



OFFICE OF HOUSING

HOTMA Implementation Notice Training

OFFICE OF MULTIFAMILY HOUSING PROGRAMS

Agenda

- Agenda:
 - Finding the Notice
 - Developing the Notice
 - Substance and Organization of the Notice
 - Navigating and Reading the Notice
 - Additional Resources

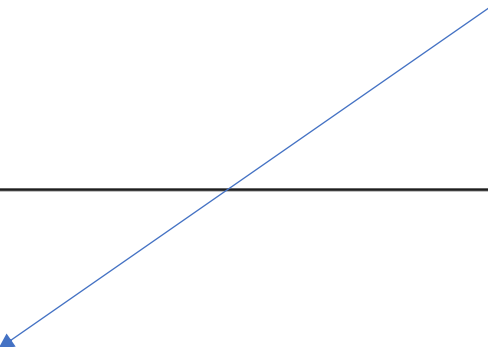
Finding the HOTMA Notice

- The HOTMA Implementation Notice can be found at this link: <https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-10hsgn.pdf>.
- All Housing Notices, including the HOTMA implementation Notice can be found on HUDCLIPS. The link for Housing Notices can be found here: [Housing Notices | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#).
- The Notice can also be found on the HOTMA MFH Resources webpage at this link: [Housing Opportunity Through Modernization Act | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#).

Accessing the Notice

- Locate the HOTMA Implementation Notice through HUDCLIPS on hud.gov:
 - Navigate to <https://www.hud.gov/guidance>
 - Click on “Notices” under the “Policies and Regulations” section
 - Select “Housing”
 - Then, select the linked Document Number 2023-10 (see below):

Document Number	Title
2023-10	Implementation Guidance: Sections 102 and 104 of the Housing Opportunity Through Modernization Act of 2016 (HOTMA)



Developing the Notice

- The HOTMA Notice contains guidance to Public Housing Agencies (PHAs) and Multifamily Housing (MFH) Owners on the implementation of the many program changes brought about by the Housing Opportunity Through Modernization Act of 2016 (HOTMA).
- MFH staff partnered with PIH staff to develop the Notice as many of the HOTMA changes align MFH and PHA programs (i.e., definition of foster adults/children).
- Since this is a joint MFH/PIH Notice, readers should be aware of which attachments and provisions apply to MFH programs in the "Applicable Programs" table found in each section (see below).

Applicable Programs

HUD Multifamily Housing	HUD Multifamily Housing	Public and Indian Housing
Section 8 (Project Based Rental Assistance)	Section 202/8; Section 202/811 PRAC; Section 236 IRP; Section 811 PRA; SPRAC	HCV (including Project-Based vouchers), Public Housing, Section 8 Moderate Rehabilitation, Section 8 Moderate Rehabilitation SRO
Yes	Yes	Yes

Substance and Organization of Notice

The first eight sections introduce readers to the substance and organization of the Notice:

- **Section 1 (Purpose):** Describes the type of information provided in the Notice.
- **Section 2 (Background):** Provides information about why HUD wrote the Notice.
- **Section 3 (Burden Reduction and Program Alignment):** Explains HUD's intention to align guidance across the PIH and MFH program offices, where applicable, to reduce burden on housing providers and program participants.
- **Section 4 (Notice Applicability):** Describes the applicability of the Notice to various HUD programs.
- **Section 5 (Structure of this Publication):** Outlines the information that readers can expect to find in each of the Notice's attachments.
- **Section 6 (Effective Date, Compliance Date, and Updates to PHA/MFH Owner Policies):** Informs readers of the mandatory HOTMA compliance date for PHAs/MFH Owners and the steps that PHAs/MFH Owners must take to implement HOTMA.
- **Section 7 (Superseded and Rescinded Notices):** Lists the PIH and MFH notices and handbooks rescinded or superseded by HOTMA.
- **Section 8 (Paperwork Reduction Act):** Provides the Office of Management and Budget (OMB) control numbers for data referenced in the Notice and provides program office contact information.

Substance and Organization of Notice

The HOTMA Notice is comprised of 10 attachments (sections), in alphabetical order, that address the following HOTMA provisions:

- **Attachment A**—Asset Limitation (to be added in full at a later date)
- **Attachment B**—Calculating Income
- **Attachment C**—Deductions and Expenses
- **Attachment D**—Applicable Fair Housing and Civil Rights Requirements
- **Attachment E**—Household Composition
- **Attachment F**—Income
- **Attachment G**—Income Exclusions
- **Attachment H**—Inflationary Adjustments
- **Attachment I**—Interim Reexamination
- **Attachment J**—Verification

Substance and Organization of Notice

- **Key Information:**
- Section 6.2 of the Notice establishes the delayed compliance date of 1/1/2025.
 - O/As must update their TSPs by 3/31/24 to reflect how they will exercise policy discretion.
 - The Notice establishes that full HOTMA compliance will be expected of O/As on the 1/1/2025 compliance date.
- Section 7 of the Notice identifies existing guidance that is superseded by the Notice which includes parts of HUD HB 4350.3 and other applicable Housing Notices.
- Attachment H of the Notice describes a forthcoming Inflationary Adjustments notice that will explain the methodology by which certain items will be adjusted annually for inflation.

