

HOTMA Effective 1/1/2024

December Office Hours 2023

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Announcements

Schedule:

- The training will run from 9:00 am until approximately 12:00 pm
- We will take a break mid-morning, if needed
- Staff will be present to answer any questions pertaining to the HOTMA changes

Housekeeping:

- Certificates will be emailed after the conclusion of the class, usually within 24-hours in an email from the GoTo Platform, please check your “junk” folders as we cannot reissue certificates
 - If you did not use your emailed link for the training from your registration you will not receive a certificate or show as having attended the webinar
- We suggest you silence your phones and put an “out of office” email response to help avoid distractions during the training
- Please pose questions and comments to the “Questions Box”

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HOTMA

Programs impacted by the Housing Opportunity Through Modernization Act of 2016 (HOTMA)

- HOME Investment Partnerships (HOME), HOME-ARP and TCAP-RF Programs
- National Housing Trust Fund (NHTF)
- Supportive Housing for Persons with Disabilities (Section 811)

Programs somewhat impacted by HOTMA

- Housing Tax Credit Programs (LIHTC, Exchange and TCAP)
- BOND Program
- Texas Housing Trust Fund Program (THTF)
- Neighborhood Stabilization Program (NSP)

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HOTMA Resources

- **HOTMA Final Rule**
 - <https://www.hud.gov/sites/dfiles/PA/documents/6057-F-03-HOTMA-Income-Final-Rule.pdf>
- **HOTMA Resources from HUD**
 - https://www.hud.gov/program_offices/housing/mfh/hotma
 - https://www.hud.gov/program_offices/public_indian_housing/hotmaresources
- **TDHCA Recorded Presentations**
 - <https://www.tdhca.state.tx.us/pmcomp/presentations.htm>
- **TDHCA Forms**
 - <https://www.tdhca.state.tx.us/pmcomp/forms.htm>
- **HUD Handbook 4350.3**
 - <https://www.hud.gov/sites/documents/43503HSGH.PDF>

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HOTMA Disclaimer

The Department has developed this training based on the staff interpretations of the requirements of Housing Opportunity Through Modernization Act of 2016 (HOTMA). HUD has indicated that additional guidance would be released sometime in the 4th quarter of 2023 with regards to several sections of HOTMA. The Department will review said guidance and update, if necessary, any trainings and policies with regards to the programs affected by the guidance.

New guidance was released on September 29, 2023 and can be found online at <https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-10hsgn.pdf>. This training encompasses updates based on the information in the newly released guidance.

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HOTMA: Foster Persons

Foster children and foster adults, as defined by state law, will not be considered household members for the purposes of eligibility, nor will their income or assets be included in the household determination of eligibility.

- This exclusion was added to help eliminate the double counting of Foster Persons since they are allowed to be considered temporarily absent household members in the households to which they would return
- Foster Persons will be considered when determining the appropriate sized unit – only monitored for 811 households
- Persons between the ages of 18 and 24, who have left foster care, or will leave foster care within 90 days, and who are homeless or at risk of becoming homeless at age 16 or older, will be considered “single persons” and will have their income and assets included in the household calculation of eligibility
- Payments for the care of foster persons from a welfare agency are excluded from income, this is not changing with HOTMA

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HOTMA: Foster Persons - Example

Four (4) Person Household in a 60% HTC Unit in Austin, Texas

- Jesse; Head of Household, Annual Income \$48,000
- Erin; Foster Adult, Annual Income \$10,000
- Lynn; Foster Child, No Annual Income
- Jane; Foster Child, Annual Income from SSI \$7,240
- Total Household Income **\$65,240**

Income Limit for a 4 person household \$66,180 – Qualified if moved in during 2023

Income Limit for a 1 person household \$46,380 – Unqualified if moved in during 2024 with HOTMA changes

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HOTMA: Foster Persons - Questions

- What if I recertify my household that originally qualified with foster persons and the household no longer qualifies?
 - You will follow the same process as you would if someone had an increase in their household income causing them to become an Over Income (OI) household. This will be program specific.
- Are foster persons listed on the Income Certification?
 - Yes, you would list them like you would a live-in aide, the code for these household members is "F" as shown on the Income Certification Instructions.

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HOTMA: Annual Income

Annual Income includes all amounts not specifically excluded in 24 CFR 5.609.

This includes amounts as follows:

- All earned and unearned income for the Head of Household, Co-Head and/or Spouse
- All earned and unearned income for household members 18 years of age and older
 - There are some exceptions to this requirement for full-time students with regards to their earned income
- All unearned income for household members under the age of 18

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HOTMA: Excluded Income

- Insurance Payments and Settlements
- Employment Income for Students*
- Payments to keep family members with disabilities living at home**
- Payments from the U.S. Census Bureau for work on Decennial Census
- Direct Federal/State Payments for Economic Stimulus or Recovery
- Tax Returns
- Gifts for holiday, birthdays, or other significant life events
- Lump sum additions to assets like lottery winnings
- Civil Settlements from an action that caused someone to become disabled
- Income or lump sums received from Civil Rights Settlements
- Back-pay received as a result of a Civil Rights Action
- **Worker's Compensation*****
- In
- Any other income excluded by CFR 9.609

If the application in use at the development asks for any excluded income it should be updated for 2024.

Any of the Lump Sums outlined on this slide that are placed in an asset, checking/savings account, will count towards the household assets.

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HOTMA: Excluded Income – Students*

- Student Eligibility has not changed at this time
- Student Income requirements are not changing drastically; however, the amount that is included may change annually based on inflation rates
 - Currently the allowable amount is \$480 if all requirements are met
- All households with student financial aid, that is not excluded by statute, will have the aid less allowable education expenses included as income for purposes of determining eligibility
- After July 1, 2024, all financial assistance covered in 479B of the HEA and the Bureau of Indian Education will be excluded from income, regardless of any excesses calculated
- Reimbursement programs from an employer, scholarship from a private entity or non-profit, trust, etc. would all be included as income in excess of the expenses
- The actual covered costs of the student are tuition, **books and supplies, room and board** and other required fees

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HOTMA: Student Financial Assistance– Students*

Student Financial Assistance means a grant or scholarship received from:

