



HOTMA FOR COMMISSIONERS:

WHAT YOU NEED TO KNOW

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1

**THE HOUSING OPPORTUNITY
THROUGH MODERNIZATION
ACT (HOTMA) WAS
SIGNED INTO LAW BY
PRESIDENT OBAMA
ON JULY 29, 2016**

2

2



3

FOURTEEN (14) SECTIONS OF HOTMA

101 | Inspection of Dwelling Units

102 | Income Reviews

103 | Over-Income Limits for Public Housing Families

104 | Limitations on Eligibility for Assistance Based on Assets

105 | Units Owned by Public Housing Agencies

106 | PHA Project-Based Assistance Percentage Limitation

107 | Establishment of Fair Market Rents

4

4

FOURTEEN (14) SECTIONS OF HOTMA

108 | Prohibition on Utility Reimbursement: Collection of Utility Data

109 | Public Housing and Capital Operating Funds

110 | Expansion of Family Unification Program

111 | Public Housing Heating Guidelines

112 | Use of Vouchers for Manufactured Housing

113 | Preference for United States Citizens or Nationals

114 | Exception to Public Housing Agency Resident Board Member Requirement

5

5

SECTION 101

INSPECTION OF DWELLING UNITS *(effective April 8, 2017)*

→ Amends the inspection requirements for the HCV Program

- ✓ Non-life-threatening (NLT) provision
- ✓ Alternative inspection provision

6

6

SECTION 102

INCOME REVIEWS *(effective upon HUD Notice)*

Income Reexaminations

- ✓ Frequency of interim reexams
- ✓ Safe harbors

Adjusted Income

- ✓ Standard deduction for elderly/disabled and dependent
- ✓ Medical threshold
- ✓ Hardship exemptions

7

7

SECTION 103

OVER-INCOME LIMITS FOR PUBLIC HOUSING FAMILIES

(effective by June 14, 2023)

- Over-income limits
- Over-income family
- Terminate assistance **or** allow the family to remain in the unit
- Non-public housing over-income family (NPHOI)
- Alternative non-public housing rent

8

8

SECTION 104

LIMITATION ON ELIGIBILITY FOR ASSISTANCE BASED ON ASSETS

(effective upon HUD Notice)

- Asset limitation threshold established annually by HUD
 - ✓ Adjusted annually for inflation
- Deny at admission
- Discretion to terminate at income reexaminations

9

9

SECTION 105

UNITS OWNED BY PHAs *(effective April 18, 2017)*

- HOTMA defined the term “owned by a PHA”
 - ✓ Must directly own the unit or must participate as the controlling (holding > 50%) entity of the owner
 - Applicable to HCV (including the homeownership option) and PBV
 - ✓ Must use an independent entity to perform certain functions

10

10

SECTION 106

PHA PBV ASSISTANCE PERCENTAGE LIMITATION *(effective April 18, 2017)*

- Authorizes PHAs to project-base up to 20% of its ACC authorized units, instead of 20% of its voucher budget authority
- Must provide advance notice to the PHA's of intent to project-base vouchers
 - ✓ Must have sufficient budget authority to cover the PBV HAP contract

11

11

SECTION 107

ESTABLISHMENT OF FMR *(effective upon enactment July 29, 2016)*

- Changes how HUD publishes the FMRs
 - ✓ Published at least annually
- Changes the options for reduction of payment standard
 - ✓ Implement at second reexam
 - ✓ Hold harmless
 - ✓ Phase-out

12

12

SECTION 108

PROHIBITION ON UTILITY REIMBURSEMENT/COLLECTION OF UTILITY DATA *(HUD has not published the Utility Data)*

- Data on utility consumption and costs in local areas
 - ✓ PHAs and owners are requested to establish utility allowance schedules to determine appropriate subsidies for assisted families

13

13

SECTION 109

PUBLIC HOUSING & CAPITAL OPERATING FUNDS
(effective beginning CY 2018)

- PHAs have the flexibility to use up to 20% of the PHAs operating subsidy appropriated each year for CFP activities
 - ✓ Applies to all PHAs operating a PH program except:
 - MTW and some PHAs that operate < 250 units

14

14

SECTION 110

EXPANSION OF FAMILY UNIFICATION PROGRAM (FUP)

(effective upon enactment July 29, 2016)

- Extends the eligibility period of FUP from 18 to 36 months
- Lowers the eligible age to 16 or 17 for youth who have left foster care if:
 - ✓ The service provider signs the lease, *and*
 - ✓ Provides onsite supportive services

