)(6); 982.516(C)(4); AND 882.515(B)(4) - (B)(5).

PHAs must adopt policies consistent with the rule detailing when and under what conditions the family must report a change in family income or composition

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CALCULATION OF FAMILY INCOME

Income Reviews

Current year
income

- Initial eligibility
- Interim reexamination

PHAs may adjust income as needed

Either due to reexam, or changes in income not accounted for in reexam

INCOME REEXAMINATIONS

Changes how PHAs are required to review incomes

- PHAs **must** conduct an interim review when the family's adjusted income is estimated to have
 - Increased by 10% or more (excludes earned income)
 - Decreased by 10% or more (or lower per HUD or PHA Policy)

**PHA Policy Consideration:
Threshold for processing decreases:
10% or lower?
PHA may establish policy to round up or down**

INCOME REEXAMINATIONS

PHAs cannot consider earned income when estimating whether annual adjusted income has increased

- Unless increases correspond to a reexam that occurred during the certification period

PHA Policy Consideration:

For increases, earned income does not count (unless PHA policy requires it following an interim reduction in the same certification period).

HOTMA Tenant Benefit:

With the changes in the interim and annual reexamination rules, families can keep more of their earned income before receiving a rent increase.

EIV AT INTERIM REEXAMINATION

Review of EIV Not Required at Interim Reexamination:

- HOTMA eliminates the requirement for PHAs to use EIV to verify tenant employment and income information during an interim reexamination, significantly reducing administrative burden.

INCOME REEXAMINATIONS

WHEN TO DO AN INCOME REEXAMINATION

- Family requests reexamination (PHA may decline if does not meet criteria)
- Income decreases by 10% (or lower established by PHA)
- Unearned income increases by 10% (unless within last three months of certification period)
- Earned income increases by 10% AND family had an interim reduction during the certification period (unless within last three months of certification period)

INCOME REEXAMINATIONS

WHEN NOT TO DO AN INCOME REEXAMINATION

- Income decreases by less than 10% (or lower established by PHA)
- Earned income increases by 10%
- Unless family had interim reduction during the certification and annual examination is more than 3 months away (PHA option).

PROCESSING INTERIMS- REMOVAL OF FAMILY MEMBER

Decrease:

- Process interim re-examination: 0% threshold applies when a decrease in family size results in a **decrease** in adjusted income.

No change:

- Process non-interim transaction is processed.

Increase

- Process the removal of the household member(s) as a non-interim reexamination transaction **without** making changes to the family's annual adjusted income.

24 CFR §§ 5.657(C)(2) 891.105; 891.410(G)(2); AND 891.610(G)(2) NON-INTERIM RE-EXAMINATION TRANSACTIONS

- Changes that do not trigger an interim under HOTMA Rules---BUT still need to be reported.
- Use **NEW ACTION CODE** (further guidance coming with 50058/50059 revision)

Use when adding or removing:

hardship exemption for
the child-care expense
deduction;

general hardship relief for
the health and medical
care expense deduction
and/or reasonable
attendant care and
auxiliary apparatus
expense deduction;

minimum rent hardship;

24 CFR §§ 5.657(C)(2) 891.105; 891.410(G)(2); AND 891.610(G)(2) NON-INTERIM RE-EXAMINATION TRANSACTIONS

- Changes that do not trigger an interim under HOTMA Rules---BUT still need to be reported.
- Use **NEW ACTION CODE** (further guidance coming with 50058/50059 revision)

Use when adding or removing:

Non-family member
(i.e., live-in aide, foster
child, foster adult);

Family member and the
**increase in adjusted
income** does not
trigger an interim
reexamination under
the final rule;

Family Member and
there is **no decrease**
in income.

24 CFR §§ 5.657(C)(2) 891.105; 891.410(G)(2); AND 891.610(G)(2) NON-INTERIM RE-EXAMINATION TRANSACTIONS (CONT)

- Changes that do not trigger an interim under HOTMA Rules---BUT still need to be reported.
- Use **NEW ACTION CODE** (further guidance coming with 50058/50059 revision)

Adding/updating a family or household member's Social Security number

Updating or removing the phased-in hardship relief for the health and medical care expense deduction and/or reasonable attendant care and auxiliary apparatus expense deduction*

Ending a family's EID or excluding 50 percent at the start of the second 12- month EID period.

Updating a family member's citizenship status from eligible to ineligible or vice versa.

*the phased-in relief will begin at an eligible family's first annual or interim reexamination, whichever is sooner, after January 1, 2024

24 CFR §§ 5.657(C)(2) 891.105; 891.410(G)(2); AND 891.610(G)(2) NON-INTERIM RE-EXAMINATION TRANSACTIONS (CONT)

- Changes that do not trigger an interim under HOTMA Rules---BUT still need to be reported.
- Use **NEW ACTION CODE** (further guidance coming with 50058/50059 revision)

HCV Program Only:

- Processing contract rent changes that do not correspond with an interim or annual reexamination (including PBV rent increases);
- Implementing an update to the payment standard that does not correspond with an interim or annual reexamination.

Note: PHAs/MFH Owners will make all other changes to assets, income, and deductions at the next annual or interim reexamination of income, whichever is sooner.

HUD'S INCOME ESTIMATION TOOL

Estimation tool to determine amount of:

- expenses before a family would begin to receive a deduction for health and medical expenses.
- Interim Decrease and Increase thresholds

HOTMA Income Estimation Tool
(hudexchange.info)

Lets bring up the tool! We'll practice using the following slides!