- The Federal Government
- A State, Tribe or Local Government
- A private foundation registered as a nonprofit under 26 USC 501(c)(3)
- A business entity (like a corporation, general partnership, limited liability, limited partnership, joint venture, business trust, or nonprofit entity)
- An institution of higher education
- Title IV Regulations can be found online at https://www.nasfaa.org/compiled_title_iv_regulations
 - Any assistance provided through Title IV of the HEA is excluded
 - See examples on following slides with the impact of this requirement on student financial assistance

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HOTMA: Not Financial Assistance– Students*

While the income might be excluded with regards to the student income requirements, it may still be included as income for the purposes of eligibility, i.e. gift from family is a Monetary Contribution

Student Financial Assistance does not include:

- Any assistance that is excluded by regulation
- Financial support provided to the student for services performed, i.e. work-study
- Gifts, including those from family and friends
- Student Loans will never be included as financial assistance or income
- Any amount over the assistance used to cover the education expenses may be considered income for eligibility purposes

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Income: Types of Financial Aid After 7/1/2024

Federal Pell Grants

Federal early outreach and student services programs

Federal supplemental educational opportunity grants

Leveraging educational assistance partnership program

Special programs for students whose families are engaged in migrant/ seasonal farm-work

Robert C. Byrd honors scholarship program

Child care access means parents in school

Federal Family Education Loan Programs

Federal Work-Study Programs

William D. Ford Federal Direct Loan Program

Federal Perkins Loans

Higher Education Relief Opportunities for Students

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Income: Financial Aid in 2024

If the household contains a student:

- **All assistance provided through Title IV HEA must be excluded from income**

If the household is receiving Section 811 assistance and the student is:

- The Head, Spouse or Co-head
- 23 years old or younger OR
- **Without** dependent children
- **All assistance, in excess of education expenses, provided through Title IV HEA must be included in income**
- *If an appropriations act comes out that does not include this limitation or any other limitation student income will ALL be treated as if the household did not receive Section 811 assistance*

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HOTMA: Excluded Income – Student Example 1

Calculation of Income from Student Financial Assistance

Qualified Education Expenses:	\$12,850
Title IV HEA Assistance:	\$14,590
Other Financial Assistance:	\$5,000
Total of Financial Assistance:	\$19,590

How much total financial assistance would be used to reduce expenses?

\$14,590, amount leftover is excluded by statute

How much should count as regular income?

\$5,000

All assistance provided through Title IV HEA must be excluded from income. This exclusion must be taken into account first. Anything remaining after deducting the qualified expenses is not considered income. Had a balance been left, the other financial assistance would have been applied and anything leftover would be counted as income.

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HOTMA: Excluded Income – Student Example 2

Calculation of Income from Student Financial

Qualified Education Expenses:	\$18,000
Title IV HEA Assistance:	\$14,590
Other Financial Assistance:	\$5,000
Total of Financial Assistance:	\$19,590

How much total financial assistance would be used to reduce expenses?

\$18,000 (\$14,590 plus \$3,410 of the \$5,000)

How much should count as regular income?

\$1,590 (\$5,000 minus remaining \$3,410)

All assistance provided through Title IV HEA must be excluded from income. This exclusion must be taken into account first. Anything remaining after deducting the qualified expenses is not considered income. Since a balance was left, the other financial assistance has been applied and anything leftover will be counted as income.

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HOTMA: Excluded Income – Student Example 3 with a trick

Calculation of Income from Student Financial Assistance

Qualified Education Expenses:	\$18,000
Scholarship from a local entity:	\$8,000
Persons outside the household:	\$25,000
Total of Financial Assistance:	\$33,000

How much total financial assistance would be used to reduce expenses?

\$8,000

How much should count as regular income?

\$25,000; amounts received from persons outside the household as a gift is income

All assistance provided through Title IV HEA must be excluded from income. This exclusion must be taken into account first. Anything remaining after deducting the qualified expenses is not considered income. Since a balance (the gift) was left, the financial assistance has been applied and anything additional will be counted as income.

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HOTMA: Excluded Income – Student Example 1 with Section 811

Calculation of Income from Student Financial Assistance for a 22 year old without dependent children

Qualified Education Expenses:	\$27,000
Title IV HEA Assistance:	\$12,000
Other Financial Assistance:	\$25,000
Total of Financial Assistance:	\$37,000

How much total financial assistance would be used to reduce expenses?

\$27,000, Total Qualified Education Expenses

How much should count as regular income?

\$10,000 (\$37,000 Total Assistance MINUS \$27,000 Qualified Education Expenses)

*Subtract total student financial assistance from all sources from total tuition plus required fees and charges to arrive at excess amount. If the excess amount of student financial assistance is a positive number, then **include** that amount in annual income. If the excess amount is zero or negative, then do not include that amount in annual income.*

If the total tuition plus required fees and charges is zero or exceeds the amount of total financial assistance from all sources, then no excess amounts of student financial assistance will be included in annual income. Any amount of student financial assistance that exceeds the total tuition plus required fees and charges must be included in annual income.

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HOTMA: Excluded Income – Student Example 2 with Section 811

Calculation of Income from Student Financial Assistance for a 28 year old with a dependent child

Qualified Education Expenses:	\$26,000
Title IV HEA Assistance:	\$11,000
Other Financial Assistance:	\$6,000
Total of Financial Assistance:	\$17,000

How much total financial assistance would be used to reduce expenses?

\$17,000

How much should count as regular income?

\$0 (There are more expenses than there is financial assistance)

Subtract total student financial assistance from all sources from total tuition plus required fees and charges to arrive at excess amount of student financial assistance.

If the total tuition plus required fees and charges is zero or exceeds the amount of total financial assistance from all sources, then no excess amounts of student financial assistance will be included in annual income. Any amount of student financial assistance that exceeds the total tuition plus required fees and charges must be included in annual income.

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HOTMA: Excluded Income – Student Example 3 with Section 811

Calculation of Income from Student Financial Assistance of a 38 year old without dependent children

Qualified Education Expenses:	\$6,200
Title IV HEA Assistance:	\$8,000
Total of Financial Assistance:	\$8,000

How much total financial assistance would be used to reduce expenses?

\$6,200 (Assistance is higher than the qualified expenses)

How much should count as regular income?

\$1,800 (\$8,000 Financial Assistance MINUS \$6,200 Qualified Education Expenses)

Subtract total student financial assistance from all sources from total tuition plus required fees and charges to arrive at excess amount of student financial assistance.

