

## ***Background and Implementation of the Housing Opportunity Through Modernization Act of 2016 (HOTMA) Final Rule***

### **Background**

The Housing Opportunity Through Modernization Act (HOTMA) was signed into law on July 29, 2016, amending many aspects of Multifamily Housing programs (as well as programs administered through the Offices of Public and Indian Housing and Community Planning and Development). HOTMA was intended to streamline processes and reduce burdens on housing providers. On September 17, 2019, HUD issued a proposed rule to update its regulations according to HOTMA’s statutory mandate. The final rule, published on January 9, 2023, considers public comment received on the proposed rule and provides additional guidance for implementing Sections 102, 103, and 104 of HOTMA.

**Section 102:** Changes requirements related to income reviews for the Public Housing, Housing Choice Voucher (HCV), and Section 8 Project-Based Rental Assistance (PBRA) programs.

**Section 103:** Modifies the continued occupancy standards of Public Housing residents (**does not apply to Multifamily Housing programs**).

**Section 104:** Sets maximum asset limits for eligibility and continued assistance in the Public Housing, HCV, Section 8 PBRA programs.<sup>1</sup>

### **Which Programs Will Be Affected by the Final Rule?**

The Section 8 PBRA (including RAD), Section 202/811 PRAC, 202/8, 202/162 PAC, Senior Preservation Rental Assistance Contract (SPRAC), and Section 811 Project Rental Assistance (811 PRA) programs will see changes due to HOTMA.

Questions?
<p>For more resources and information about this final rule, please visit the MFH HOTMA Webpage or reach out to <a href="mailto:MFH_HOTMA@hud.gov">MFH_HOTMA@hud.gov</a> with specific questions</p>

<sup>1</sup> Does not apply to Section 202/8, 202/811 PRAC, 202/162 PAC, 811 PRA, or SPRAC programs

### **What Are Some Key Changes to Multifamily Housing Programs?<sup>2</sup>**

- **Definitions** – HOTMA amends the definitions of family and earned income.
- **Enterprise Income Verification (EIV)** – HOTMA states that owners are no longer required to use EIV to verify tenant employment and income information during an interim reexamination.
- **Hardship Relief** – HOTMA creates hardship relief provisions for childcare, health & medical care, and attendant care & auxiliary apparatus expense deductions.
- **Imputed Asset Income** - HOTMA raises the imputed asset threshold from \$5,000 to \$50,000 (adjusted annually for inflation).
- **Income & Asset Exclusions** – HOTMA codifies additional income and asset exclusions.
- **Income Reviews** – HOTMA creates a 10% adjusted income increase/decrease threshold for conducting Interim Reexaminations.
- **Mandatory Deductions** – HOTMA increases the elderly/disabled family deduction to \$525. The dependent deduction *and* the elderly/disabled family deduction will be adjusted for inflation on an annual basis.
- **Self-certification of Assets** – HOTMA permits owners to accept self-certification of net assets if estimated to be equal to \$50,000 (adjusted for inflation on an annual basis) or less.

### **Final Rule Effective Date & HOTMA Implementation**

All provisions for Multifamily Housing programs will become effective on January 1, 2024. **Owners must implement the revised regulations for all tenant certifications of income effective January 1, 2024 and after. Additional guidance will be forthcoming about the timing of submitting January 1, 2024 certifications to TRACS.**

*Additional stakeholder guidance in the form of a joint PIH/MFH housing notice, webinars, and other implementation assistance will be published in the coming months. Please refer to the [HOTMA MFH Webpage](#) for all new information or if you would like to join the Office of Housing’s mailing list.*

<sup>2</sup> Refer to the HOTMA final rule for all programmatic changes.