Income Estimation Tool

Keep this page for your records. Use the estimates below to determine if you may qualify for an interim recertification (reexamination) to adjust your monthly payment.

Recertification date: Family's annual income:
(month/year)

If your family qualifies as an elderly or disabled family and has unreimbursed health, medical, or disability assistance expenses of more than \$ 0.00 a year (10% of your annual income) you may qualify for an income deduction. This deduction may reduce your monthly payment.

If your family qualifies for a hardship exemption and has unreimbursed health, medical, or disability assistance expenses of more than \$ 0.00 a year (5% of your annual income) you may qualify for an income deduction. This deduction may reduce your monthly payment.

Family's adjusted annual income:

If your family's adjusted annual income is anticipated to **increase** by this amount or more, for the 12 months following your recertification you may be required to report the change to your rental office. Your monthly payment may then be adjusted. 📌

\$ 0.00

If your family's adjusted annual income is anticipated to **decrease** by at least this amount for the 12 months following your annual examination, you may report this to the rental office and an interim recertification may lower your monthly payments. (This amount is based on a calculation of **10%** of your adjusted annual income.) 📌

\$ 0.00

Note: This is only an estimate. Call or visit the office if you think your rent may need to be adjusted.

The content of this document, except where based on statutory or regulatory authority or law, does not have the force and effect of law, and is not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the current regulatory policies.

For more information, contact:

INTERIMS: CUMULATIVE CHANGES

A series of smaller reported increases in adjusted income may cumulatively meet or exceed the 10-percent increase threshold, at which point the PHA/MFH Owner must conduct an interim reexamination.

When an increase of any size is reported by a family, it is a recommended best practice for the PHA/MFH Owner to note the reported increase in the tenant file.

EXERCISE #1

Exercise 1:

■ Household Annual Income

- Wages: \$12,000
- SSI: \$8,450
- Child Support: $\$200 \times 12 = \$2,400$

■ Family Annual Income: \$22,850

■ Reported Change

- Decrease in Child support from \$200 to \$100
 - Total Annual Decrease: \$1,200
- If the PHA has established a 10% threshold will we process an interim?

Poll:

- Yes
- No

INTERIM POLICY COMPONENTS



Reporting requirements

- When and how families report changes

Effective dates

- Decrease
- Increase
- Timely
- Late

Thresholds for processing changes

- Increases
- Decreases
- Special circumstances

CRAFTING YOUR



The PHA will conduct an interim reexamination within [a reasonable period of time=generally not longer than 30 days] after the family request or when the PHA becomes aware of a change in the family's adjusted income that must be processed in accordance with 24 CFR §§ 960.257(b)(6) and the following PHA policy.

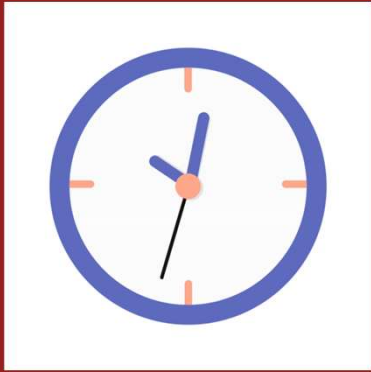


INTERIM RE-EXAMINATIONS
WHAT IS A REASONABLE
AMOUNT OF TIME?

Reporting

Processing

WHAT IS ON TIME?



SAMPLE INTERIM POLICY REPORTING CHANGES

Sample 1:

- Families must report all changes in family income or composition in writing within [15 or another number] calendar [or business] days from the effective date of the change to be considered “timely.”

Sample 2:

- Families are required to report all changes in earned and unearned income, assets, expenses, and family circumstances within [15 calendar days] of the date the change takes effect.

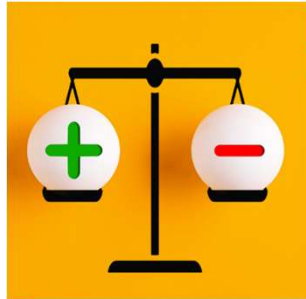
24 CFR 960.257(B) — PUBLIC HOUSING
 24 CFR 982.516(C) — HCV
 INTERIMS: EFFECTIVE DATES



Interim	Reported on time	Reported Late
Increase	30 day notice, 1 st of the concurrent month	Retroactively to the first of the month following when the interim should have occurred
Decrease	1 st of the month after the interim certification	1 st of the month after the interim certification*

Reasonable Processing time may vary based verification times, but generally no more than 30 days after the family reports changes to the PHA.

*Policy may be conditional upon certain circumstances such as not reporting due to a natural disaster



SAMPLE POLICIES: REASONABLE PROCESSING EFFECTIVE DATES DECREASE

Decreases

- Generally, if reported [before the 15th of the month] the decrease will be effective on the first day of the month following the month in which the change was reported provided that all required documentation was submitted and verified.
- Generally, the PHA will process interim decreases within [14 calendar days] of the report effective on the first day of the month following the month in which the change was reported provided that all required documentation was submitted and verified.
- When a family does not report a change in a timely manner that will result in a decrease in tenant rent, **PHA** will implement the decrease no later than the first of the month following completion of the reexamination.