If the excess amount of student financial assistance is a positive number, then include that amount in annual income. If the excess amount of student financial assistance is zero or negative, then do not include that amount in annual income.

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HOTMA: Excluded Income – Payments to Disabled Families**

- Payments to keep family members with disabilities living at home received from, or authorized by, Federal/State agencies and Medicaid are excluded
 - What this looks like in a Program Unit:
 - Carolyn is living in a program unit with her disabled husband. Carolyn is paid by a State program to care for her husband in order to keep him home instead of in a nursing-care facility. This income is excluded. Her husband's Social Security income and any other income (not specifically excluded) will be included in the determination of household income.
 - Carolyn is also paid for the care of other persons in her apartment community through the same program; however, only the income from her husband that lives in her household is excluded. All other income received from the agency will be counted towards eligibility.

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HOTMA: Excluded Income – Worker's Compensation***

- Insurance payments or settlements for personal or property losses, including but not limited to payments under health insurance, motor vehicle insurance, and **worker's compensation**
 - Periodic payments paid at regular intervals (such as weekly, monthly, or yearly) for a period of greater than one year that are received in lieu of wages for worker's compensation continue to be included in annual income

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Income: Child Support/Alimony Starting 1/1/2024

Court
Ordered

Child support or alimony income must be based on payments received, not the amounts to which the family is entitled by court or agency orders

A printout of payments received

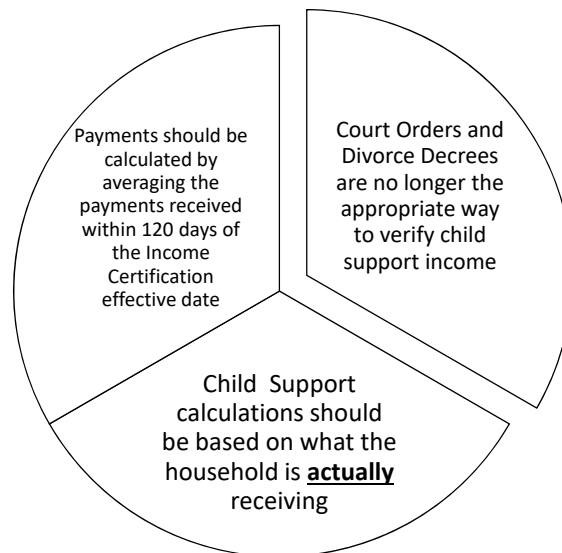
Include amounts awarded if received as ordered

Include any Arrearage amounts

DO NOT include Cash Medical Support

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Income: Child Support/Alimony 120-day Average



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Income: Child Support/Alimony Example 1

Date: December 10, 2021 Recipient Name: CRYSTAL CARSON

CHILD SUPPORT INCOME VERIFICATION

No case was found on the Child Support Registry. Not Cooperating

Other: _____

This document contains the most recent court order. Tax Offset amounts are not included in the reverse side of the form.

OAG Case #: 001250
Registry Only Case:

Dependent(s): DANIEL CARSON
GABRIEL CARSON

Cause #: F-XXXX-13-7
The amount of court child support is \$520.00 per MONTHLY

Last 12 Payments

Date:	Amount:
12/02/2021	\$520.00
11/03/2021	\$520.00
10/02/2021	\$520.00
09/02/2021	\$520.00
08/04/2021	\$520.00
07/02/2021	\$520.00
06/02/2021	\$520.00
05/04/2021	\$520.00
04/01/2021	\$520.00
03/03/2021	\$520.00
02/04/2021	\$520.00
01/03/2021	\$520.00

Case #: _____
The amount of court child support is _____
per _____
Date: _____
Last 12 Payments: _____ Amount: _____

Certification date is December 15th

$\$520 \times 12 \text{ months} = \$6,240$ annually

What they are receiving matches the court ordered amount in this case.

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Income: Child Support/Alimony Example 2

Sybil has a court order to receive \$425 per month, but her ex-husband does not pay, she has certified to this fact; however, Sybil has made no effort to collect the child support. We must count the full \$425 per month as income, **true or false?**

False, as long as Sybil is able to provide a payment history showing that nothing has been received.

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Income: Child Support/Alimony Example 3

Case #: 324-XXXX-11 The amount of court child support is 222.00 per BI-WEEKLY

Last 12 Payments

Date:	Amount:
08/23/2022	\$141.31
08/23/2022	\$65.00
08/09/2022	\$206.31
07/26/2022	\$141.31
07/26/2022	\$65.00
07/13/2022	\$206.31
06/28/2022	\$141.31
06/28/2022	\$65.00
06/01/2022	\$206.31
05/17/2022	\$141.31
05/17/2022	\$65.00
05/03/2022	\$206.31

Certification is dated November 8th

$\$141.31 + \$65 + \$206.31 = \412.62
 $\$412.62 \times 12 \text{ months} = \$4,951.44 \text{ annually}$

In this example we can tell that the household receives the same amount monthly so we have annualized that way.

Income: Child Support/Alimony Example 3

Date: August 11, 2022
Recipient Name: JENIFER HERMAN

CHILD SUPPORT INCOME VERIFICATION

Case #: D2-XXXXXX
The amount of court child support is \$62.00 per MONTHLY

Last 12 Payments

Date:	Amount:
07/07/2022	\$258.00
07/16/2022	\$258.00
07/02/2022	\$258.00
06/19/2022	\$258.00
06/05/2022	\$258.00
05/27/2022	\$258.00
05/07/2022	\$387.00
04/29/2022	\$129.00
04/19/2022	\$2,535.00
04/01/2022	\$281.08
03/16/2022	\$281.08
03/01/2022	\$281.08

Certification is dated September 1st, we will use the average of the amounts received within 120 days of the certification date.

$\$258 + \$258 + \$258 + \$258 + \$258 + \$258 + \$387 = \$1,935$

$\$1,935 \div 3 \text{ months} = \645 per month

$\$645 \times 12 = \$7,740$ annually

HOTMA: Annual Income – Questions and Notes

- **Where can I find a comprehensive list of excluded income sources?**
 - 24 CFR 5.609
 - HUD plans to update the list of federally mandated exclusions via Federal Register notice
- The “temporary, nonrecurring, or sporadic income (including gifts)” exclusion is replaced with an exclusion for “nonrecurring income, which is income that will not be repeated in the coming year based on information provided by the family.”
- The “coming year” is defined as the 12 months following the income certification.
- Incomes of “day laborers”, “independent contractors”, and “seasonal workers” (defined in regulation) are all specifically included in family income.

