

HOTMA Income and Assets Final Rule

Questions and Answers for PIH Stakeholders

The Final Rule implementing Sections 102, 103, and 104 of the Housing Opportunity Through Modernization Act of 2016 (HOTMA) delivers important benefits to tenants and reduces administrative burdens for public housing agencies (PHAs), multifamily housing owners (MFH owners), and participating jurisdictions.

Why did HUD post a preview instead of waiting to publish in the Federal Register?

HUD is making a preview available to provide the maximum time for stakeholders to read and understand the rule before implementation. The rule is currently with the Federal Register pending publication, but due to the length, it may take a few more weeks to officially publish. While there may be minor changes through the Federal Register's process, HUD does not expect there to be substantive changes to the rule between the preview and publication in the Federal Register.

The Over-income in Public Housing provision becomes effective 30 days after the rule's publication, and the 30-day clock will not start until the rule is officially published in the Federal Register.

Which programs are impacted?

Rental assistance programs administered by HUD's Offices of Public and Indian Housing (PIH), Multifamily Housing (MFH), and Community Development and Planning (CPD), including the Housing Choice Voucher (HCV), Public Housing, Section 8 Project-Based Rental Assistance (PBRA), Section 202/811, HOPWA, HOME, and the Housing Trust Fund programs are all impacted in some way by this final rule.

What does the rule do and when does it become effective?

The rule is complex but here is a high-level overview:

- Changes related to Sections 102 and 104 (effective January 1, 2024): Modifies the rules for determining household income and assets in HUD's HCV, Public Housing, PBRA, Section 202/811, HOPWA, HOME, and Housing Trust Fund programs. These changes affect household eligibility and rent payments. These sections also set limits on assets for families assisted under the HCV, Public Housing, and Section 8 PBRA programs.
- Changes related to Section 103 (effective 30 days after publication): Imposes continued program participation limits for families exceeding the statutory income limitation in the Public Housing program, also known as the "over-income" provision. *(PHAs have an additional 120 days after the effective date to fully implement the changes.)*

Why is HUD waiting almost a year to make most of these changes effective?

The effective date for Sections 102 and 104 is required by law. The amount of time between publication and the effective date allows housing providers to prepare adequately for the changes. During this same period, HUD will also make critical updates to its core informational systems. PHAs and owners must not implement Section 102 and 104 changes prior to the effective date of January 1, 2024.

What are some of the ways HOTMA benefits tenants?

These HOTMA provisions support and incentivize tenant earning and savings goals. Assisted tenants are allowed to accumulate significant savings under the new asset limit, and retirement accounts and educational savings accounts are excluded from that limit. As a result of the changes in the interim and annual reexamination rules, families can also keep more of their earned income before receiving a rent increase.

HOTMA expands hardship provisions benefiting tenants. PHAs will be able to grant hardship relief to families unable to pay rent because of unanticipated medical/disability expenses or who are no longer eligible for the childcare expense deduction.

What are some of the ways HOTMA reduces administrative burdens for PHAs?

HOTMA streamlines the rules for determining household income and rent payments, which will free up resources that may be used to maintain units, support families' housing searches, or perform other essential functions.

Specifically, the new rules will:

- Only require each adult household member to sign a consent form one time, instead of annually.
- Enable PHAs/owners to use income determinations made under other federal benefit programs, which will eliminate redundant work.
- Simplify income deductions and allow families to self-certify assets up to \$50,000.
- Reduce the frequency of interim income recertifications.

I work at a PHA. What do I need to do to be ready to HOTMA?

PHAs will need to update their administrative policies, procedures, and forms to reflect the changes in HOTMA. PHAs need to plan to be ready to implement the new policies for transactions effective January 1, 2024, and later. For annual reexaminations, this means having policies, forms, and processes ready by October or November to apply to January 1, 2024, Annual Reexaminations.

Updates to the HUD-50058 are required in order to implement HOTMA. The new HUD-50058 will only be programmed into HIP, so PHAs will need to be able to submit transactions effective January 1, 2024, to HIP. This means the software the PHA uses will need to be updated to work with HIP. We know this is a big change. HUD has been working with software vendors to prepare for conversion to HIP, involving them in user acceptance testing. HUD will hold

briefings with software vendors to ensure they have all of the information they need about the new HUD-50058, HOTMA, and HIP.

More guidance and trainings are coming to help you get ready for HOTMA implementation. For now, familiarize yourself with the rule and the materials available on HUD's website and check back for updates.

How will HUD support PHAs in implementing the new policies?

Making these changes by the effective date will take a collaborative effort between PHAs and HUD. HUD recognizes that these changes may present challenges for PHAs. HUD is prepared to support PHAs to successfully implement these changes so we can continue to best serve assisted families.

HUD will be providing trainings, office hours, and regularly updated Frequently Asked Questions. HUD's TA provider will lead a series of webinars providing an overview of the changes:

- Over-income in Public Housing – early March 2023
- New Definition of Income and Net Family Assets – mid-March 2023
- Income Reviews and Asset Limitation – late March 2023

HUD will also host more detailed trainings throughout the year. Additional guidance will be published in Supplemental Notices beginning in summer 2023.

Check for updates on the [HOTMA Resources](#) webpage.

I have more questions, where do I send them?

PHAs and stakeholders of the Housing Choice Voucher and Public Housing programs may send HOTMA-related questions to HOTMAQuestions@hud.gov. If you've ended up here and you are a stakeholder of Multifamily Housing Programs, i.e. the Project-Based Rental Assistance program or Section 202/811, please send your questions to MFH_HOTMA@hud.gov. If you are a stakeholder in one of the Office of Community Planning and Development's programs (HOME, HOPWA, Housing Trust Fund), please send your questions to CPD_HOTMA@hud.gov.

What do I need to know about HUD's conversion from PIC to the Housing Information Portal?

- HUD is in the process of replacing the Public and Indian Housing Information Center (IMS/PIC) with the Housing Information Portal (HIP).
- Changes to the HUD-50058 are in progress and aim to be finalized by summer 2023.
- PHAs must use the new Housing Information Portal (HIP) to implement HOTMA changes. This means PHAs will need to have software that is ready to submit transactions with an effective date of January 1, 2024, to HIP.
- HUD has been working with software vendors to prepare for conversion to HIP, involving them in user acceptance testing.

- HUD will hold briefings for PHA software vendors to ensure they are prepared to update their systems to accommodate the new business requirements, HUD-50058 changes, and submission to the Housing Information Portal.
- HUD has a webpage and an email box for PHA Software Vendors:
 - Housing Information Portal (HIP) Technical Information
https://www.hud.gov/program_offices/public_indian_housing/systems/pic/hipt_echinfo
 - HUDITVendorComms@hud.gov - this email box is only for PHA Software Vendors.
- PHAs with questions that are specifically about HIP should email PIH_HIP@hud.gov.
- A direct submission tool similar to the Family Reporting Software will be available for PHAs that do not have software that automatically submits to HIP.