SAMPLE POLICIES: REASONABLE PROCESSING EFFECTIVE DATES INCREASES

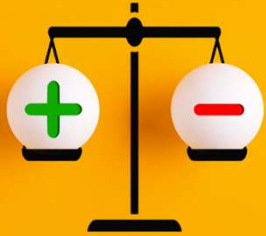
Increases: Timely Reports

- Timely reporting related to an increase in rent: When a family reports a change in family income or composition that will result in an increase in tenant rent, the family must be provided a minimum of 30 calendar days' notice of the rent increase.
 - The rent increase will generally be effective on the first of the month following the end of the 30-day notice.
 - Families will be required to pay one month of increased rent if the family reports a decrease upon notification of the increase.

Increases: Late Reporting

- Untimely reporting related to an increase in rent: Families that do not report changes in family income or composition within [15 or another number] calendar days from the effective date of the change, that will result in an increase to tenant rent, will have the rent increase implemented retroactively to the first of the month following the date of the change leading to the interim reexamination.
 - The family will owe a one-time payment equal to the difference in the rent paid and the new increased rent for each monthly rental period from the time of the change in circumstances through the date of the interim reexamination.

(Next slide has potential exemption policies)



SAMPLE POLICIES: REASONABLE PROCESSING EFFECTIVE DATES: EXEMPTION FOR LATE REPORTING

- However, **PHA** may make a determination that the late report was due to circumstances outside of the family's control and that the decrease will be implemented retroactively. Situations that may warrant a retroactive rent decrease might include late reporting due to (but not limited to):
 - Medical emergency
 - Natural disaster
 - Wage theft by the employer
 - Disruptions to PHA operations
- When the determination is made that the late report was outside of the family's control, then a retroactive decrease may be applied beginning on the later of the first of the month following the date of the actual decrease in income or the effective date of the most recent admission, interim, or annual income examination. A rent adjustment cannot be retroactive to a date prior to the last income examination.
- In case of any rent adjustment, the family will be provided with clear, written communication after the interim reexamination that shows:
 - Any one-time charge or credit due to a retroactive adjustment.
 - The new monthly rent and date that rent is due.
- [HCV only] Funds will be returned to the housing provider. Funds will only be provided directly to a family if they no longer reside in the unit.

24 CFR §§ 5.657(C)(3);
960.257(B)(3); 982.516(C)(3);
AND 882.515(B)(3)



When will the PHA process an interim?

- **Increased income by 10% or more**
 - However, PHAs may not consider any increases in earned income when estimating or calculating whether the family's adjusted income has increased.
- **Decreased by 10% or more (or lower per HUD or PHA Policy)**
 - Except if a family reports a decrease in income from the loss of welfare benefits due to fraud or non-compliance with a welfare agency requirement to participate in an economic self-sufficiency program, the family's share of the rent will not be reduced [24 CFR 5.615].
- **Cumulative changes:**
 - A series of smaller increases or decreases reported in adjusted income may cumulatively meet the 10% increase threshold, at which point the PHA must conduct an interim reexamination.
- **Decrease due to permanent move out**
 - HUD is requiring PHAs/MFH Owners to apply a 0-percent threshold and to process an interim reexamination when there is a decrease in family size attributed to the death or permanent move-out from the assisted unit of a family member during the period since the family's last reexamination that results in a decrease in adjusted income of any amount.

SAMPLE PHA POLICY INCREASES IN INCOME



PHA will generally perform an interim reexamination when the family reports a change in adjusted income that will result in an increase of 10% or more in annual adjusted income.

PHA will take into consideration not only changes to income but must also consider changes to eligible expenses, if applicable, to determine if an interim reexamination will be completed.

PHA Discretionary Policy Options:

- Unless the family had a previous interim examination where the family's income decreased during the same reexamination cycle (earned, unearned, or combined).
- PHAs may choose not to conduct an interim reexamination if a family reports an increase in income within three months of their next annual reexamination effective date.

SAMPLE POLICY DISCRETIONARY FOR INCREASES

- **PHA** will not consider any increases in **earned income** when estimating or calculating whether the family's adjusted income has increased, regardless of whether the family had an interim decrease in income since the last annual reexamination.
- All families are required to report any changes in family income that will result in an increase of 10% or more in annual adjusted income, with the exception that families are not required to report any increase in income during the last 3 months before their regular annual examination.
- No interim reexaminations will be conducted due to **increases** in annual adjusted income in the 3 months before the next regular annual examination.
- **PHA** will not consider any increases in **earned income** when estimating or calculating whether the family's adjusted income has increased unless the family had a previous interim examination where the family's income, of any type, decreased during the same reexamination cycle.
- Families will be required to pay back overpayments of rental assistance resulting from failure to report a change in income or family composition.

Or

POLICY SAMPLE INTERIM DECREASES: THRESHOLD FOR PROCESSING DECREASES

**Policy Consideration:
Threshold for processing decreases: 10% or lower?**

Rounding up or down?

- An interim reexamination will be conducted when **PHA** becomes aware that the family's adjusted income has changed by an amount that is estimated to result in a decrease of [any amount / other percentage less than 10%] or more of the family's annual adjusted income. Calculated percentage decreases less than 5% will be rounded up to their nearest whole number (ex: 4.4% will be rounded up to 5%).

Whole percentages?