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HOTMA: Assets

- For HTC, Exchange, TCAP, BOND, THTF and MFDL Program Units, households may self-certify household assets when the total amount is equal to or less than \$50,000
 - HTC, Exchange, TCAP, and THTF are not required to be fully verified at initial move-in; however, the assets must be fully verified within 3 years of the initial certification if full Income Certifications are required, and then every 3 years after that continually
 - BOND Program: at Initial Certification the assets must be fully verified by third-party or first-hand documentation; also during 3rd year of tenancy certifications the assets must be verified
 - MFDL Programs: at Initial Certification the assets must be fully verified by third-party or first-hand documentation; also during 6th year certifications the assets must be verified
- For 811 Program units, the assets must be fully verified by third-party or first-hand documentation at Move-In and Initial certifications and during each 3rd year certification for the household
 - All 811 households must have their assets fully verified during the 2024 certification
- Retirement accounts (as defined by the IRS) are no longer included in household assets.
- All assets can be verified using one (1) statement from the financial institution.
 - When verification of assets is required, Owners are required to obtain a minimum of one statement that reflects the current balance of banking/financial accounts. Owners were previously required to average the balance of six checking account statements to determine the cash value of a checking account.

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HOTMA: Asset Verifications Outline

What this looks like in a program unit:

- Household moves-in/certifies 5/1/2024 – Verify all assets by third party or first-hand
- 2025 and 2026 – Self-certify all assets if under \$50,000
- 2027 – Verify all assets by first-hand documentation or third party verification
- 2028 and 2029 – Self-certify all assets if under \$50,000
- 2030 – Verify all assets by first-hand documentation or third party verification

If the development is able to utilize annual data collection requirements then this is not applicable.

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HOTMA: Asset Verifications Outline – Not Verified at Move-In

What this looks like in a program unit:

- Household moves-in/certifies 5/1/2024 – Self-certify all assets if under \$50,000
- 2025 – Self-certify all assets if under \$50,000
- 2026 – Verify all assets by first-hand documentation or third party verification
- 2027 and 2028 – Self-certify all assets if under \$50,000
- 2029 – Verify all assets by first-hand documentation or third party verification

If the development is able to utilize annual data collection requirements then this is not applicable.

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HOTMA: Asset Verifications Outline – Pre-HOTMA Household

What this looks like in a program unit:

- Household moves-in/certifies 5/1/2020 – Pre-HOTMA
- 2024 – Verify all assets by first-hand documentation or third party verification
- 2025 and 2026 – Self-certify all assets if under \$50,000
- 2027 – Verify all assets by first-hand documentation or third party verification
- 2028 and 2029 – Self-certify all assets if under \$50,000
- 2030 – Verify all assets by first-hand documentation or third party verification

**If the development is able to utilize
annual data collection requirements then
this is not applicable.**

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HOTMA: Assets; Changes to Verification Requirements

- Actual Income ONLY will be included when household assets are UNDER or EQUAL to \$50,000
- Imputed Income when household assets are OVER \$50,000 will only be calculated if the actual rate of return cannot be determined for the asset
- All assets are categorized as either **real property** (e.g., land, a home) or personal property. Personal property includes tangible items, like boats, as well as intangible items, like bank accounts.
 - **Necessary** personal property is excluded from net family assets.
 - **Non-necessary** personal property with a combined value greater than \$50,000, as adjusted by inflation, is considered part of net family assets; if the combined value is \$50,000 or less then all of the non-necessary personal property is excluded from net family assets.
- For example, a family could have non-necessary personal property with a combined value that does not exceed \$50,000 but also own real property such as a parcel of land. Even though the non-necessary personal property would be excluded from net family assets, the real property would be included in net family assets regardless of its value unless the real property meets a different exclusion under 24 CFR § 5.603.

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HOTMA: Assets; Necessary versus Non-Necessary

Table F1: Examples of Necessary and Non-Necessary Personal Property

Necessary Personal Property	Non-Necessary Personal Property
<ul style="list-style-type: none"> Car(s)/vehicle(s) that a family relies on for transportation for personal or business use (e.g., bike, motorcycle, skateboard, scooter) Furniture, carpets, linens, kitchenware Common appliances Common electronics (e.g., radio, television, DVD player, gaming system) Clothing Personal effects that are not luxury items (e.g., toys, books) Wedding and engagement rings Jewelry used in religious/cultural celebrations and ceremonies Religious and cultural items Medical equipment and supplies Health care-related supplies Musical instruments used by the family Personal computers, phones, tablets, and related equipment Professional tools of trade of the family, for example professional books Educational materials and equipment used by the family, including equipment to accommodate persons with disabilities Equipment used for exercising (e.g., treadmill, stationary bike, kayak, paddleboard, ski equipment) 	<ul style="list-style-type: none"> Recreational car/vehicle not needed for day-to-day transportation (campers, motorhomes, travel trailers, all-terrain vehicles (ATVs)) Bank accounts or other financial investments (e.g., checking account, savings account, stocks/bonds) Recreational boat/watercraft Expensive jewelry without religious or cultural value, or which does not hold family significance Collectibles (e.g., coins/stamps) Equipment/machinery that is not used to generate income for a business Items such as gems/precious metals, antique cars, artwork, etc.

Examples of Necessary and Non-Necessary Personal Property from
Notice H 2023–10
Notice PIH 2023–27

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HOTMA: Assets Under \$50,000

Assets Post HOTMA

Checking account with no interest: \$180 – non-necessary personal property
 Savings account with 2% interest rate: \$8,000 – non-necessary personal property
 Land with no determined rate of return: \$25,000 – real property

How much is the actual income from net family assets?

\$0 from the Checking Account; \$160 from the Savings Account and \$0 from the Land

How much is the imputed income from the net family assets?

No imputed income will be included, household assets are less than \$50,000, only actual income from assets will be included

How much income from net family assets should be included on the Income Certification?

