

Introduction to HOTMA for Public Housing and Voucher Programs



**U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT**

September 2016

What is HOTMA?

- The Housing Opportunities through Modernization Act (HOTMA) was signed into law by President Obama on July 29, 2016.
- HOTMA amends the U.S. Housing Act and other housing laws to modify multiple HUD programs and the Department of Agriculture's single family housing guaranteed loan program.
- This session focuses on the major provisions of HOTMA for that affect the Housing Choice Voucher (HCV) and Public Housing programs.
 - Five provisions became effective when HOTMA was signed
 - All other provisions require HUD to first issue a notice or regulation before becoming effective.

Three of the Five Immediately Effective Provisions Apply to the HCV Program

Section 102(d). Reasonable Accommodation Payment Standards

- PHAs may establish, without HUD approval, a payment standard or up to 120% of the Fair Market Rent (FMR) as a reasonable accommodation for a person with a disability.

Section 107. Establishment of Fair Market Rent

- Changes how HUD publishes FMRs and changes the process for public input into FMRs
- When the FMR decreases, PHAs may choose to continue to use the existing payment standard for as long as the family continues to receive voucher assistance in that unit.

Section 110. Family Unification Program for Children Aging Out of Foster Care

- Increases the length of term that a FUP-eligible youth may receive assistance from 18 months to 36 months.
- Expands the eligibility requirements to those aged 18 to 24 that are homeless or at risk of being homeless and for those that left foster care at age 16 or older, or those that are within 90 days of leaving foster care.

Two of the Five Immediately Effective Provisions Apply to Select PHAs

Section 113. Preference For United States Citizens or Nationals

- Only applies to Guam.
- Establishes a preference or priority for assistance for any citizen or national of the United States over aliens.

Section 114. Exception to PHA Resident Board Member Requirement

- Provides an exception for certain jurisdictions (Housing Authority of the County of Los Angeles and any PHA in Alaska, Iowa, or Mississippi) from resident board member requirements under section 2(b) of the 1937 Act.

HOTMA Provisions for HCV and Public Housing Requiring Further Action by HUD

	HCV	Public Housing
Sec. 101. Inspections	√	
Sec. 106. PHA Project-Based Assistance	√	
Sec. 112. Use of Vouchers for Manufactured Housing	√	
Sec. 102. Income Reviews	√	√
Sec. 104. Limitation on Eligibility Based on Assets	√	√
Sec. 103. Limitation on Tenancy for Over-Income Families		√
Sec. 109. Public Housing Capital and Operating Funds		√

Section 101. Inspections

- Two major provisions related to initial inspections:
 - Allows PHA to make HAP payments on a unit for up to 30 days if an initial inspection reveals non-life-threatening defects.
 - Allows a PHA to authorize occupancy of a unit before the PHA's HQS inspection if the property has met the requirements of an alternative inspection in the previous 24 months.
- Two major provisions related to HQS enforcement:
 - Makes timeframes for correcting deficiencies statutory (24 hours for life-threatening and 30 days for other unless PHA determines otherwise)
 - Provides families with 90 days to relocate to a new unit if an owner fails to correct HQS deficiencies and allows PHAs to use up to 2 months of any withheld or abated HAP for costs directly associated with relocation of these families.

Section 106. Project-Based Assistance

- Many important changes to the PBV program, including:
 - Changing the portfolio limitation on PBV vouchers from a funding calculation to a unit calculation.
 - Allowing for additional project-basing of vouchers for homeless families, veterans, supportive housing for persons with disabilities or elderly persons, or in areas where vouchers are difficult to use.
 - Allowing PHAs to provide for an initial PBV contract of up to 20 years.
 - Providing owners and PHAs the ability to adjust rents based on an operating cost adjustment factor.
 - Permitting owners to use site-based waiting lists.
 - Allowing PHAs to attach assistance to structures in which the PHA has an ownership interest or control without following a competitive process.
 - Allowing PHAs to use project-based HUD-VASH and FUP vouchers under the same policies and procedures applicable to general purpose vouchers.

Section 112. Use of Vouchers for Manufactured Housing

- Extends the definition of “rent” for vouchers to include monthly payments for purchasing a manufactured home, tenant-paid utilities, and monthly rent for real property.
 - Under current regulations, HCV participants can only use voucher assistance to rent a manufactured home and the land the home is on.

Section 102. Income Reviews

- Many important changes to frequency of annual income reviews and definition of income, including:
 - Interim income reviews required only when a family's income increases or decreases by 10% or more of annual adjusted income (excludes fixed income families).
 - Family income from the preceding year to be used for the annual income review (after initial income determination at occupancy).
 - PHAs and owners may use other means-tested Federal public assistance programs for income determinations.
 - Eliminates mandatory earned income disregard in the public housing program.
 - Increases the standard deduction for elderly and disabled households to \$525 and requires HUD to apply an annual inflation factor.
 - Increases the threshold by which health and medical expenses must exceed annual income to 10% before such amounts may be deducted.

Section 104. Limitation on Eligibility for Assistance Based on Assets

- Assistance may not be provided for a family whose net assets exceed \$100,000 or who has an ownership interest and the legal right to reside in real property suitable for occupancy
 - Does not apply to victims of domestic violence, families offering the real property for sale, or persons receiving homeownership assistance or assistance for the rental of manufactured housing.
 - PHAs have the option not to enforce the limitation on eligibility based on assets for public housing residents
- Permits self-certification of net assets of less than \$50,000
- Starting in FY2018, applicants and recipients of assistance must authorize the PHA to obtain from financial institutions financial records needed to determine eligibility.

Section 103. Limitation on Public Housing Tenancy for Over-Income Families

- Sets the maximum amount of annual adjusted income for continued occupancy in public housing at 120% of area median income, which the Secretary may adjust based on certain statutory factors.
- A family is only subject to this limitation if their annual adjusted income meets or exceeds the maximum amount for two consecutive years.
- For a family meeting this threshold for two consecutive years, the PHA has the option to terminate the family's tenancy or to allow them to remain in the unit at a higher rent amount.
- HUD will gather feedback on how to determine the amount of federal subsidy allocated to a specific unit when a family chooses to remain in the unit.

Section 109. Public Housing Capital and Operating Funds

- PHAs may use up to 20% of Operating Funds appropriated in a given year for Capital Fund activities.
- PHAs may deposit funds from the PHA's Capital Fund into a replacement reserve up to the amount needed to meet its capital needs.
 - In first establishing the replacement reserve, HUD may permit a PHA to transfer more than 20% of its Operating Funds into the replacement reserve.
 - HUD may establish a maximum replacement reserve level that is below the amount determined by the PHA to meet its capital needs.
 - HUD will establish PHA accounting and reporting requirements for replacement reserve funds.

Next Steps

- Review email from PIH Principal Deputy Assistant Secretary Lourdes Castro-Ramirez sent on September 23, 2016 describing the five immediately effective provisions related to Public Housing and HCV.
- HUD is working to develop and provide the necessary implementation guidance for the other HOTMA provisions in a timely manner.
 - Some provisions give HUD discretion to implement via notice or regulations, while others require rulemaking.
- Questions and comments can be emailed to HOTMAquestions@hud.gov.
- Other questions? Comments?