- An interim reexamination will be conducted when **PHA** becomes aware that the family's adjusted income has changed by an amount that is estimated to result in a decrease of [10%] or more of the family's annual adjusted income. Calculated percentage decreases less than [10%] will not be rounded up to the nearest whole number.
- A 0% threshold applies when a decrease in family size results in a **decrease** in adjusted income.

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DE MINIMIS ERRORS

De minimis errors occur when a PHA's determination of a family's income deviates from the correct income determination by no more than \$30 per month in monthly adjusted income (or \$360 in annual adjusted income). HUD may revise the amount of de minimis error through rulemaking.

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24 CFR 5.609(C)(4) DE MINIMIS ERRORS

PHA ACTION:

On becoming aware of an error(s), the PHA must correct retroactive to the effective date of the action the error was made regardless of the dollar amount.

- PHA must repay or credit the family for overcharged rent.
- Families are not required to charge back rent if the family was undercharged.

Discretionary Policies:

PHAs may choose how they will repay or credit a family the amount they were overcharged. PHAs/MFH must revise their Administrative Plans, ACOPs and Tenant Selection Plans as applicable to reflect how they will repay or credit if the family was overcharged tenant rent, including when a de minimis error is made.

SAMPLE LANGUAGE



SAMPLE LANGUAGE

Once the **PHA** becomes aware of the existence of an income calculation error, the error(s) will be corrected retroactive to the effective date of the action resulting in an error regardless of the dollar amount associated with the error.

Families will not be required to repay **PHA** in instances where **PHA** miscalculated income resulting in a family being undercharged for rent. Once **PHA** becomes aware of the error the family will be provided with a 30-day notice of the increase to their rent portion.

PHA will take corrective action to credit or repay a family if the family was overcharged tenant rent, including di minimis errors, in the income determination.

Public Housing

In the case of **public housing residents**, **PHA** will provide an immediate rent credit. If the amount of the credit would be more than the rent due **PHA** will provide payment to the family within [1 week] of becoming aware of the error.

HCV

In the case of HCV residents, the family's rent portion will be temporarily adjusted down with additional HAP going to the property owner. **PHA** will send a letter to the family and the landlord prior to the change in payments notifying them of the change and the duration of the change. If the participant has vacated the unit, the credit will be mailed or provided to the family within [1 month] of becoming aware of the error.



HUD 9886/7

AUTHORIZATION FOR THE RELEASE OF INFORMATION

After January 1, 2024, applicants and participants must sign and submit the HUD-9886, as applicable, at admission and no later than the next interim or regularly scheduled income reexamination.

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HUD 9886

MANDATORY POLICY

- After January 1, 2024, applicants and participants must sign and submit the HUD-9886, as applicable, at admission and no later than the next interim or regularly scheduled income reexamination.

POLICY CONSIDERATIONS

- After January 1, 2024, once a public housing program applicant or participant has signed and submitted a consent form, they do not need to resign a subsequent HUD-9886 at the next interim or regularly scheduled income examination except under the following circumstances:
 - When any person 18 years or older becomes a member of the family.
 - When a member of the family turns 18 years of age; and
 - As required by HUD or the PHA in administrative instructions.

SAMPLE
LANGUAGE
HUD 9886/7



Discretionary PHA Policy:

PHAs may establish policies around when family members must sign the consent forms when they turn 18 between reexaminations.

For members turning 18 between re-examinations, when will the PHA have them sign?

SAMPLE LANGUAGE

PHA requires that each family member above the age of 18 sign a HUD- 9886/7 form to authorize the release of certain information to the PHA on admission.

At each annual or interim reexamination, *PHA* will determine if any family member turned 18 and has not yet signed the HUD-9886 form. Such a family member will be required to sign the appropriate form at the reexamination.

24 CFR 5.232(C) REVOCAION OF CONSENT

Mandatory Policy

The executed consent form (Form HUD-9886) will remain effective until the family is denied assistance, the assistance is terminated, or if the family provides written notification to the PHA to revoke consent.

Families have the right to revoke consent by notice to the PHA; however, revoking consent can result in termination or denial of assistance if the PHA has established an ACOP / Admin Plan policy that the revocation of consent will result in termination of assistance or denial of admission.

PHAs may not process interim or annual reexaminations of income, including when a family's income decreases and the family requests an interim reexamination to decrease tenant rent, without the family's executed consent form(s).

PHAs must explain to families the consequences, if any, of revoking their consent.

PHAs must notify their local HUD office when an applicant or participant family member revokes their consent.



POLICY CONSIDERATIONS

CONSIDERATIONS

- Revocation of consent or refusal to sign the consent form prohibits the PHA from requesting and accessing income information and financial records, including pulling EIV reports and using the EIV data to verify income.
- PHAs must use EIV in its entirety, including the use of all required reports, to verify tenant employment and income information at annual and streamlined reexaminations of family composition and income. However, PHAs are not required to use EIV to verify tenant employment and income information during an interim reexamination.
- Without consent PHAs will not be able to process interim or annual reexaminations of income, including when a family's income decreases.
- Data matches between HUD and other agencies will continue to automatically occur, when consent is revoked, if the family is not terminated from the program.

REVOCACTION OF CONSENT –DISCRETIONARY POLICY

Discretionary Policy

- The PHA may establish a policy that revocation of consent will result in denial or termination of assistance or admission.
- PHAs may establish policies to deny admission but allow existing participant families to continue to receive assistance after revoking their consent until the next interim or annual reexamination, whichever is sooner.
- If the PHA adopts such policies, they must be included in their ACOP/ Admin Plan.