For the ALL programs: \$0 checking (actual); \$160 savings (actual); \$0 land

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HOTMA: Assets on the Income Certification

Putting it on the Income Certification:

Checking account with no interest:	\$180	Income: \$0.00 (actual)
Savings account with 2% interest rate:	\$8,000	Income: \$160.00 (actual)
Land with no determined rate of return:	\$25,000	Income: \$0 (under \$50,000)
Total of Net Family Assets:	\$25,000	

PART IV. INCOME FROM ASSETS						
HH Mbr.#	(F) Type of Asset	(G) C/D	(H) N/R	(I) Cash Value of Asset	(J) A/I	(K) Annual Income from Asset
1	Checking	C	N	\$180.00	A	\$0.00
1	Savings	C	N	\$8,000.00	A	\$160.00
1	Land/Real Estate	C	R	\$25,000.00	n/a	\$0.00
(L) TOTAL NON-NECESSARY PERSONAL PROPERTY:				\$8,180.00	(M) Total Actual Income:	\$160.00
(N) TOTAL NET FAMILY ASSETS:				\$25,000.00	(O) Total Imputed Income:	\$0.00
(P) TOTAL INCOME FROM ASSETS [(M) + (O)]:						\$160.00

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HOTMA: Assets Over \$50,000

Assets Post HOTMA

Checking account with no interest:	\$18,000 – non-necessary personal property
Savings account with 2% interest rate:	\$ 8,000 – non-necessary personal property
Land with no determined rate of return:	\$25,000 – real property

How much is the actual income from assets?

\$0 from Checking; \$160 from Savings (\$8,000 x 2%) and \$0 from the Land

How much is the imputed income from the assets?

\$0

How much income from assets should be included on the Income Certification?

For the ALL programs: \$0 checking (actual); \$160 savings (actual); \$0 land

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HOTMA: Assets at Layered Properties on the Income Certification

Putting it on the Income Certification:

Checking account with no interest: \$18,000 Income: \$0.00 (actual)
 Savings account with 2% interest rate: \$35,000 Income: \$700.00 (actual)
 Land with no determined rate of return: \$25,000 Income: \$100.00 (imputed)
 Total of Net Family Assets: \$78,000

Non-necessary personal property with a combined value greater than \$50,000, as adjusted by inflation, is considered part of net family assets; if the combined value is \$50,000 or less then all of the non-necessary personal property is excluded from net family assets.

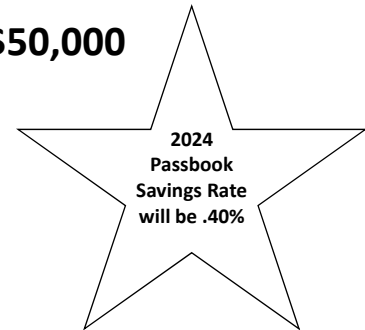
HH	Mbr.#				
	1				
	1				
	1				
(L) TOTAL NON-NEC					\$160.00
(N) TO					\$0.00
Imputed Income:					\$0.00
(P) TOTAL INCOME FROM ASSETS [(M) + (O)]:					\$160.00

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HOTMA: Non-Necessary Personal Property Over \$50,000

Assets Post HOTMA

Checking account with no interest: \$18,000
 Savings account with 2% interest rate: \$35,000
 Land with no determined rate of return: \$25,000
 Total of Net Family Assets: \$78,000



How much is the actual income from net family assets?

\$0 from Checking; \$700 from Savings (\$35,000 x 2%) and \$0 from the Land

How much is the imputed income from the net family assets?

For the Land: \$100 (\$25,000 x .40%)

How much income from assets should be included on the Income Certification?

For the ALL programs: \$0 checking (actual); \$700 savings (actual); \$100 land (imputed)

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HOTMA: Assets on the Income Certification

Putting it on the Income Certification:

Checking account with no interest: \$18,000 Income: \$0.00 (actual)
 Savings account with 2% interest rate: \$35,000 Income: \$700.00 (actual)
 Land with no determined rate of return: \$25,000 Income: \$100.00 (imputed)
 Total of Net Family Assets: \$78,000

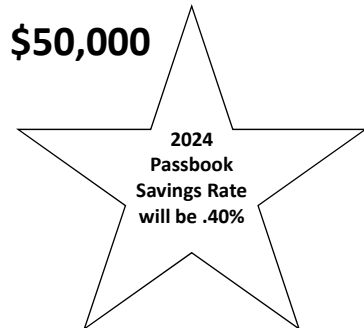
PART IV. INCOME FROM ASSETS						
HH Mbr.#	(F) Type of Asset	(G) C/D	(H) N/R	(I) Cash Value of Asset	(J) A/I	(K) Annual Income from Asset
1	Checking	C	N	\$18,000.00	A	\$0.00
1	Savings	C	N	\$35,000.00	A	\$700.00
1	Land/Real Estate	C	R	\$25,000.00	I	\$100.00
(L) TOTAL NON-NECESSARY PERSONAL PROPERTY:				\$53,000.00	(M) Total Actual Income:	\$700.00
(N) TOTAL NET FAMILY ASSETS:				\$78,000.00	(O) Total Imputed Income:	\$100.00
					(P) TOTAL INCOME FROM ASSETS [(M) + (O)]:	\$800.00

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HOTMA: Non-Necessary Personal Property Under \$50,000

Assets Post HOTMA

Checking account with no interest: \$1,000
 Savings account with 2% interest rate: \$300
 Land with no determined rate of return: \$75,000
 Total of Net Family Assets: \$75,000



How much is the actual income from assets?

\$0 from Checking; \$6 from Savings (\$300 x 2%) and \$0 from the Land

How much is the imputed income from the assets?

For the Land: \$300 (\$75,000 x .40%)

How much income from assets should be included on the Income Certification?