15

15

SECTION 111

PUBLIC HOUSING HEATING GUIDELINES *(guidance issued in PIH 2018-19)*

- Minimum temperature
 - ✓ PHA controlled: at least 68°
 - ✓ Tenant controlled: capacity to heat at least 68°
- Minimum temperature capability
 - ✓ $\geq 55^{\circ}$
- Measurement
 - ✓ 3ft above the floor and 2ft from an exterior wall in a habitable room

16

16

SECTION 112

USE OF VOUCHERS FOR MANUFACTURED HOUSING

(effective for all HAP contracts for manufactured home space rentals executed on or after April 18, 2017)

- Changes the monthly HAP calculation for manufactured home space rentals
 - ✓ Includes: monthly payments, insurance, property taxes, the actual rent charged for the manufactured home space, owner maintenance/management charges for the space, and applicable utility allowance

17

17

SECTION 113

PREFERENCE FOR UNITED STATES CITIZENS OR NATIONALS

(effective upon enactment July 29, 2016)

- Only applies to Guam
- Establishes a preference or priority in receiving financial assistance for any citizen or national of the U.S. over aliens covered by section 141 of the Compacts of Free Association between the U.S. and the Marshall Islands, the Federated States of Micronesia, and Palau

18

18

SECTION 114

EXCEPTION TO PHA RESIDENT BOARD MEMBER REQUIREMENT

(effective upon enactment July 29, 2016)

- Makes permanent the exception to the PHA's resident board member requirement in certain jurisdictions
 - ✓ Housing Authority of the County of Los Angeles
 - ✓ Any PHA in the states of Alaska, Iowa, and Mississippi

19

19



20

20

HOUSING INFORMATION PORTAL (HIP)

HIP is the successor system to PIC

- ✓ Cloud-based
- ✓ Enhances protections for PII
- ✓ Will integrate with the PHA's software

HIP future development

- ✓ CF certification
- ✓ Collection of PBV HAP
- ✓ SEMAP
- ✓ Submission of Annual/5-Year PHA Plans

21

21

HIP & HOTMA COMPLIANCE

→ Compliance with HOTMA requires access to HIP

- ✓ PHAs cannot determine the date they will be in compliance with all HOTMA income and assets provisions before they know when they will be able to transmit HOTMA-compliant transactions to HUD
 - Access to a HOTMA-compliant HUD-50058 in HIP
- ✓ Until able to submit to HIP, PHAs must continue to use the current HUD-50058 in PIC

22

22



23

VERIFICATIONS

- Accept third-party documents dated within 120 days of receipt
- Use of an award letter from the appropriate year of benefits that are set annually
- Use of self-certification of SSN

24

24

EARNED INCOME DISREGARD (EID)

- HOTMA eliminated EID
- PHAs are prohibited from enrolling families into EID as of December 31, 2023
- Families who were receiving the EID benefit as of December 31, 2023, may continue to receive the full benefit until their remaining EID timeframe expires

25

25

FORM HUD-9886-A

- Form HUD-9886 expired January 31, 2025
- Form HUD-9886-A is the only approved version of the Authorization for Release of Information form
- Must have transitioned to the Form HUD-9886-A by February 1, 2025
- PHA must also implement policies related to the revocation of consent

26

26

DISCRETIONARY POLICIES THAT CAN BE IMPLEMENTED NOW

→ Safe Harbor Verifications

- If PHA chooses to adopt this policy while in PIC, must list annual income on the 50058 for the HoH using the “Other Non-Wage Sources” income code

→ May choose to use EIV to verify tenant employment and income info at Interim Reexams

- Must include this info in ACOP and/or Admin Plan
- Must establish in PHA written EIV policies and procedures

27

27

INCOME EXCLUSIONS

→ Must implement for all income reexams with an effective date on or after July 1, 2025

→ There are 21 new and revised income exclusions

28

28

DEFINITIONS

- Must use the definitions for all transactions with an effective date on or after July 1, 2025
 - ✓ Earned and unearned income; family; day labor, independent contractor, seasonal worker, dependent, foster child and adult, health and medical care expenses, and minor

29

29

DE MINIMIS ERRORS

- The existence of a PHA income calculation error of no more than \$30 per month in monthly adjusted income
- PHAs must correct the errors retroactive to the effective date of the action the error was made regardless of the dollar amount
 - ✓ Must credit or repay the family the amount overcharged
- Required compliance date: July 1, 2025