SAMPLE LANGUAGE

The executed consent form (Form HUD-9886) will remain effective until the family is denied assistance, the assistance is terminated, or if the family provides written notification to the PHA to revoke consent. Families have the right to revoke consent by notice to **PHA**, however, revoking consent will result in termination or denial of assistance.



ZERO INCOME PROCEDURES

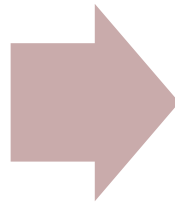
24 CFR § 5.609(B)(24)(VI); 24 CFR §§ 5.657(C)(3); 960.257(B)(3); 982.516(C)(3); AND 882.515(B)(3)

PHAs must not assign monetary values to non-monetary in-kind donations received to calculate annual income.

PHAs may only perform interim reexaminations due to increases in annual adjusted income that comply with 24 CFR §§ 5.657(c)(3); 960.257(b)(3); 982.516(c)(3); and 882.515(b)(3).

ZERO INCOME PROCEDURES

PHAs/MFH Owners may accept a self-certification of zero income from the family at admission and at reexamination without taking any additional steps to verify zero reported income. HUD does not require that such self-certification be notarized.



PHAs/MFH Owners are reminded that they must verify families' income in EIV within 120 days after admission, except where the PHA/MFH Owner used Safe Harbor documentation to verify a family's income.

DISCRETIONARY POLICIES

PHAs are not required to conduct periodic zero income reviews. However, PHAs may continue to conduct such reviews, as recommended by HUD.

PHAs may need to update their zero income policies, procedures, and forms to comply with HOTMA.

For example, families who begin receiving income which does not trigger an interim reexamination should no longer be considered zero income even though the family's income is not reflected in the form HUD-50058.

ZERO INCOME PROCEDURES

PHAs must include any zero income policies in their ACOP/ Admin Plan.

PHAs/MFH Owners that establish zero income procedures must update their local discretionary policies, procedures, and forms to comply with the final rule requirements.

For example: families who begin receiving income which does not trigger an interim reexamination should no longer be considered zero income even though the family's income is not reflected on the form HUD-50058/ HUD-50059.

HUD provides a sample form in PIH 2023-27

ZERO INCOME PROCEDURES



PHAs/MFH Owners have discretion to establish reasonable procedures to manage the risk of unreported income, such as asking families to complete a zero income worksheet at admission or periodically to determine if they have any sources of unreported income.



In calculating annual income from a zero income worksheet, PHAs/MFH Owners must not assign monetary value to non-monetary in-kind donations from a food bank or similar organization received by the family



PHAs/MFH Owners perform an interim reexamination only due to an increase in the family's adjusted income.

SAMPLE



Sample 1:

PHA will no longer conduct zero income review for zero income families.

Instead, **PHA** will monitor zero income families in EIV to identify increases in income.

Sample 2:

If the family has reported zero income, **PHA** will conduct an interim reexamination every [3 months] as long as the family continues to report that they have no income.

The head-of household and each adult family member will be required to submit a completed zero-income form to document expenses for the prior [3-month] period.

The family may be required to attend an in-person interview if the family continues to report zero income for [six months].

Families who begin receiving income which does not trigger an interim reexamination will not be considered zero income even though the family's income is not reflected on the form HUD-50058/HUD-50059.



HUD'S ENTERPRISE INCOME VERIFICATION (EIV) SYSTEM

PHAs must use EIV, in its entirety, to verify tenant employment and income information at annual and streamlined reexaminations of family composition and income. However, PHAs are no longer required to use EIV to verify tenant employment and income information during an interim reexamination.

PHAs are required to use the following reports from the EIV System: Debts Owed & Termination, Deceased Tenants, Existing Tenant Search, Failed EIV Pre-Screening, Failed SSI Identity Test, Identity Verification, Multiple Subsidy, New Hires, No Income Report by HHA or SSA, No Income Reported on 50058, Summary of Household Information.

EIV POLICY CONSIDERATIONS



PHAs may choose to use EIV to verify tenant employment and income information at interim reexaminations of family composition and income.

PHAs that choose to use EIV to verify income information at interim reexaminations must include this information in the PHA's ACOP/Admin Plan, as applicable.

PHAs that choose to use the EIV Income Discrepancy Report and other EIV reports at intervals other than reexaminations must include this information in their ACOP/Admin Plan, as applicable.

- EIV is required only at annual recertifications, and not at interim recertifications.
- However, PHAs and owners may use EIV for interims if desired. Since the EIV Income Report can take up to 90 days to be updated, it often is not helpful during an interim reexamination.
- When EIV is not used at interim reexaminations, tenants should be made aware that inaccurately reporting income at an interim certification could result in the family having to repay the PHA or owner.
- PHAs who adopt local policies to not include earned income increases in determining whether the 10% threshold is met for increases in adjusted income when the family previously had an interim reexamination performed for a decrease in annual adjusted income (earned, unearned, or combined) since the last annual reexamination, are not required to use the EIV New Hires report between annual reexaminations.

EIV POLICY CONSIDERATIONS (CONTINUED)



SAMPLE



Sample 1:

PHA will use HUD's verification hierarchy when verifying each household's income, assets, deductions, and expenses.

PHA will access the EIV system and obtain an Income Report for each household during annual recertifications.