For the ALL programs: \$0 checking (actual); \$6 savings (actual); \$300 land (imputed)

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HOTMA: Assets on the Income Certification

Putting it on the Income Certification:

Checking account with no interest:	\$1,000	Income: \$0.00 (actual)
Savings account with 2% interest rate:	\$300	Income: \$6.00 (actual)
Land with no determined rate of return:	\$75,000	Income: \$300.00 (imputed)
Total of Net Family Assets:	\$75,000	

PART IV. INCOME FROM ASSETS						
HH Mbr #	(F) Type of Asset	(G) C/D	(H) N/R	(I) Cash Value of Asset	(J) A/I	(K) Annual Income from Asset
1	Checking	C	N	\$1,000.00	A	\$0.00
1	Savings	C	N	\$300.00	A	\$6.00
1	Land/Real Estate	C	R	\$75,000.00	I	\$300.00
(L) TOTAL NON-NECESSARY PERSONAL PROPERTY:				\$1,300.00	(M) Total Actual Income:	\$6.00
(N) TOTAL NET FAMILY ASSETS:				\$75,000.00	(O) Total Imputed Income:	\$300.00
(P) TOTAL INCOME FROM ASSETS [(M) + (O)]:						\$306.00

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HOTMA: Assets - Questions

- **I have properties with HOME and Housing Tax Credit, how do I handle assets?**
 - HTC program properties will be able to use the Under \$50,000 certification but assets over this amount must be fully verified by first-hand or third-party documentation
 - For the MFDL Program you must fully verify all assets at the time of the initial certification; however, the assets can still be self-certified during the intervening years. Assets must be fully verified in the 6th year of the affordability certifications
 - **Income for assets will be calculated as required under HOTMA as outlined on previous slides**
- **I have properties with 811 and Housing Tax Credit...**
 - 811 is allowed to use the asset self-certification other than at Move-In and Initial Certifications and every third year, HTC will do as outlined above until further guidance is received

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HOTMA: Asset Exclusions Do Not Impact Department Programs

HOTMA does have an asset exclusion for households that have assets totaling more than \$100,000 and for households owning real estate.

These exclusions do not apply to the Department programs, they are a Public Housing and Section 8 requirement that do not impact our programs.

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HOTMA: Deductions for Adjusted Income

Annually, HUD will issue an Adjustment for Inflation to be used for deductions

- The HOME, TCAP-RF and HOME-ARP programs (when household goes over 80%) must use the deductions to calculate adjusted income to determine tenant rent
- 811 Program must use the deductions to determine adjusted income and tenant rent
- Dependent Deduction will be updated annually based on inflation
 - This amount will correlate to the earned income counted for full-time students and adoption assistance
- Child Care Deduction has excluded foster children with HOTMA unless the child care is paid for with the household's income and not the foster care payments received from the welfare agency
- Elderly/Disabled Deduction is being increased to \$525 and will be updated annually based on inflation
- Reasonable Attendant Care and Auxiliary Apparatus; formerly Disabled Deduction – the 3% test is now a 10% test
- Unreimbursed Health and Medical Care expenses for elderly/disabled households – the 3% test is now a 10% test

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HOTMA: Dependent Deduction

The Dependent Deduction

- For 2024 this will remain at \$480, HUD will announce increases annually based on inflation
- Two types of household member income caps are affected by this amount
 - Full-time student income, when the student is not the head, spouse or co-head, is capped at the amount of the deduction
 - Adoption assistance is capped at the amount of the deduction
 - If/When the deduction changes the income caps will also change
- Foster children are not eligible for the dependent deduction

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HOTMA: Childcare Deduction

The Childcare Deduction

- Anticipated expenses for care of children under the age of 13 may be deducted from the annual income if:
 - The childcare is necessary to enable a family member to work or further their education
 - (e.g., work, look for work, or further their education (academic or vocational))
 - The family has determined that no adult in the household can provide the childcare
 - Expenses are not paid to a family member in the unit
 - The expense must be reasonable
 - The expense cannot be reimbursed by any agency or individual
 - Foster children are eligible for the childcare deduction as long as the unreimbursed child-care expenses are paid from the family's annual income and not from another source, such as a stipend from the child welfare agency
- There is a hardship exemption for this deduction; the tenant selection plan must include the hardship, it can be extended for 90 days and then an additional 90 days if circumstances require the deduction for the household to be able to pay rent

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HOTMA: Attendant Care & Auxiliary Apparatus Expense Deduction

The Attendant Care & Auxiliary Apparatus Expense Deduction

- All families who incur expenses on behalf of a disabled member that allows an adult member, including the disabled member, to work are eligible for the deduction
- Examples of Auxiliary Apparatus expenses
 - Payments made on a motorized wheelchair that enables the disabled head of household to work
 - Or, the payments on a motorized wheelchair for an adult child of the head of household that enables the head of household and the adult child to work
- Examples of Attendant Care expenses
 - Payments made to a qualified caregiver of a child that allows the child's parent to go to work every day
- Foster persons are not eligible for this deduction

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HOTMA: Attendant Care & Auxiliary Apparatus Expense Deduction Hardship

The Attendant Care & Auxiliary Apparatus Expense Deduction Hardship Allowance

- This hardship allowance is only applicable to the 811 Program Units and HOME units where the household was over 80% prior to HOTMA
- The disallowed amount is changing from 3% to 10% of the annual income
 - There is a hardship allowance for this deduction, in 2024 it will be 5%, in 2025 the deduction will be 7.5% and in 2026 it will be the full 10%
 - The household must have been receiving the deduction prior to the implementation of HOTMA

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HOTMA: Elderly/Disabled Deduction

The Elderly/Disabled Family Deduction

- The deduction amount is changing to \$525 starting on January 1, 2024
 - This deduction amount will be adjusted annually for inflation
- This remains a household deduction when the head, spouse or co-head is 62 years of age, or older, or a disabled person
- Foster persons are not eligible for this deduction

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HOTMA: Health & Medical Care Expense Deduction

The Health & Medical Care Expense Deduction

- This remains a household deduction when the head, spouse or co-head is 62 years of age, or older, or a disabled person
- HUD is revising the definition of Health and Medical Care Expenses to reflect the Internal Revenue Service (IRS) definition; <https://www.irs.gov/pub/irs-pdf/p502.pdf>
- The deduction includes out-of-pocket medical expenses for all family members of a qualified household; Expenses must be properly verified
- Foster persons are not eligible for this deduction

The Health & Medical Care Expense Deduction Hardship Allowance

- This hardship allowance is only applicable to the 811 Program Units and HOME units where the household was over 80% prior to HOTMA
- The disallowed amount is changing from 3% to 10% of the annual income
 - There is a hardship allowance for this deduction, in 2024 the deduction will be 5%, in 2025 it will be 7.5% and the full 10% in 2026
 - The household must have been receiving the deduction prior to the implementation of HOTMA

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HOTMA: Deduction Examples

James, Head of Household, age 63
 Nicole, Spouse, age 52
 Casen, Dependent, age 14, disabled – requires attendant care