Navigating and Reading the Notice

- Each attachment (section) is comprised of the following:

Subtopics discuss the HOTMA provision across multiple topics.

Summary of how the subtopic is directly affected by HOTMA.

Subtopic heading which distinguishes between subtopics.

Subtopics

C.1 Dependent Deduction

Regulation: 24 CFR § 5.611(a)(1)

Summary: Effective January 1, 2024, the dependent deduction amount is \$480. This amount will be adjusted annually (see [Attachment H](#)) and applies to a family's next annual or interim reexamination after the annual adjustment, whichever is sooner. Not later than September 1 annually, HUD will publish the CPI-W adjusted dependent deduction to the [HUDUser](#) Web site.¹² PHAs/MFH Owners must implement the adjusted dependent deduction for all income examinations that are effective on January 1 or later.

PHA/MFH Owner Discretion: None.

C.2 Elderly/Disabled Family Deduction

Regulation: 24 CFR § 5.611(a)(2)

Summary: Effective January 1, 2024, the elderly/disabled family deduction increases from \$400 to \$525 and applies to a family's next interim or annual reexamination, whichever is sooner. The amount of the deduction will be adjusted annually (see [Attachment H](#)). Not later than September 1 annually, HUD will publish the CPI-W adjusted elderly/disabled family deduction to the [HUDUser](#) Web site. PHAs/MFH Owners must implement the adjusted elderly/disabled family deduction for all income examinations that are effective on January 1 or later.

PHA/MFH Owner Discretion: None.

Regulation revised or created through rulemaking to implement HOTMA.

Discretionary authority that a MFH Owner has in implementing the policy.

Navigating and Reading the Notice

- Each attachment (section) is comprised of the following:

Attachment (section) letter in alphabetical order.

ATTACHMENT C: TOPIC: DEDUCTIONS AND EXPENSES

Regulations

24 CFR §§ 5.603; 5.611(a)(1); 5.611(a)(2); 5.611(a)(3); 5.611(a)(3)(ii); 5.611(b)(1); 5.611(b)(1)(i); 5.611(b)(1)(ii); 5.611(c)(1); 5.611(c)(1)(D); 5.611(c)(2); 5.611(d); 5.611(e); 5.611(e)(2); 891.105

Regulations that HOTMA amends.

Applicable Programs



HUD Multifamily Housing	HUD Multifamily Housing	Public and Indian Housing
Section 8 (Project Based Rental Assistance)	Section 202/8; Section 202/811 PRAC; Section 236 IRP; Section 811 PRA; SPRAC	HCV (including Project-Based vouchers), Public Housing, Section 8 Moderate Rehabilitation, Section 8 Moderate Rehabilitation SRO
Yes	Yes	Yes

MFH programs that are affected by this section are listed in the first two columns of the chart.

The summary discusses the change at a high level.

Summary

PHAs/MFH Owners must consider mandatory deductions when determining a family's annual adjusted income. PHAs may also consider additional (permissive) deductions to a family's annual income if established by a written policy in the PHA's ACOP or Administrative Plan.

Navigating and Reading the Notice

- Most attachments (sections) include examples to explain how the policy will be implemented:

Example C1: Phased-In Relief (Health and Medical Care Expenses and Reasonable Attendant Care and Auxiliary Apparatus Expenses)

Example header explains the HOTMA provision in action and corresponds directly with subtopic. This example is the first example in Attachment C.

Ms. Bell's annual reexamination is due on June 1, 2024. Her last annual reexamination was effective June 1, 2023, and she received a deduction for unreimbursed health and medical expenses. She did not have any interim reexaminations after her annual reexamination was completed. Ms. Bell's unreimbursed health and medical expenses were 8 percent of her annual income. For her annual reexamination effective June 1, 2024, the PHA determines that Ms. Bell's annual income is \$10,000 and her unreimbursed health and medical expenses are \$800 (8 percent of her annual income).

Although Ms. Bell's unreimbursed health and medical care expenses are not in excess of the new 10-percent threshold to receive the deduction, since she was receiving a deduction for unreimbursed health and medical expenses on January 1, 2024, Ms. Bell is automatically eligible for the deduction pursuant to the phased-in hardship exemption. The PHA/MFH Owner will apply the phased-in relief threshold to deduct the expenses that exceed 5 percent of her annual income which is \$300 (\$800 - \$500) for this reexamination.

Since her expenses are more than 7.5 percent of her annual income, Ms. Bell will receive the benefit of the unreimbursed health and medical expense deduction until her next annual reexamination on June 1, 2025, or interim reexamination (whichever occurs first), when the threshold will be increased to 7.5 percent. Assuming her medical expenses are still \$800, she will be able to deduct \$50 (\$800 - \$750).

Additional HOTMA Resources

- MFH HOTMA Webpage: [Housing Opportunity Through Modernization Act | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)
- HOTMA Mailbox: MFH_HOTMA@hud.gov
- HOTMA Implementation Notice:
Notice: <https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-10hsgn.pdf>
- HOTMA Webpage for PIH programs:
https://www.hud.gov/program_offices/public_indian_housing/hotmaresources



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Thank you!

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