Sample 2:

PHA will not use the EIV system during interim reexaminations.

Sample 3:

PHA will not use the EIV New Hires report between annual reexaminations given the **PHA's** policy to not include earned income increases in determining whether the 10% threshold is met for increases in adjusted income when the family previously had an interim reexamination performed for a decrease in annual adjusted income since the last annual reexamination.

Sample 4:

PHA will review the EIV New Hires report for households that have an interim reexamination to decrease rent.

PHA will advise families that if it is later determined that a family inaccurately reported income during an interim reexamination, the family may owe the **PHA** for any miscalculation in rent based on the family's incorrect reporting.

HOUSING CHOICE VOUCHER (HCV) AND
PROJECT-BASED VOUCHER

HOTMA OF 2016 IMPLEMENTATION;
SELECT ADDITIONAL STREAMLINING CHANGES

PIH Notice 2024-19 Issued 6/5/2024
Federal Register on 05/07/2024 Docket No. FR-6092-F-03

The PHA's Administrative Plan must be updated by **June 6, 2025**

BUT...

A PHA wishing to add a new HOTMA program flexibility must update the Admin Plan before implementation

A PHA's Admin Plan that is not in compliance with a HOTMA requirement already in effect, must operate in compliance with HOTMA, and must update the Admin Plan by June 6, 2025



TECHNICAL CORRECTIONS

**PIH Notice 2024-19 Issued 6/5/2024
Federal Register on 05/07/2024 Docket No. FR-6092-F-03**

24 CFR 982-Housing Choice Voucher Program
&
24 CFR 983-Project Based Voucher Program

- Removes all references to the Section 8 Certificate Program
- All references are to the Housing Choice Voucher Program

**Many sections have been renumbered.
When updating the Administrative Plan, verify all regulatory citations**

SECTION 112: MANUFACTURED HOME SPACE RENTAL

982.622 PHA option: Single housing assistance payment to the family

1. If the owner of the manufactured home space agrees, the PHA may make the entire housing assistance payment to the family. If the PHA exercises this option, the PHA may not make any payments directly to the lender or utility company.
2. The PHA and owner of the manufactured home space must still execute the HAP contract, and the owner is still responsible for fulfilling all of the owner obligations under the HAP contract
3. If the family and owner agree to the single housing assistance payment, the owner is responsible for collecting the full amount of the rent and other charges under the lease directly from the family.

982.623 HAP Calculation

- The FMR for a manufactured home space is generally 40 percent of the published FMR for a two-bedroom unit.

24 CFR 960.202(C)

TENANT SELECTION POLICIES: PREFERENCE

Admission to, and occupancy of public housing

PHAs must adopt a public housing admission preference for tenant-based and project-based Housing Choice Voucher families who are displaced due to Housing Quality Standards non-compliance



Applies if PHA owns or
operates public housing

24 CFR 982.301

AHO

BRIEFING: INFORMATION WHEN A FAMILY IS SELECTED

- PHAs must take Limited English Proficiency into consideration for the HCV oral briefing
- Reasonable accommodations must be included in the oral briefing
- The packet must include information on reasonable accommodation policies and procedures, including an increase of the payment standard as a reasonable accommodations

Compliance: September 4, 2024



AHO Add to HCV training and HOTMA
Adelaide Hsu, 2024-07-02T16:10:08.129

24 CFR 982.503

PAYMENT STANDARD AREAS, SCHEDULE AND AMOUNTS



HUD allows a PHA to establish an exception payment standard between 110 and 120 percent if:

The success rate over the prior 12 months falls below 75 percent or

More than 40 percent of families pay more than 30 percent of adjusted income for rent



As a reasonable accommodation a PHA may approve a payment standard of up to 120 percent.

Reasonable accommodation payment standards higher than 120 percent require HUD approval

Compliance: September 4, 2024

24 CFR 982.503

PAYMENT STANDARD AREAS, SCHEDULE AND AMOUNTS

- Clarifies that Small Area Fair Market Rents may be applied to non-metropolitan areas
- PHAs may set Small Area Fair Market Rents based exception rents above 110 percent in metro and non-metro areas

Compliance: September 4, 2024

24 CFR PART 888

SMALL AREA FAIR MARKET RENTS

- Permits the use of Small Area Fair Market Rents (SAFMR) in non-metropolitan areas.
- PHAs wishing to adopt SAFMRs (metro or non-metro) must include the policy in the Administrative Plan.
- SAFMRs generally do not apply to project-based vouchers if the selection was made prior to implementation of SAFMRs (unless the owner and PHA mutually agree to use SAFMRs).
- If a PHA adopts SAFMRs all future project-based voucher projects must use the SAFMRs



PAYMENT STANDARD CHANGES

Compliance:
December 3, 2024

PAYMENT STANDARD POLICIES:

DECREASES



Decrease in the payment standard amount during the HAP contract term.

The **PHA** may choose not to reduce the payment standard amount used to calculate the subsidy for a family for as long as the family continues to reside in the unit for which the family is receiving assistance.

If the **PHA** chooses to reduce the payment standard amount the initial reduction to the family's payment standard amount may not be applied any earlier than two years following the effective date of the decrease in the payment standard, and then only if the family has received the notice required under paragraph (c)(3)(iii) of this section.