James's annual income	\$25,000
Nicole's annual income	+ \$23,000
Total Annual Income	\$48,000

James's out-of-pocket Health & Medical Care expenses	\$2,000
Nicole's out-of-pocket Health & Medical Care expenses	\$1,000
Casen's out-of-pocket Attendant Care expenses	+ \$6,000
Total Health & Medical Care and Attendant Care expenses	\$9,000
Less 10% (assuming this is a new move-in after 1/1/2024)	\$4,800

Annual Income	\$48,000
Medical Deduction	\$4,200
Dependent Deduction	\$480
Elderly/Disabled Ded.	\$525

To calculate rent:
Adjusted annual income
\$42,795
Divided by 12 months
\$3,566.25
Multiplied by 30%
\$1,069.88
Total Tenant Payment

Adjusted Annual Income \$42,795

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HOTMA: Section 811 Hardship Phase-In Examples

Household moved in March 1, 2023 and receives the Health and Medical deductions:

March 1, 2024 – Deduction goes to 5%

March 1, 2025 – Deduction goes to 7.5%

March 1, 2026 – Deduction meets the 10% threshold as required by HOTMA

Household moved in March 1, 2023 and receives the Health and Medical deductions:

January 1, 2024 – Interim Reexamination done, Deduction goes to 5%

March 1, 2024 – Annual Certification, deduction remains at 5%

January 1, 2025 – Non-Interim Reexamination Transaction done to bring deduction to 7.5%

March 1, 2025 – Annual Certification, deduction remains at 7.5%

January 1, 2026 – Non-Interim Reexamination Transaction done to bring deduction to the 10% threshold as required by HOTMA

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HOTMA: 811; General Hardship Relief

General Hardship Relief

- Affects both health and medical care as well as attendant care and auxiliary apparatus expense deductions; however, once a family takes the general hardship they are no longer eligible for the phase-in hardship allowances
- A deduction for the sum of the eligible expenses that exceed 5% of Annual Income
- Family is eligible
 - When increase to these expenses
 - Regardless:
 - If received previously those deductions
 - Even if receiving currently the phased-in relief
 - Were eligible previously for general or phased-in relief
- Ends when the earlier occurs:
 - Family's hardship ends or 90 days
 - May be extended
- Needs to be in Tenant Selection Plan
 - Providing details on criteria to qualify for:
 - General hardship deduction and
 - Criteria and process to extend an additional 90 days

Examples include:

- Family is awaiting eligibility determination for a federal, state, or local assistance program, such as unemployment or disability benefits
- Family's income decreased because of a loss of employment, death of a family member, or due to natural or federal/state declared disaster

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HOTMA: HOME/HOME-ARP/TCAP-RF

- Households will be able to self-certify household assets if under \$50,000 for the combined total during intervening years, not at initial or during 6th year certifications
 - If the household self-certifies the total household income is over 80% and/or the net family assets are over \$50,000 a full certification must be completed
- **The Section 8 Verification may be used for households with a Housing Choice Voucher, assuming the PHA is not part of the ownership/management group**
- If using source documentation (i.e. paystubs), 2 months (60 days) of documentation are required, this has not changed with HOTMA
- Adjusted Income will remain a requirement for households that have income exceeding the 80% HOME limit

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HOTMA: National Housing Trust Fund (NHTF) Program

- Households will be able to self-certify household assets if under \$50,000 for the combined total during intervening years, not at initial or during 6th year certifications
 - If the household self-certifies the total household income is over 80% and/or the net family assets are over \$50,000 a full certification must be completed
- **The Section 8 Verification may be used for households with a Housing Choice Voucher, assuming the PHA is not part of the ownership/management group**
- If using source documentation (i.e. paystubs), 2 months (60 days) of documentation are required, this has not changed with HOTMA

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HOTMA: Section 811

- Households will be able to self-certify household assets if under \$50,000 for the combined total during intervening years, not at Move-In and Initial Certification or during every third year certifications
 - **All assets must be verified with the first HOTMA certification for 811 tenants**
- Adjusted Income will remain a requirement in order to determine the tenant portion of rent
- Move-In and Initial Certifications will forecast income based on current circumstances
- Annual Recertifications will use the prior year income, unless the owner is able to determine that the prior year income is not indicative of what the up-coming year will reflect, i.e. the household received a job and will have a higher income that was not present in the prior year
- Interim Recertifications...

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HOTMA: Section 811; Asset Verifications

What this looks like in an existing program unit:

- 2024 – Verify all assets by first-hand documentation or third party verification
- 2025 and 2026 – Self-certify all assets if under \$50,000
- 2027 – Verify all assets by first-hand documentation or third party verification
- 2028 and 2029 – Self-certify all assets if under \$50,000
- 2030 – Verify all assets by first-hand documentation or third party verification

What this looks like in a new move-in:

- Household moves in 5/1/2025 – Verify all assets by third party or first-hand
- 2026 and 2027 – Self-certify all assets if under \$50,000
- 2028 – Verify all assets by first-hand documentation or third party verification
- 2029 and 2030 – Self-certify all assets if under \$50,000
- 2031 – Verify all assets by first-hand documentation or third party verification

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HOTMA: 811; Changes to Interim Recertifications

Changes to Interim Recertifications

- Effective January 1, 2024, the amount to trigger an Interim Recertification (IR) is changing
- From \$200/month (\$2,400/year) to 10% change in Adjusted Income (AI)
- In general, this should decrease the number of IRs
- Developments with 811 will need to update their Tenant Selection Plans (TSP) to reflect the elections
- HUD will review HUD-50059 and other forms to reflect changes

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HOTMA: 811; Reported Decrease of Adjusted Income

Reported Decrease of More than 10% of Adjusted Income (AI)

- Tenant reports a decrease of more than 10% of their AI
- Onsite staff estimates whether or not this change meets the threshold of 10%
 - Can be done using HUD's Income Estimate Tool found here: <https://www.hudexchange.info/resource/6879/hotma-income-estimation-tool-and-directions/>
 - Or can use owner-generated form
- If the decrease is estimated to be greater than 10%, an IR is required
- If the decrease is estimated to be less than 10%, onsite staff documents the file with the tool or form and an IR is NOT required
 - Obtaining verifications is not necessary unless the tenant disputes the estimate
 - If the tenant disputes and the verifications indicate the threshold is met, an IR is required
- Type of income (earned vs. unearned) not a factor
- Owner can elect to have lower threshold of 10%, but not higher threshold (i.e. 20%), which must be in the TSP

