



## OFFICE OF PUBLIC & INDIAN HOUSING

July 18, 2023

Dear Executive Director,

HUD published a final rule on February 14, 2023, implementing sections of the Housing Opportunity Through Modernization Act of 2016 (HOTMA). Specifically, the final rule revises regulations related to income and assets (Sections 102 and 104) and issued new regulations regarding over-income (OI) families residing in public housing (Section 103). You can find the regulation at this [link](#). As a reminder, HOTMA applies to all PHAs, including MTW agencies unless they have specific HUD-approved flexibilities that differ from the new HOTMA requirements.

### **Section 103 of HOTMA:**

On March 13, 2023, HUD published [Notice PIH-2023-03\(HA\)](#) providing guidance to PHAs for implementation of over-income provisions (Section 103). All PHAs should have taken all necessary steps by June 14, 2023, to implement an OI policy in their Admissions and Continued Occupancy Policies (ACOP) of the public housing program, including updating their PHA Plan, if implementation of these provisions required a significant amendment. At a minimum, the PHA's OI policy must include the imposition of an over-income limit in the program, a clear description of when the grace period begins and ends, the notification requirements put forth at [24 CFR 960.507\(c\)](#) and the action the PHA will take at the end of the grace period for OI families (terminating the tenancy of the OI family within 6 months or charging the family the Alternative Rent).

### **Sections 102 and 104 of HOTMA:**

The new income and asset regulations (implementing sections 102 and 104) of HOTMA take effect on January 1, 2024. PIH will publish a notice providing implementation guidance for these new HOTMA requirements, which will be issued later this summer.

PIH understands that there are numerous changes associated with the regulation that require systems and policy changes that will not be able to take effect for all PHAs by January 1, 2024. For instance, PIH must update the Housing Information Portal (HIP) to reflect the final form HUD-50058, which recently completed the Paperwork Reduction Act (PRA) public process. In addition, PIH has also heard from software vendors, PHAs and other interested parties that the implementation process will require associated PHA software changes and this may require additional time.

In recognition of these operational issues and challenges, PIH will establish by notice a compliance date for sections 102 and 104 of HOTMA that will permit PHAs time to work with their software vendors to enable them to submit transactions to HIP. Specifically, PHAs must bring their programs into compliance with the HOTMA final rule as quickly as possible,

but no later than January 1, 2025. "Compliance" means administering all aspects of the affected programs in accordance with the HOTMA final rule.

Further details on PHA compliance for the public housing, moderate rehabilitation, and HCV programs will be provided in the forthcoming PIH notice. However, in the interim, please be advised of the following:

- Consistent with the requirements of HOTMA final rule, PHAs must complete the necessary public processes to update Public Housing Admissions and Continued Occupancy Policies and HCV Administrative Plans to reflect HOTMA rules and discretionary decisions and submit them to PIH by the effective date of January 1, 2024. PIH will provide a list of policies that PHAs need to establish on the HOTMA Resources webpage.
- Once a PHA is ready to transition to HOTMA rules, the PHA must do so in all affected areas of operations. This includes New Admissions, Interim Reexaminations, and Annual Reexaminations. PHAs need to plan accordingly, including having Annual Reexamination and Interim Reexamination reporting forms ready before the compliance date. For example, a PHA with a May 1, 2024, compliance date will typically need to send Annual Reexamination packets reflecting the HOTMA changes in January 2024. The PHA must inform the family as to whether their income determination is being conducted under the pre-HOTMA regulations or in accordance with the HOTMA final rule.
- To further facilitate the HOTMA final rule implementation process, once HIP is available to PHAs, PIH will monitor HIP submissions and reach out to PHAs that are not yet submitting to HIP to check on their status.

As noted above, PIH's expectation is that all PHAs will be fully in compliance with the HOTMA final rule as soon as possible after their HIP migration but no later than January 1, 2025.

I recognize the impact that this has on your daily operations, and I appreciate your cooperation as we implement all necessary components to comply with HOTMA. If you have any questions about this communication, please reach out to [HOTMAQuestions@hud.gov](mailto:HOTMAQuestions@hud.gov).

Many thanks,



Richard J. Monocchio  
Principal Deputy Assistant Secretary  
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