PAYMENT STANDARD POLICIES:

DECREASES NOTICE TO FAMILIES



The PHA must provide the family with at least 12 months' written notice of any reduction in the payment standard amount that will affect the family if the family remains in place.

In the written notice, the PHA must state:

1. New payment standard amount
2. Explain that the family's new payment standard amount will be the greater of the amount listed in the current written notice or the new amount (if any) on the PHA's payment standard schedule at the end of the 12-month period
3. Make clear where the family will find the PHA's payment standard schedule.

The PHA must administer decreases in the payment standard amount for the family in accordance with the PHA policy as described in the PHA Administrative Plan.

PAYMENT STANDARD POLICIES: INCREASES



Increase in the payment standard amount during the HAP contract term. If the payment standard amount is increased during the term of the HAP contract, the **PHA must use the increased payment standard** amount to calculate the monthly housing assistance payment for the family beginning no later than the earliest of:

- (i) The effective date of an increase in the gross rent that would result in an increase in the family share;
- (ii) The family's first regular or interim reexamination; or
- (iii) One year following the effective date of the increase in the payment standard amount.

PHA policy on payment standard increases. The PHA may adopt a policy to apply a payment standard increase at any time earlier than the date calculated according to paragraph (c)(4).

**PAYMENT
STANDARD
POLICIES:**

**CHANGE IN FAMILY
UNIT SIZE**



Changes in family unit size during the HAP contract term.

Irrespective of any increase or decrease in the payment standard amount, if the family unit size either increases or decreases during the HAP contract term, the new family unit size **may be** used to determine the payment standard amount for the family **immediately but no later than the family's first regular reexamination** following the change in family unit size.



§ 982.54
Administrative Plan

HOUSEHOLD MEMBERS

Policies concerning residency by a foster child, foster adult, or live-in aide, including:

Defining when PHA consent for occupancy by a foster child, foster adult, or live-in aide must be given or may be denied;

DENIAL AND TERMINATIONS: CRIMINAL ACTIVITY



This final rule also modifies § 982.54(d)(4)(iii) to include §§ 982.552, 982.554, and 982.55 as regulations that PHAs must follow in establishing their standards for denying admission or terminating assistance based on criminal activity or alcohol abuse and which must be included in their Administrative Plan.

PIH NOTICE 2015-19, 982.54 ADMINISTRATIVE PLAN DENIALS AND TERMINATION

GU2



- While HUD has some requirements on when an adult household member must be denied admission to the HCV program, it does not have a blanket policy that prohibits persons with felonies from admission to program.
- PHAs may establish policies that are stricter than the regulatory requirements, so long as those policies do not discriminate in violation of civil rights laws.

Slide 164

- GU0** Revised text; may wish to reference that mandatory/discretionary denials will be discussed in the determination of eligibility section of this module.
Guest User, 2024-01-08T17:45:08.297
- GU1** Recommend adding a slide about the use of convictions, not arrests for screening for criminal history.
Guest User, 2024-01-08T17:47:51.676
- GU2** Recommend adding a slide on PHA requirements if an individual will be denied based on criminal history (i.e., family must be given the opportunity to dispute the accuracy/relevancy of a criminal record).
Guest User, 2024-01-08T17:49:22.772

PIH NOTICE 2015-19, 982.54 ADMINISTRATIVE PLAN DENIALS AND TERMINATION

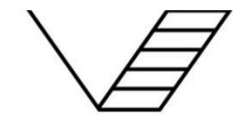
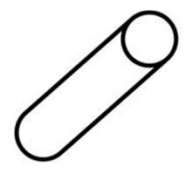
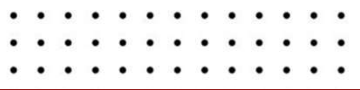
Application **MUST** be denied if the applicant has/is:

- **Any household member has been convicted of manufacturing methamphetamines on the premises of federally assisted housing**
- **Any household member is subject to a lifetime sex offender registration requirement**
- The PHA determines that a household member is currently engaging in illegal drug use/activity
- A household member has been evicted from federally assisted housing within the last three years for drug related criminal activity
- Reasonable cause to believe that current drug use or alcohol use may pose a threat to other residents

Denials in bold are not denials that can be reviewed and overturned by the PHA.