30

30

POLICY REQUIREMENTS

- Regardless of whether the new and revised income exclusions and definitions are listed in ACOP, PHA must begin using for all income calculations effective July 1, 2025
- If ACOP currently includes a list of exclusions and definitions, PHA must either remove the list, or update it
- The discretionary policies must be formally adopted by the BoC BEFORE implementation

31

31



32

32

UPDATING THE ADMIN PLAN/ACOP

- Must update Admin Plan/ACOP before transitioning to HIP
- PHAs **MAY** create an appendix to the policies that contains the HOTMA policies that will be implemented later
 - ✓ Program participants must be informed of the date the PHA will transition to the HOTMA policies before the PHA conducts reexaminations using those HOTMA policies
 - ✓ The appendix could be the complete revision of the policies

33

33

STEPS IN UPDATING THE ADMIN PLAN/ACOP

- | | |
|--------------------------------------|---|
| 1 Identify the Need | 6 Feedback |
| 2 Identify Decision Points | 7 Finalize the Admin Plan/ACOP & Procedures |
| 3 Staff Assignment | 8 Adopt by BOC |
| 4 Research and Analysis | 9 Train & Implement |
| 5 Draft Admin Plan/ACOP & Procedures | 10 Evaluate |

34

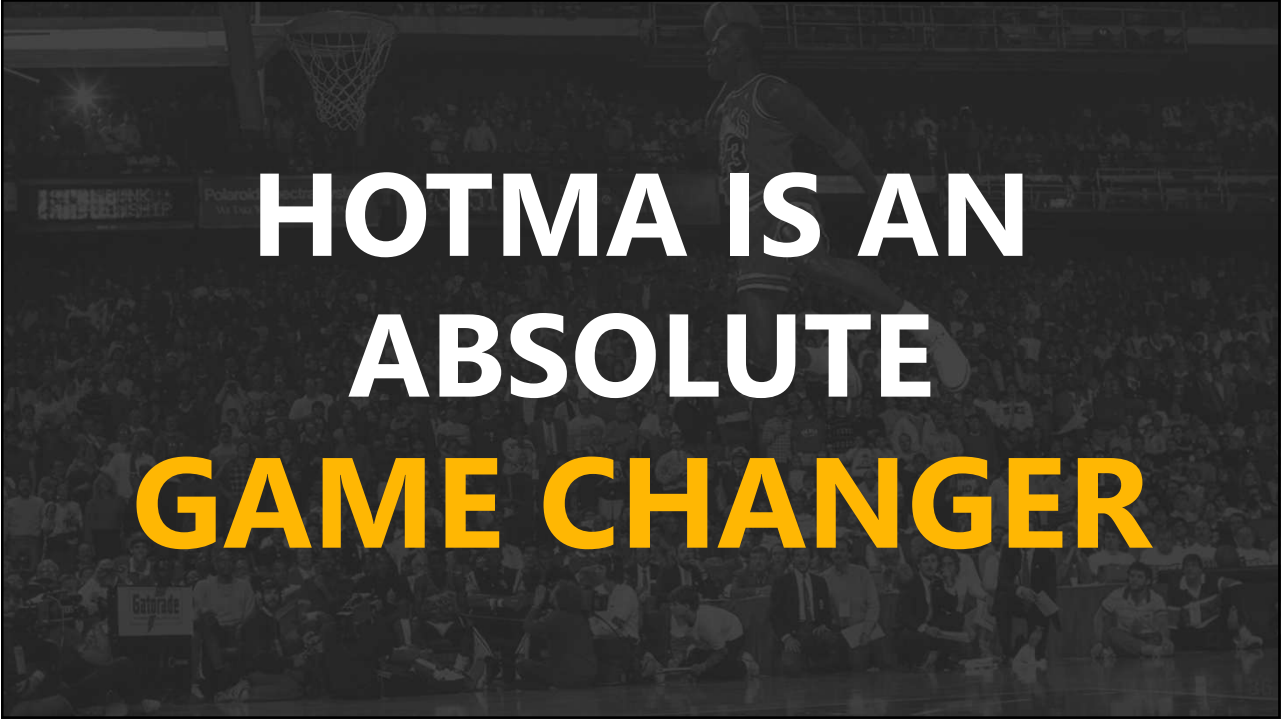
34

HUD ENFORCEMENT

- HUD will not enforce compliance with any other provision by January 1, 2025
- HUD will issue further guidance on the compliance deadline for all other provisions

35

35



**HOTMA IS AN
ABSOLUTE
GAME CHANGER**

36



37

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38