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HOTMA: 811; Reported Increase of Adjusted Income, Unearned

Reported Increase of More than 10% of Adjusted Income Due to Unearned Income

- Tenant reports an increase of more than 10% of their AI
- Onsite staff estimates whether or not this change meets the threshold of 10%
 - Can be done using HUD's Income Estimate Tool found here: <https://www.hudexchange.info/resource/6879/hotma-income-estimation-tool-and-directions/>
 - Or can use owner-generated form
- If the increase is greater than 10% due to unearned income, an IR is required
 - Unless the TSP for the property indicates it will not conduct an IR within 3 months of an upcoming AR
 - Examples of unearned income include child support, Social Security income, etc.
- If the increase is less than 10% due to unearned income, an IR is NOT required
 - Obtaining verifications is not necessary unless the tenant disputes the estimate
 - If the tenant disputes the estimate and verifications indicate the threshold is met, an IR is required

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HOTMA: 811; Reported Increase of Adjusted Income, Earned

Reported Increase of More than 10% of Adjusted Income Due to Earned Income

- Tenant reports an increase of more than 10% of their AI
- Onsite staff estimates whether or not this change meets the threshold of 10%
 - Can be done using HUD's Income Estimate Tool found here: <https://www.hudexchange.info/resource/6879/hotma-income-estimation-tool-and-directions/>
 - Or can use owner-generated form
- If the increase is greater than 10% due to earned income, an IR is NOT required
 - Unless the TSP indicates that it will conduct an IR when there is an increase due to earned income after an earlier in the year decrease due to earned income, which triggers an IR
- If the increase is less than 10% due to earned income, an IR is NOT required
 - Obtaining verifications is not necessary unless the tenant disputes the estimate
 - If the tenant disputes the estimate and verifications indicate the threshold is met, an IR is required

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HOTMA: 811; Required Changes to Tenant Selection Plan

Required Changes to Tenant Selection Plan

- Effective January 1, 2024, the TSP must reflect these changes due to HOTMA
 - Notifies tenants of expectations
 - Documents compliance with new requirements and optional elections
 - Helps TDHCA know elections made
- Keep language as simple as possible
- Describe policy and process
- Must state mandatory changes
 - Such as always conduct IR after 10% decrease in AI
- Must state explicitly whether or not electing optional elections
 - Such as IR not required when 10% increase due to earned income
- By March 31, 2024, Tenant Selection Plans must be updated to reflect HOTMA, but the previous plans must be kept until software updates

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HOTMA: 811; Resources for Interim Changes

Resources for Interim Changes

- HUD's HOTMA Interim Income Reexamination Resource Sheet:
 - <https://files.hudexchange.info/resources/documents/Interim-Income-Reexaminations-Resource-Sheet.pdf>
- HUD's HOTMA Income Estimation Tool:
 - <https://files.hudexchange.info/resources/documents/Income-Estimation-Tool.pdf>
- HUD's HOTMA Income Estimation Tool Directions:
 - <https://files.hudexchange.info/resources/documents/Income-Estimation-Tool-Directions.pdf>
- TDHCA's LISTSERV Email: Found within left-hand column under "Join Our Email List" here:
 - <https://www.tdhca.state.tx.us>

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HOTMA: Section 811 continued

- HUD 9887 and 9887A only need to be signed when a tenant begins to receive subsidy
 - Effective when the new forms are released by HUD
 - Initial subsidy award/move-in
 - Additional household members added or existing household members turn 18
 - If subsidy is terminated and the household goes back on subsidy
- De minimis errors of \$30 or less per month will not result in noncompliance but may require credits to the household if the household overpaid, the Tenant Selection Plan must outline how tenant credits will be handled
- EIV is no longer required on Interim Recertifications unless the policies and procedures require them
- Tenants must be notified of the new lease with a 60-day notice

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HOTMA: Updated Forms

Updated forms are online:
<https://www.tdhca.state.tx.us/pmcomp/forms.htm>

These forms should not be used on certifications other than those effective January 1, 2024 and later.

The image shows a sample of the 'INCOME CERTIFICATION' form. It is divided into several sections:

- Initial Certification:** Includes checkboxes for 'Initial Certification', 'Recertification', and 'Other*'. It also has fields for 'Effective Date', 'Move-in Date', and 'Transfer from Unit'.
- PART I - DEVELOPMENT DATA:** Fields for 'Property Name', 'Address', 'Unit Number', 'County', 'Bedrooms', 'BUN #', and 'CMTS #'.
- PART II. HOUSEHOLD COMPOSITION:** A table with columns for 'HH #', 'Last Name', 'First Name & Middle Initial', 'Relationship to Head of Household', 'Date of Birth', 'Student Status', and 'Last 4 digits of Social Security Number'. Rows 1-7 are provided for household members.
- PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS):** A table with columns for 'HH #', 'Type of Income', 'Amount', and 'Other Income'. Rows include 'Employment/Wages', 'Sec. Security/Pensions', 'Public Assistance', and 'Other Income'. A 'TOTALS' row is at the bottom.
- PART IV. INCOME FROM ASSETS:** A table with columns for 'HH #', 'Type of Asset', 'Cash Value of Asset', and 'Annual Income from Asset'. A 'TOTALS' row is at the bottom.
- HOUSEHOLD CERTIFICATION & SIGNATURES:** A section for signatures and dates of household members.

HOTMA: Notes and Thoughts

- The final rule will become effective on January 1, 2024
- HUD will publish a Federal Register notice on inflationary adjustments (for items that are adjusted annually for inflation, such as the dependent deduction and the elderly/disabled family deduction) and will solicit comment on the proposed methodology
- HUD plans to update the list of federally mandated exclusions via Federal Register notice
- HUD will annually publish a passbook rate based on the Federal Deposit Insurance Corporation (FDIC) National Deposit Rate for savings accounts
- **The date of January 1, 2024 is the start date; the requirements of HOTMA will apply to all certifications going forward after that date. This will impact the 2024 certifications for low-income households.**

**DoN't
PANiC!**

THANK YOU!

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