PIH Notice 2015-19, 982.54
Administrative Plan
Denials and termination

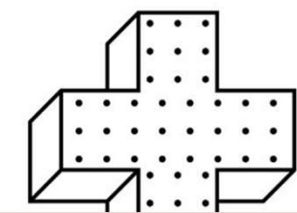
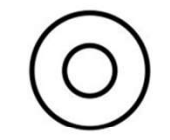
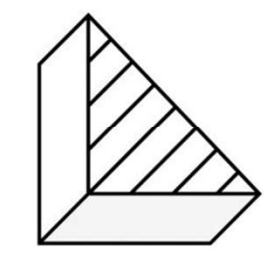
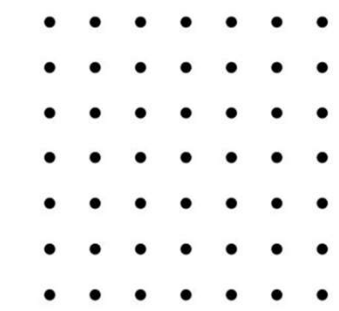
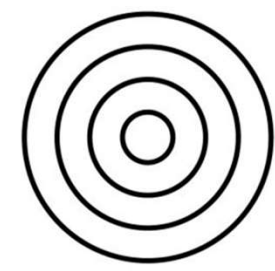
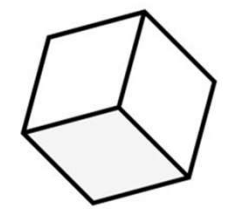
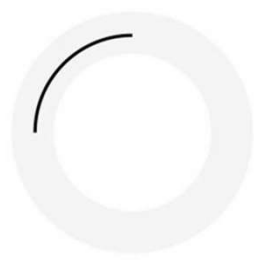
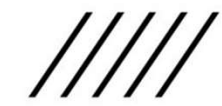
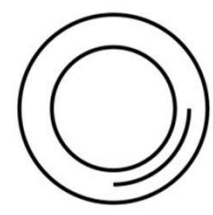
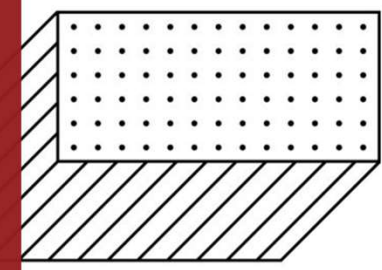
Up-to-date standards for denying admission or terminating assistance based on criminal activity or alcohol abuse that provides a sensible and effective balance between allowing individuals with a criminal history to access HUD-subsidized housing and ensuring the safety of all residents of HUD subsidized housing



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982.54 ADMINISTRATIVE PLAN

Whether the PHA will allow a family to submit more than one Request for Tenancy Approval at the same time



RESOURCES

[HOTMA - HUD Exchange](#)

[HOTMA Resources | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)

[PIH 2023-27/H 2023-10](#)

[MFH_List_Discretionary_Policies_Implement_HOTMA-Updated02012024.pdf \(hud.gov\)](#)

[HOTMA Assets, Asset Exclusions, and Limitation on Assets Resource Sheet \(hudexchange.info\)](#)

[eCFR :: 24 CFR 5.603 -- Definitions.](#)

[Sample Admin and ACOP HOTMA Policies \(hudexchange.info\)](#)

[HOTMA Income and Assets Fact Sheet \(hudexchange.info\)](#)



**PLEASE
SHARE YOUR
THOUGHTS
WITH US**





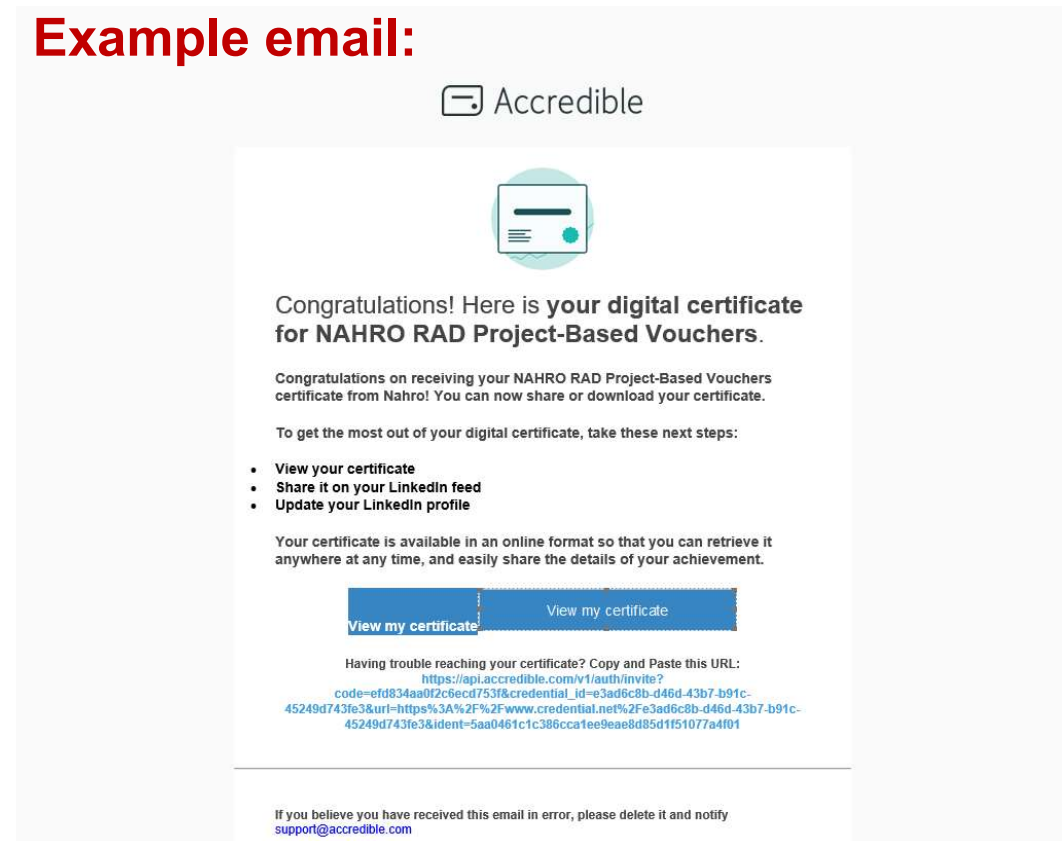
CERTIFICATE OF PARTICIPATION

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From: Nahro via Accredible <support@credential.net>


Tip: Check junk/spam
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normal email box.

Example email:



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